

**EFFECT OF STRATEGIC LEADERSHIP ON PERFORMANCE OF MATATU SACCOS
IN KISUMU COUNTY, KENYA**

BY

DENIS MUGENDI NJAGI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

SCHOOL OF BUSINESS AND ECONOMICS

MASENO UNIVERSITY

© 2019

DECLARATION

This project is my original work and has not been presented at any other institution. No part of this research should be reproduced without the authors consent or that of Maseno University.

Signature.....Date.....

DENIS M NJAGI

MBA/BE/00041/2017

Declaration by the supervisor

This project has been submitted with my approval as the university supervisor.

Sign.....Date.....

DR BEATRICE ABONGO

SCHOOL OF BUSINESS, MASENO UNIVERSITY

ACKNOWLEDGEMENT

I wish to thank my partner for his moral support and encouragement to enable me pursue and complete this project successfully. I also wish to thank my supervisor Dr. Beatrice Abongo for her guidance throughout the research process. Lastly I want to thank the Almighty God for giving me the grace and strength to complete this project.

DEDICATION

My most heartfelt gratitude goes to my almighty God, friends, my family, dad, mum and my siblings for their understanding, support, love they gave me to carry out this study.

ABSTRACT

Strategic leadership globally, regionally and locally is increasingly and becoming a crucial issue that most organizations are facing today. Kenyans need an adequate, efficient, readily available and affordable public transport. Matatu industry is Kenya's leading mode of public transport with over 170 registered Sacco's. The Sacco's experiences poor performance including de-registration due to non-compliance, loss of fleets to other Sacco's, frequent accidents attributed to careless driving, poor working condition for employees and poor customer services may be attributed to leadership of the Saccos. Prior research had focused on factors affecting performance of Matatu Sacco and has focused on Nairobi County but none has studied the effect of strategic leadership on performance of Matatu Saccos. Although Several studies in different organizational settings found that there is a significant positive relationship between leadership styles and organizational performance positively contributing to organizational performance over and above the contribution made by other variables. The aim of this study was to determine effective strategic leadership on the performance of Matatu Sacco in Kisumu County, Kenya. The objective of the study was to establish the effect of strategic direction, management competencies and organizational culture on performance of Matatu Sacco in Kisumu County, Kenya. The study adopted correlation research design to determine the effect of strategic leadership on the performance of Matatu Sacco in Kisumu County, Kenya. Theories that were adopted to inform the study include; Behavioral-authoritarian leadership, and transformational leadership Theory. The study adopted a census approach during data collection where information was collected from 300 employees including Sacco manager, driver's conductors and other office staff working in 18 registered Matatu Saccos operating in Kisumu County, Kenya was included. Pilot test was done with a small representative sample of 5 respondents. Primary data was collected using questionnaires. Stratified Random Sampling technique and primary data collections methods were used to conduct the study. Validity of the research instruments using explanatory factor analysis found a high construct validity in all the variable since all exceeded the prescribed threshold of 0.40. Cronbach's Alpha exceeded the prescribed threshold of 0.7. Correlation analysis method were used to find out the statistical relationship between variables of the study. Before conducting regression analysis diagnostic tests which include normality, autocorrelation and sampling adequacy were conducted. The data was analyzed and presented in the form of tables. The study revealed the significance values of the three variables of the study. The study found that

management monitored progress towards goal and vision achievement, that their organization had a vision which was their focus of and that management inspires employees to strive for organization vision. The strategic direction was the most reliable with an alpha value of (0.854), followed by organization culture with an alpha value of (0.716) and Management competencies was the least reliable with an alpha value of (0.728). Overall, the strategic direction –vision had the greatest effect on performance of Matatu Saccos in Kisumu County, Kenya followed by organisation culture while management competencies had the least effect on performance of Matatu Saccos in Kisumu County, Kenya. The study recommends that SACCO members should elect people with managerial competence to manage their SACCOs.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
ABSTRACT.....	v
TABLE OF CONTENTS.....	vii
LIST OF TABLES	x
LIST OF FIGURES	xi
ABBREVIATION AND ACRONYMS	xii
OPERATIONAL DEFINITION OF TERMS	xiii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Transport sector in Kenya.....	7
1.1.2 Matatu Sacco in Kisumu.....	8
1.2 Statement of the Problem	10
1.3 Objective of the Study.....	10
1.3.1 General Objective	10
1.3.2 Specific Objectives	10
1.4 Research Hypothesis	11
1.5 Scope of the Study.....	11
1.6 Justification of the study	11
1.7 Conceptual Framework	12
CHAPTER TWO: LITERATURE REVIEW.....	15
2.1.1 Behavioural Theory- Authoritarian leadership.....	15
2.1.2 Transformational leadership	18

2.2 Strategic Leadership and Performance.....	20
2.2.1 Strategic Direction and Organization Performance.....	22
2.2.2 Management Competencies and Organization Performance.....	24
2.2.3 Organization culture and Organization Performance	26
2.3 Review of Empirical Studies.....	28
CHAPTER THREE: RESEARCH METHODOLOGY	30
3.1 Introduction.....	30
3.2 Research Design.....	30
3.3 Study Area.....	30
3.4 The Target Population.....	30
3.5 Sampling frame	31
3.5.1 Sample size and Sampling Technique	31
3.6 Data collection.....	33
3.6.1 Sources of Data.....	33
3.6.2 Data Collection Procedure.....	33
3.6.3 Pilot Test.....	34
3.6.4 Instrument for Data Collection.....	34
3.6.5 Validity test for Data Collection Instrument	35
3.6.6 Reliability Test for Data Collection Instrument	37
3.7 Data Analysis	38
3.8 Data presentation.....	39
3.9 Research Ethics	39
CHAPTER FOUR: DATA ANALYSIS AND DISCUSSIONS	40
4.1 Introduction.....	40
4.2 Response Rate	40

4.3 Demographic Information	40
4.3.1 Gender of the Respondent	40
4.3.2 Age of the Respondent	41
4.3.3 Education Level of Respondents	42
4.3.4 Current Classification of the Respondents	42
4.3.5 Period in Matatu Industry	43
4.4 Diagnostic Tests	43
4.4.1 Test for Normality	43
4.4.2 Autocorrelation Test	44
4.4.3 Sampling Adequacy	45
4.5 Strategic Direction –Vision	45
4.6 Management Competencies	46
4.7 Organization Culture	49
4.8 Performance of the SACCOs	50
4.9 Regression Analysis	50
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	54
5.1 Introduction	54
5.2 Summary of Findings	54
5.3 Conclusions	55
5.4 Recommendations	56
5.5 Recommendations for Further Research	57
REFERENCES.....	58
APPENDICES	66
APPENDIX I: QUESTIONNAIRE	66

LIST OF TABLES

Table 3. 1: Target Population.....	31
Table 3. 2: Sampling Frame.....	32
Table 3. 3: Component Matrix.....	35
Table 3. 4: Reliability Analysis	38
Table 4. 1: Response Rate.....	40
Table 4. 2: Respondents Gender	41
Table 4. 3: Age of the Respondent.....	41
Table 4. 4: Highest Level of Education of Respondents	42
Table 4. 5: Current Classification of the Respondents	42
Table 4. 6: Period in Period in Matatu Industry.....	43
Table 4. 7: Tests of Normality	44
Table 4.8 Autocorrelation Test	44
Table 4.9: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test.....	45
Table 4. 10: Statements linked to Impact of Strategic Direction on the Performance.....	46
Table 4. 11: Statements linked to Impact of Management Style on the Performance.....	47
Table 4. 12: Statements linked to Impact of Organisation Culture on the Performance	49
Table 4. 13: Trend of Aspects of Performance of the SACCOs.....	50
Table 4. 14: Model Summary	50
Table 4. 15: ANOVA Results	51
Table 4. 16: Coefficients of Determination	51

LIST OF FIGURES

Figure 1: Conceptual framework of strategic leadership on performance of Matatu Sacco 13

ABBREVIATION AND ACRONYMS

SACCO:	Savings and Credit Co-Operative
NTSA:	National Transport and Safety Authority
SME:	Small Medium Enterprise
PSVs:	Public Service Vehicles
CEOS:	Chief Executive Officers

OPERATIONAL DEFINITION OF TERMS

Matatus: They are Mini-buses used for public transport in Kenya. They include 14, 25, 29, 33 and 36-Seater minibuses. The name originates from when the fare on these vehicles was a flat rate of 30 cents.

Strategic leadership: Strategic leadership is the ability to shape the organization's decisions and deliver high value over time, not only personally but also by inspiring and managing others in the organization.

Performance: Performance refers to how and the manner in which a particular task is carried out usually judged by its effectiveness. Performance should be associated with factors such as increasing profitability, customer service improvement, growth.

Organizational culture: Is the set of institutional, stated, and operating values, beliefs, and assumptions that people have about their organization that are validated by experiences over time. It evolves in consonance with the values, beliefs, and assumptions of the society in which the organization exists.

Strategic direction: vision is a means of focusing effort and progressing toward a desired future-what ought to be. While the vision is an image of a future state, it is also a process the organization uses to guide future development.

Management Competencies: are the knowledge, skills, attributes, and capacities which enable a leader to perform his required tasks. A competency may be based on natural ability or may be derived from education, training, or experience.

Authoritarian leadership: refers to a leader's behavior of asserting strong authority and control over subordinates and demanding unquestioned obedience from them

Transformational leadership: is an approach that causes change in individuals and social systems. In its ideal form, it creates valuable and positive change in the followers with the end goal of developing followers into leaders.

CHAPTER ONE

INTRODUCTION

In this chapter, the Background of the study is presented. Statement of the problem is summarized; the Transport sector in Kenya is shown. The case of Matatu Sacco in Kisumu, both general and specific objective of this research. Research Hypothesis, Scope of the study and Justification of the study are presented.

1.1 Background of the Study

Strategic leadership is a key issue facing organizations in the 21st century and without doubt, one of the most critical issues facing organizations today. In this rapidly changing and hyper-competitive world, a different type of leadership capabilities is required for organizations that want to survive and thrive. The world is challenging, changes are becoming norms, competition, technology, market, and people are all changing. The capability of a company to achieve or sustain a competitive advantage is greatly constrained with strategic leadership being the key focus.

Strategic leadership emerged in the 1980s as a field that pertains to the way a manager's mental capacity reflects on an organization's ability to adapt to its environment (Philipp 2010). Strategic leadership is defined as the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization, at the same time sustain and maintain its short-term financial performance, (Oladele, 2017). Guillot (2003) defines strategic leadership as the ability of an experienced, senior leader who has wisdom and vision to create and execute plans and make consequential decisions in the volatile, uncertain, complex and ambiguous strategic environment. A primary goal of a strategic leader is to gain a better understanding of the business conditions, the environment and other aspects that identify the challenges of the future (Serfontein, 2010). In general, the manager acts as a strategic leader in the organization, who foresees and interprets the dynamic business environment and work on, issues that can influence and can be influenced by the events that occur to/with the organization.

Strategic leadership in America, firms are run by professional managers who are replaced by other professional managers, either as a consequence of retirement or of replacement by the board of

directors of the firm. The better companies have refined strategies for producing and enhancing CEOs within the organization, and mostly choose the successor from among them. These CEOs are driven by a need to perform in a competitive setting as they want to win and they insist that salary is less important to them than professional achievement; Transformation of leadership from one generation to another in Asian organization is common. Mostly business are family owned and the selection of successor for the current leader's position. The choice of individuals may be limited within the family as it must retain control over the management.

Globally, Alhyasat and Sharif (2018) sought to examine the relationship between strategic leadership and organization performance in Jordan Industrial Estates Company. Self-administration questionnaire was used as a quantitative instrument to collect the data. The results of this study show a positive relationship between strategic leadership and organization performance. Achieving organization performance need more and more development to human capital and social capital between the employee them self and between them and the strategic leadership. Internal and external training is a very important issue that leadership should pay attention of it, and plan it carefully with strategic plan of organization.

Cheng and Sheu (2014) found that the leaders of Chinese organization play a main and critical role of Chinese organizations success, and this success due to their powerful and autocratic than developed country leaders. This result support that the leadership plays a very important and a major role in the success of all organizations all around the world but this role differs from country to country.

Wang and Xin (2011) found in their study that there is a relationship between leadership and organization performance. Wang and his colleagues found that leader's behavior is directly related to organizational performance. Meanwhile organization's strategic leaders, who understand the job needed and working environmental conditions, can have noticeable effect on organizational performance.

In African organizations, the ability of strategic leaders to influence the motivations of followers seems strong because of deprivation, limited opportunities in fewer organizations, authoritarian characteristics of executive positions established through inheritance, social and political networks

presents nepotism, war arising from constant power struggles and shifts, and these appeals for strategic level and opportunism. Ugwuegbu, (2001).

Regionally,(Onu, Akinlabi and Egbuta, 2018) on their study, examined the relationship between strategic leadership and organizational performance in selected manufacturing firms in Nigeria their finding shows that developing human capital through executive training contributes to establishing strategic direction which, in turn, fosters an effective organizational culture, a means to exploit core competencies, the use of effective organizational control systems and the establishment of ethical practices. Based on these findings, it is evident that respondents largely agree that strategic leadership positively contributes to overall performance of manufacturing firms in Nigerian Strategic leadership affects performance. Performance in turn demands effective leadership over time for sustainability.

Strategic leadership manifest differently in Kenyan organization. Some leadership strategies are significant while others are on different level of performance. It is therefore prudent that organization must develop strategic leadership concepts relevant to their organization. Employees follow leaders because so as to gain opportunities from them.

Locally (Ahmed 2018) sought to examine the effect of strategic leadership on organizational performance of tea estate companies in Nandi County. It was guided by the following objectives; to establish the effect of visionary leadership, to examine the role of managerial leadership, to investigate the influence of inspirational leadership and to establish the effect of transformational leadership on organizational performance of tea estate companies in Nandi County, Kenya. The study found out that the most significant factor in influencing performance in Tea estate companies in Nandi County is visionary leadership, followed by inspirational leadership, transformational leadership and managerial leadership respectively.

Nthini, (2013). Studied Influence of strategic leadership on performance of commercial and financial state corporations in Kenya. The correlation analysis that tested the level and significance of relationships of research variables confirmed that effective strategic leadership affects organizational performance. Kirimi and Minja (2010) concluded that organizations in Kenya failures results from the lack of strategic leadership practice which results from the leaders' failure

to sell the organizations' vision to its followers, not being able to convince followers to be passionate about the organization and also failing to make employees loyal to the organizations' vision.

Strategic leaders draw and execute business plans to get desired outcomes. It can be said that strategic leaders are vital for success of organization. In an organization a leader does various function depending upon situation. Basically, leaders lead the vision and set the goals for long run and short run. (Abdulridha and Mohammed 2017). Carter & Greer (2013) view of strategic leadership is anchored on the thinking and visionary capabilities of strategic leadership whose aim is to create an organization that is transformative. Strategic leadership has become a key determinant of driving and explaining firms' competitiveness, and profitability. Firms with greater strategic leadership tend to achieve higher firm performance and enhance organizational success in the business operations (Kabete, 2018)

Hitt Ireland & Hoskisson, (2007) summarizes the key strategic leadership actions that include determining strategic direction. This means that a clear vision of where the organization will be within a specified period and specific targets outlined. Strategic leadership relies on management competencies and cultivating organization's values and culture.

Oyetunji (2006) argues that leadership involves developing respect, appreciation of, and care for their followers and acknowledging them as powerful sources of knowledge, innovation and performance, all of which are necessary for improving organizations' performance and growth. However, some skills seem necessary vision, for instance, which allows the strategic leader to focus on the future and, in fact, build that future. Vision makes leaders on their feet in the strategic environment rather than being passive. (Guillot, 2003). Many leadership styles are applied to strategic leadership, particularly those that tend to stress on leader behavior and that have been the debate for many scholars..

Bass(1990) conceptualize transformational behaviors as behaviors to develop a vision that reflects the core organizational goals, seeking to share the vision with the employees and to sustain the employee's attention to the goals.(Dinham,2007) explains that in autocratic leadership style, manager makes decisions on his own. Coercion is used as a tool for modeling subordinates'

behaviour. This style is most often found in small enterprises in which the founder is at the same time the owner where he himself creates patterns of behavior, strategy and structure.

Organization Performance is also defined as a measure of how value is delivered to customers and other stakeholders as a result of how well organizations are managed (Carton, 2004) organizational performance consists of three key areas of organization achievement: financial performance, product market performance and shareholder return.

Performance of PSVs is an assessment of service quality in providing satisfaction to the customers of public transport. According to Schien (2005) quality of service is the fulfillment of the expectations or requirements that compares the results with the expectations, the need to compare whether to accept a level of quality service. Good organizational performance is evaluated in different ways in different contexts. In private firms, e.g., better performance is often measured in terms of profit and investment long term. In public organizations, this is different: society interests are generally expected to be in the foreground, and are often seen from a political viewpoint (Piening, 2013)

Understanding the effects of leadership on performance is also important because leadership is viewed by some researchers as one of the key driving forces for improving a firm's performance. When an organization's strategic leadership fails to continuously address the full spectrum of issues that may have an effect on the performance of the organization it is likely that the organization will encounter challenges for which it is not prepared.

Sirorei (2012) conducted a study to determine whether strategic direction, a component of strategic leadership had been operationalized at KCB. The study investigated whether aspect of strategic leadership such as the vision, mission and core values had been implemented. Study findings also revealed that KCB Group limited relied on the Balanced Scorecard to operationalize its components of strategic direction. This is a research gap for the study as it will seek to examine the effect of strategic direction on performance of Matatu Sacco's.

Nganga (2018) sought to determine the effect of strategic direction on the performance of tourism government-owned organizations. The study found that strategic direction significantly influences the organizational performance of tourism agencies. The top managers and middle level managers over saw most functions relating to offering strategic direction to the organizations. The study

however did not show clearly the relationship between strategic leadership and organization performance. Also the study was carried on Tourism agencies hence the need to study the effect of strategic direction on the performance of Matatu Sacco.

Huam Hon Tat, (2010) his study attempted to examine the moderating effect of managerial competencies on the relationship between innovativeness and SME performance in Malaysia. Drawing a sample of 258 SMEs across industries in the country revealed that managerial competencies do not impact on the relationship between innovativeness and SME performance. The paper involves examining the impact of managerial competencies on the relationship between innovativeness and performance of small and medium-sized enterprises (SMEs) in Malaysia. No attempts have been made to examine whether there is an integrative relationship between strategic leadership and managerial competencies to influence in Matatu industry hence the research gap.

Butt, Waseem, Rafiq, Nawab, and Khilji., (2014) examined whether leadership skills such as technical skills, conceptual skills, interpersonal skills, emotional intelligence and social intelligence had an impact on increasing the productivity of employees in Pakistan. With different other concepts, better skills of leaders could increase the productivity of employees. Skilled and dedicated leadership could set good values. Learning and mastering a variety of abilities facilitated leaders to spread and establish high standards in the organizations. The results showed that all the variables had positive impact on productivity of employees working in Pakistan through leadership skills. Current research will be done on Matatu industry where parameters are different.

The lack of critical literature investigating the performance results between organizational culture and leadership is surprising given the numerous references to the importance of the two concepts in the functioning of organizations.

Ahmed and Shafiq (2014) determined the impact of organizational culture on organizational performance in order to know how culture of an organization assist in enhancing the organizational performance the findings reveals that the aspects of the culture influence the different perspective of organizational performance. His research considered only the dimensions of Hofstede which affect the organizational performance future research .the research did not consider some other variable that affect the organizational performance like working environment and job satisfaction. This present a research gap a research gap for these study in the context of Matatu industry.

Lok (2004) studied the effect of organizational culture and leadership style on job satisfaction and organizational commitment. This study was a comparison, attempting to reveal whether there was a difference between leadership style and organizational culture in different countries. The sample consisted of 337 employees: 219 from Hong Kong and 118 from Australia. The industries from which the managers came were telecommunications, banking sector, professional service companies and retail. The data were gathered through a questionnaire. They revealed a number of findings: Both leadership style and organizational culture affect employee commitment. The study did not relate how organization culture and leadership influenced performance hence research gap for current study.

1.1.1 Transport sector in Kenya

Transport is among the key sectors that play crucial roles in the effort to achieve sustainable economic growth and poverty reduction thereby bringing about sustainable development in Africa. In order for the transport sector to play its rightful role, it has to be developed in a coordinated manner, with the ultimate aim of bringing about a reliable, efficient and safe means of moving passengers and goods.

Despite the contributions linked with the development of reliable transport worldwide, it has become a challenging problem in Africa. Transport situation in the Continent can be described as being “chaotic”. The level of transport related infrastructures’ failure is very high, depreciating, deteriorating and pathetic. As a result, transport in the continent has become a societal problem.

Matatu sector is Kenya’s leading mode of public transport as they control 80% of public transit services (Gicheru et al., 2011). The word ‘Matatu’ refers to a minibus with a capacity of up to 25 passengers or a van, a microbus, with a seating capacity of 14 passengers. There are more than 60,000 Matatu investors. The industry directly employs close to 200,000 workers comprised of drivers, conductors, mechanics, and key staffs. In particular, Kenya road sub-sector accounts for over 75% of the country’s total passenger traffic and 74% of the freight leaving a small percentage to water, rail and transport.

Since so few people can afford private cars a majority of Kenyans commuter have come to rely upon Matatus. They provide an effective and affordable reliable public transport system at zero

cost to the government. The Matatu industry is often seen as organized chaos. However, by understanding its stakeholders and networks, it becomes easier to understand how the Matatu industry organizes itself. From this perspective, the industry begins to look less chaotic (Jennifer, 2013).

According to (Winnie and Stephen, 2013) Matatus have progressed from a quick and easy response to unmet travel demand during the 1950s to a supreme mode of transport nowadays. The industry was operating unlawful in the city until 1973 when President Jomo Kenyatta issued a decree officially recognizing mutates as a legal mode of public transport, without any form of licensing. This was aimed at improving public transport and creating more jobs in the informal sector. The formation of the sector led to poor governance, lack of discipline, poor organization, deteriorating services despite the crucial role the Matatu played in filling the transport gap.

Most problems comes up when understanding public transport service, since the quality of service in the context of public transport is extremely difficult to define, as it is made up of numerous attributes which may be in competition with each other, including such factors as fares, comfort, schedule, reliability, the extent of service and safety of the service. (Govender 2014)

1.1.2 Matatu Sacco in Kisumu

SACCOs are usually characterized by multiple objectives and are therefore different not only in their organizational forms but also in terms of products, methodologies, social priorities and profit seeking behavior (Monzon and Chaves, 2008)

In October 2010, the Minister of Transport directed that by January 2011, operators had to belong to a SACCO to ensure self-regulation; efficient operation as per the requirement of the legal notice of 2003; As a new condition for registering PSV operators, the Ministry of Transport and the Transport Licensing Board issued a directive in December 2010 requiring that all public transport operators to form or join transport Savings and Credit Cooperatives (SACCOs) or Transport companies that manage buses on behalf of individual investors providing a range of services (McCormick et al. 2011a)

Kisumu County has over 18 registered Mutate Sacco's with over 3000 members spread in Kisumu East, Kisumu west, Nyando, Muhoroni, Nyakach, Siaya ,Bondo. As well as town service routes

namely Mamboleo, Kondele, Kibos lolwe and others. The interior of the commercial center is well networked with a tarmac ring road connecting with the Kisumu -Nairobi road attracting more investors thus increasing number of fleets for the Saccos. For passenger services, the Sacco registers minibus Nissan 14 seater that are widely used connecting to Kisumu, Siaya Bondo Muhoroni and Homabay among other places. Big buses, 72 seaters, are available for drop-and-pick while en-route to other destinations, they are not commonly used within unless when traveling long distance but a number of challenges and issues connected to transportation. The Sacco's are located within the town strategically to attract new investors.

The Matatu Sacco's in Kisumu have played a significant role in the growth of public transport and some have now become respected brands in the sector, though most of them require strong leadership. There is an opportunity for Sacco's to play leading roles in the transition process. The Sacco's should promote themselves as professional transport firms acting as key stakeholders in the transition process. They can act as the liaison between the members of their Sacco and the other stakeholders.

The formation of the Sacco has largely resulted in the elimination of cartels from most of the routes in the county. In some routes the cartel gangs were eliminated with the help of the police while others were done by the management committee of the Sacco's. The passengers can also forward their complaints directly to the Sacco management through channels set up by the management. The formation of Sacco's has made it easier for individual members operating in the same route to know each other making it possible for them to deal with any problems that may arise (McCormick 2012)

Recently the Sacco's are registered and regulated by the national transport and safety authority (NTSA). Most of the challenges facing Matatu Sacco's in Kisumu revealed that those who apply for registration of new Sacco's are usually members of factions that have broken away from the mother Sacco's, and are either motivated by the need to maintain their leadership positions or financial gains. The Matatu industry aims at delivering services to clients in such a manner that they can realize profits. The environment in which they operate can have an impact on the level of compliance, for example if Matatu operators feel that by complying with a certain traffic act they will suffer financial loss, then there will be a tendency for non-compliance

1.2 Statement of the Problem

Matatu investors pay billions yearly, though taxes, fees, penalties, fines, licenses and bails deposit. Matatu industry [which comprises of 14 seaters, 9 seaters long distance shuttles, minibuses and buses with up to 51 seaters capacity] is responsible for providing up to 80% of public transport across the country. An estimated 70% of Kenya's four million residents rely on some 20,000 privately owned mini-buses as their main mode of transportation. The industry pays Kshs. 1.09 billion per annum to the government in taxes while it is estimated that the 40,000 Matatus provide 80,000 direct jobs and 80,000 indirect jobs. The initial capital to invest in Matatus is large and hence difficult to raise. Kenyans recognize the Matatu industry as being managed ineffectively therefore worth to note that this has adversely affected the performance of the Matatu industry. This has often called for strategic leadership and approaches used by the Matatu businesses in Kenya to not only change its negative perceptions but also to improve its performance (Obondi & Bett 2018).

Previous research undertaken on Matatus industry has concentrated on factors affecting performance of Matatu Saccos and transport sector particularly in Nairobi County. This reveals that there is no dearth of researches focused on the subject of strategic leadership especially in Matatu Sacco's in Kenyan situation. The research intends to bridge the gap between the previous studies and my current topic leading to the logical question what are the effect of strategic leadership in performance of Matatu Saccos in Kisumu county Kenya? This was necessitated after having discussions with Matatu workers who noted that the Matatu Saccos did not have a clear leadership and guidance even though some had better leadership and others did not have.

1.3 Objective of the Study

1.3.1 General Objective

The general objective of this research was to establish the effect of strategic leadership on performance of Matatu Saccos in Kisumu County, Kenya.

1.3.2 Specific Objectives

The specific objectives of this study were:

- i. To establish the effect of strategic direction on the overall performance of Matatu saccos in Kisumu
- ii. To establish the effect of management competencies on the performance of Matatu saccos in Kisumu
- iii. To ascertain the effect of organizational culture on performance of Matatu saccos in Kisumu.

1.4 Research Hypothesis

H₀₁: Strategic direction has no significant effect on organizational performance.

H₀₂: Management competencies have no significant effect on the organizational performance.

H₀₃: Organization culture has no significant effect on organizational performance.

1.5 Scope of the Study

The study sought to examine the effects strategic leadership on performance of Matatu Saccos in Kisumu County, Kenya. The scope of this research was limited to the Matatu SACCOs which are registered in Kisumu county and operating around Kisumu town service. The study focused on 22 Matatu Sacco's with a target population of 300 people. The research took five months and involved the use of interviews, observations and questionnaires.

1.6 Justification of the study

The study would be helpful in giving insights to the management of the various Matatu Saccos on the effective strategic leadership and provide them with possible solution to proper leadership. The knowledge gained would thus be useful in improving the performance of their Saccos. Matatu business development plays an important role in shaping our society economically. The findings from the study would assist management in developing good strategic decision hence leading to better performance in this transport business.

Academics who are interested in furthering their knowledge of strategic leadership can obtain new insights and are capable of adding new insight to the present state of knowledge in the field and may therefore be found useful for teaching and for developing a body of management theory

The findings of this study would enrich existing knowledge by adding to the pool of information available in regard to the topic under study. Hence, it will be of interest to both researchers and academicians who seek to explore and carry out further investigations. It will provide basis for further research since it has not covered all the determinants of performance/failures of family owned Matatu business

The customers gets to benefit by the well performing Matatu Sacco. Since this study would identify the causes of inefficiencies in the transport sector as pertains to customer service. It would expose some of the things that the customers need to pressurize so that management of transport Sacco's to make it offer better services to them.

Potential investors would also be informed on the viability of investing in the Kenyan public transport sector and would use the study to get information on the actual state of things in the transport industry and from the information be able to mobilize the right persons to invest or play their role to enhance the performance of the sector.

This research will enable government to come up with better and sustainable policies and regulations to govern the sector. They would also get information that would enable them know which areas to lay emphasis on and what infrastructure needs to be developed to facilitate the transport sector.

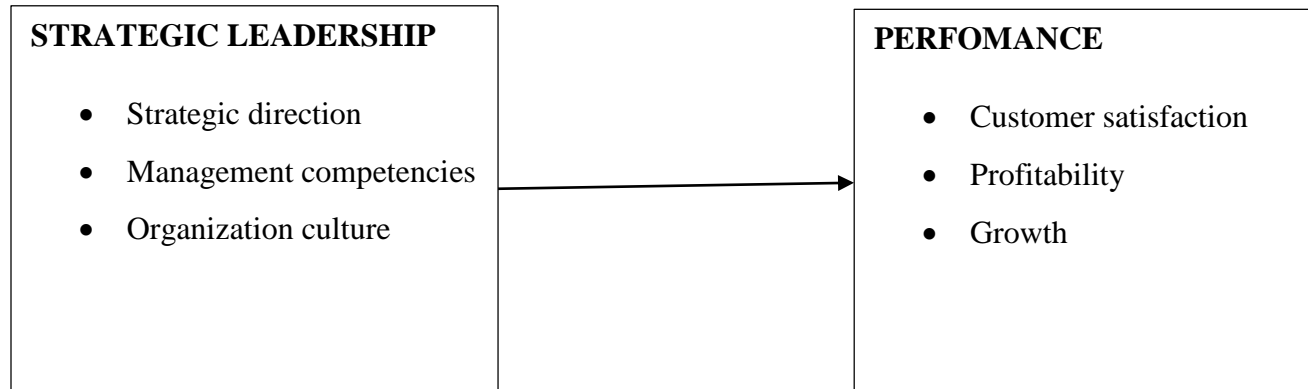
1.7 Conceptual Framework

The conceptual framework shows the relationship between the dependent variable and the independent variables. Effects of Strategic Leadership in performance of matatu saccos in Kisumu county Kenya entails the performance as the dependent variable, while the three objectives that features strategic leadership will comprise the independent variables.

The dependent variable essentially entails the attainment of the strategic objectives which the firm sets out to achieve. financial, customer satisfaction and growth facilitate measurement of performance.

Independent variables

Dependent variable



Source: Adapted from (Hitt & Hoskisson, 2018)

Figure 1: Conceptual framework of strategic leadership on performance of Matatu Sacco

In the conceptual framework depicted in figure 1, Strategic Leadership is the ability to foresee, envisage the future, while maintaining flexibility and authorizing others to create strategic change as necessary the ability of a manager to have the qualities of a strategic leader is crucial since it impacts on the performance of organization. The manager should develop clear goals and targets, clear vision and mission statements to anticipate, envision, maintain flexibility, think strategically and work with others to initiate changes that will create a viable future for the organization. Determining strategic direction of the Matatus Saccos involves distinguishing the image and vision the firm seeks to develop over time. Strategic direction involves developing long-term vision of the firm's goal.

Management Competencies are defined as observable abilities skills knowledge motivations or traits defined in terms of the behaviors needed for successful job performance. It is the ability of an employee to do a job properly. Competency management includes occupation summary, selection of competencies, knowledge, skills and personal attributes. Organizations which are able to employ and retain highly qualified and competent leaders are expected to have improved performance over time.

The organization culture prevailing in an organization has a serious bearing on its performance. It is fact that organizational culture is presumed to have far-reaching implications for organizations performance, making it an important topic to understand. A foundational part of the substance of the organizational culture is its values, which are assumed to be unique to the organization fact

that organizations may have culture that is either strong or weak which affects performance. Culture affects not only the way managers behave within an organization but also the decisions they make about the organization's relationships with its environment.

Matatu Sacco's that adopt these three variables in running their businesses have gained a competitive policy guideline which encourages increased customer satisfaction profitability and growth hence better performance of the Matatu Saccos. The framework postulates the effect of Strategic Leadership on performance of Matatu Sacco's.

CHAPTER TWO

LITERATURE REVIEW

In this chapter, the theoretical framework is presented. The theoretical framework has been chosen on the basis of the importance of topics which are related to the research subject. Moreover these theories support the writer in finding answers to the research question and interpreting of the research results

2.1.1 Behavioural Theory- Authoritarian leadership

This leadership theory focuses on the actions of leaders not on intellectual qualities or attributed values. Behavioural theory, implies that employees can learn to become leaders through provision of training and observing others.

Daniel Goleman (2000) articulated six styles of leadership one of them being Authoritative Style. He states that an authoritative leader takes a “Come with me” approach: she states the overall goal but gives people the freedom to choose their own means of achieving it. Authoritarian leadership is best when a business is failing to meet target. It is less effective when the leader is working with a team of experts who are more experienced than he is.

Autocratic leader’s issues clear and simple instructions on what job to do and how to do it. This helps to perform tasks effectively, solve identified problems, and meet targets or deadlines, in particular when time is a critical factor (Xin 2011) there is also a clear division between the leader and the followers. Authoritarian leaders make decisions without consulting the rest of the staff. Scholars found that decision-making creativity by authoritarian leadership was less.

They monopolize the decision-making process and takes decisions all alone. They believe their ideas and thoughts to be superior to those of their subordinates and consider involving them in decision-making as a waste of time. The interest and welfare of the worker is not taken into consideration as the leader regards him just as a mere tool for production. They do not consider worker’s well-being thus they resorts to commands, harsh and abusive language to prompt compliance. Threats and intimidation are a means of ensuring complete obedience and dependence on him. They do not take opposition kindly as they tend to regard those with opposing views as

enemies of their administration. They clamp down on opposition with some ruthlessness and strive for conformity of all his directives. (Philip Usman, 2014)

Authoritative leaders tend not to consult with staff but expect their orders to be obeyed without question. They focus on procedures rather than people. Authoritative leaders are mostly feared, rather than being respected due to use of rules, punishments and sanctions. Recognition and feedback from the authoritative leader are lacking, although people may sometimes receive a reprimand from the leader as control and authority are strengthened through streamlining staff and reminding them who is in charge (Dinham, 2007)

Autocratic or task-oriented Leadership competencies is multifaceted and encompasses a diverse range of behaviors including assigning followers to particular jobs, emphasizing deadlines, checking that followers observe rules and regulations, setting deadlines, and pressuring followers to work hard.(Thisera,2013)

Obisi (1996) assert that some leaders may succeed with this kind of style because it allows for quick decision and enables the organization to utilize less competent leaders to carry out negligible managerial work. Thus, production is only good when the leader is present, but drops in his absence. Therefore, it is not recommended for any organization

The authoritative style, powerful though it may be, will not work in every situation. The style fails, e.g., when a leader works with a team who are experienced than he is; they may see the leader as self-important (Daniel 2000) Authoritative leadership also maximizes commitment to the organization's goals and strategy. By framing the individual tasks within a grand vision, the authoritative leader defines standards that revolve around that vision.

Thatia, Oloko, and Olweny (2018) established that most of the Sacco's adopted autocratic style of management. Therefore, it was concluded that, it was the responsibility of top leadership to adopt a combination of management styles to influence employee behaviors. It is through participative leadership that organizations would realize change implementation and enhanced productivity.

Ojokuku, et al., (2012). Argued that Autocratic leaders retain for themselves the decision-making rights. They can damage an organization irreparably as they force their 'followers' to execute strategies and services in a very narrow way, based upon a subjective idea of what success looks

like. There is no common vision and less motivation. Devotion, creativity and innovation are removed by autocratic leadership.

Bhargava and Yaseen (2016) suggested that the autocratic leadership style has a positive impact on the organizational performance.

Bradley (2019) this leadership style is more suitable when the projects are to the team will have a clear vision of expectations and where their project and company is going. Essentially, no one will be confused about the strategic direction of a company or even the specific assignment they are working on. The mission of the company will be clear for all employees. Crucially, the autocrat leadership style does not take opposed opinions into deliberation, which makes the vision of the organization more uncomplicated. Those who oppose the manager often are fired.

The autocratic leadership style also brings with it a faster decision-making process, Since only one person at the top is responsible for all major decisions, the leaders needs to be competent and possess required skills such as negotiating skills The improved negotiation stance is linked to a leader who has specific financial interests in mind and does not deviate from these expectations. The autocratic leader has belief during negotiations and ensures a win. Managers who use an autocratic style, means that the organization culture is likely to have a clear hierarchy and is heavily dependent on tight control of resources and competencies.

A debate whether authoritarian leadership creates or destroys employee performance remain indecisive which calls for further studies investigating the relationship between authoritarian leadership and employee performance. In our research, we propose that authoritarian leadership would promote employee performance based on the following reasons. First, authoritarian leaders can be effective by setting specific and unambiguous goals to their subordinates. Authoritarian leaders always have the last say in their organizations and provide a singular mission upon which followers can focus on their job responsibilities, without uncertainty

Second, this study will deepen our understanding of the relationship between authoritarian leadership and employee performance by taking a subordinate-centered perspective. Previous studies have mainly focused on the leader-centered point of view.

2.1.2 Transformational leadership

James MacGregor Burns (1998) introduced the concept of transformational leadership. Transformational leadership is where leaders and followers help each other to advance to a higher level of morale and motivation. The transforming approach creates positive change in the organizations. It redesigns perceptions and values, and changes expectations and aspirations of employees. Transactional leadership is focused on staff's basic and external demand, the relationship between leaders and subordinates is based on the contract. They tend to attain organizational goal, job roles and mission design, their basic purpose is to maintain an ility. According to Bass and Avoid (1990), transformational leadership happens when leader become wider and uphold the interests of the employees, once they generate awareness and acceptance for the purpose and task of the group, so when they blend employees to appear beyond their own self-interest for the better of the group.(Bass 1998) Transformational leadership, can be defined as the process of influencing major changes in the attitudes, beliefs, and values of followers to a point where the goals of an organization and the vision of the leader are internalized and followers achieve performances beyond expectation.

According to the original work of Bass (1998) three elements were defined. These were charismatic leadership and inspirational leadership, individual consideration, and intellectual stimulation. Charismatic leadership (or idealized influence). The leader behaves in ways that result in being a role model for the followers. Thus, the leader becomes admired, respected, and trusted by the followers who want to emulate them.

Inspirational motivation. The leader provides meaning and challenge that motivates and inspires the followers' work. In this case, the leader promotes team spirit, enthusiasm, and optimism in their followers. The leader involves them in a positive vision of the future and communicates high expectations that followers want to achieve.

Intellectual stimulation. The leader promotes their followers' innovation and creativity by questioning established assumptions, reframing extant problems, and approaching old problems in new ways. These promote creativity and reduce public criticism to respond to individual followers' mistakes. Rather, the leader seeks new ideas and innovative solutions to problems.

Individualized consideration. The leader tends to each follower's need for achievement and growth by mentoring and coaching. The leader tries to create new learning opportunities in a supportive

climate; thus, the leader demonstrates acceptance for individual differences, provides encouragement to some followers, standards patterns of work to others, and provides autonomy to those with more experience. In this way, the leader establishes two-way exchange processes of communication with the followers, adopts an active listening style, and delegates tasks to develop followers' skills.

One of the numerous criticisms is that the theory fails to explain the interacting variables between transformational leadership and positive work outcomes. Effective performance by an individual, group, or organization is assumed to depend on leadership by an individual with the skills to find the right path and motivate others to take it. Most transformational leadership theory, it is a hypothesis that an effective leader will influence followers to make self-immolation and press exceptional effort. Influence is not direct, and it moves from the leader to the follower Researchers have found relationships between leadership behavior and organizational performance outcomes though there are many intervening factors. The Literature indicates that both transformational and transactional leadership types are needed to achieve strategic change in organization both have their strength and inherent limitations. The best leaders tend to prefer transformational behavior.

Several studies in different organizational settings found that there is a significant positive relationship between leadership styles and organizational performance, with particular reference to transformational leadership style positively contributing to organizational performance over and above the contribution made by transactional leadership style. (Shin and Zhou 2013 and Mutterer, 2012)

Ojokuku, Odetayo and Sajuyigbe (2012) examined the impact of leadership style on organizational performance in selected banks, in Ibadan Nigeria. They found that transformational and democratic leadership styles enhance organizational efficiency. Notable, autocratic leadership style also had a positive effect on the banks, performance was not of importance. They concluded that transformational leadership is one of the best for the management of Nigerian banks to be adopted in order for them to wax stronger in a global financial competitive environment.

Mbithi (2014) conducted a study to understand how universities in Kenya responded to reforms, focusing on their leadership which is critical in both managing the transformation and creating academic excellence. It appears that transformational leadership behavior of the top leadership of universities in Kenya led to high employee and employee performance and that the top leadership

of these universities is able to match their strategy with the correct structure, systems and technology to achieve organizational effectiveness.

Abasilim, (2014) studied the relationship between transformational leadership style and organizational performance in Nigerian work context. The literature reviewed revealed that leadership style is a critical variable in organizational performance and that the leadership style adopted by leaders has a great influence or relationship with organizational performance, with particular reference to transformational leadership style depending on the situation and the environment of the organization. This implies that transformational leadership style is deemed appropriate for ensuring organizational performance in Nigerian work context.

Harris, (2000) in his paper examined the strategic leadership relationship and presents empirical evidence which suggests that the relationship between leadership style and performance is mediated by the form of organizational culture that is present. The results of this study indicate that leadership style is not directly linked to performance but is merely indirectly associated. In contrast, competitive and innovative cultural traits are directly linked with performance while, contrary to expectations, community and bureaucratic cultural traits are not directly relate the combined study of all three of these concepts has been lacking.

The present study justifies the previous studies that linked transformational leadership style and perceived organizational success. We extend earlier researches by elaborately demonstrating the relationship between different themes in leadership and organizational success.

2.2 Strategic Leadership and Performance

A review of the literature on the various definitions of strategic leadership reveals the different roles played and the unique capabilities strategic leadership possess for accomplishing organizational tasks that are beyond that of one individual,

Strategic leadership are all activities that set the course for the organization and help it to stay on its course in service of its mission. Strategic leadership is mostly associated with the organization's vision, as well as with the ideas and actions that make the organization different from others. It is the process of setting clear organizational goals and directing the efforts of staff and other stakeholders toward fulfilling organizational objectives (Mintzberg and Quinn, 1999)

Strategic leadership does not come easily in most organizations. Most studies show that fewer than 10% of leaders show strategic skills considering the demands on organizations today. Strategic skills are not needed only in times of growth. During tough times, when resources are tight it is even more important to ensure those resources are focused in right areas. (Kabetu, 2018)

According to (H Wang 2011) performance is the record of outcomes produced on a specified job function or activity during a specified period of time. Therefore the measurement of performance is the output and outcome, profit, internal processes and procedures, employee attitudes, organizational structures, and organizational responsiveness to the environment. The leader must have the ability to keep one eye on how the organization is currently adding value and the other eye on changes, both inside and outside the organization that may be a new opportunity or threat to the organization (Montgomery, 2008.)

Researchers agree that a strategy is a plan, the thinking and decision making required to transform the plan is the strategic leadership. Technics and knowledge required at the strategic level are more complicated than those for leading at the tactical and operational levels, with skills being distinct at the stages between those levels. A strategic leadership may be defined as the ability of an experienced, senior leader who has the wisdom and vision to create and execute plans and make consequential decisions in the volatile, uncertain, complex, and ambiguous strategic environment. (Guillot, 2003)

O'Reilly at al. (2010) asserts that leaders at different levels influence strategic initiatives and their implementation, how aggregate leadership influences organizational performance is not straightforward. Daniel Goleman (2000) describes Emotional intelligence as the ability to manage ourselves and our relationships effectively—consists of four fundamental capabilities: self-awareness, self-management, social awareness, and social skill. Each ability, in turn, is composed of specific sets of competencies. Strategic leaders should develop these capabilities and their corresponding traits

Biak (2004) mentioned that company's strategic leadership plays a critical role in developing a company's capabilities for expanding its competitive advantage and performance. Strategic leadership is frequently linked to archival sources of tangible organizational performance. Zhu et al. (2005), suggest that a visionary type of leadership will result in high levels of cohesion, commitment, trust, motivation, and hence performance in the new organizational setting. Vision

should be simple so that everyone can easily understand it. Vision is the focus of the organization and is the head of strategic process.

Continuous performance is the focus determinants of organizational performance: of any organization because only through performance organizations are able to grow and progress. In this case, organizational performance is one of the most important components in the management research and arguably the most important indicator of the organizational performance.

According to Dell 'Olio et al. (2011), what passengers want to obtain to be fully satisfied with the service offered should be matched with what the users have experienced and perceived on public transport. Organizational performance can also be used to view how an enterprise is doing in terms of the level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of the productivity of members of an enterprise measured in terms of revenue, profit, growth, development, and expansion of the organization.

2.2.1 Strategic Direction and Organization Performance

To set the aim and vision of the organization into order might be considered as manager's most important function. The vision makes strategic leaders able to determine the standard that offers the guide and direction bigger for the organization. It offers the grounds which enables the authorization of employees to align with creativity, innovation, judgment, and initiative. Vision must be both wide and specific.

Vision gives reason to Employees who do not know their work has meaning. Work is more than just a salary for most. Employees desire having a bigger purpose for what they do and they want to feel good in their work. A good vision can give a bigger overview to work by simplifying its purpose, its connectivity with other work and its effect on the organization overall. (Breckern, 2004).

Powerful and effective visions, however, have five common themes: "they have broad, widely shared appeal; they help organizations deal with change; they encourage faith and hope for the future; they reflect high ideals; and they define both the organization's destination and the basic rules to get there. (Brecken, 2004)

Organizational Managers must create a vision that will inspire, stimulate and motivate their workers. A vision is a view of the future that employees in the organization can have faith in, one that can realistically be achieved, yet provides a future that is better in valuable ways than what it now is. Vision is what directs everyone in an organization down the same path and at the same pace.

This lack of vision for the Matatu industry has allowed the mutata industry to grow and operate in a way that benefits the provider, rather than the community and city. Having a strong plan or vision that depicts how the city should develop and the role transport will play in serving the city is essential. (Graef, 2009). Setting the vision may be the single most important responsibility of leaders. It enables strategic leaders to set the principals that provide the direction and broad boundaries for the enterprise. It provides the grounds that make it possible for staff to act with independence, judgment and initiative

A clearly defined vision shows the future of the organization that the leaders want to achieve. A well-defined mission contains a brief explanation of why the organization exists and what priorities are necessary to create the vision (Mousavi et al., 2015). Mission and vision are primary factors in maintaining an effective organizational culture in the organization. Managers used the organization's mission and vision to establish an effective organizational culture to improve performance. Mousavi et al. (2015) confirmed the existence of a positive relationship between mission and effective organizational culture

It is recommended that strategic leaders need to encourage subordinates not only to buy into their vision and mission, but also convince them that the vision is feasible. They should explain how the vision can be attained with confidence and optimism while using symbolic actions to emphasize key values, led by example and build commitment. This will make followers not only show maximum performance, but stimulate them to act critically thereby solving problems.

Organization's performance are determined by the strategies that are adopted to achieve company's vision. Leadership incorporates the strategy with vision to enhance the capacity of the firm to perform effectively or with the current aim of the organization. Today's business world is rapidly changing and mostly leaders try to keep up with the process improvement strategies to ensure responses of the organization towards change. (Jabbar & Hussein, 2017)

Various scholars have argued strategic direction variable and contexts that undermine the effect of strategic leadership on performance (Fourie,2007; Onkoba, Omari & Ngacho,2017; Mutole & Waiganjo, 2018) established that the organization's strategic direction is perceived to be the most important strategic leadership role in organizations. (Fourie, 2007) posits that strategic direction is effective in implementation of strategy in South African companies but did not indicate how strategic direction affected performance of such companies. (Onkoba, Omari & Ngacho, 2017) focused on relationship between strategic direction and human capital development only and not on how strategic direction affected the performance of tea factory. (Mutole & Waiganjo, 2018) study did not relate how strategic leadership affected performance through strategic direction variable. These divergent findings indicate either a lack of evidence in establishing a direct association between strategic direction and how it affects strategic leadership and performance hence the research gap. The Current study will seek to determine if strategic direction is important in Matatu Industry and how it contributes to strategic leadership also the current study will seek to examine in the context of Matatu industry.

2.2.2 Management Competencies and Organization Performance

Competence is the capability of an individual to do a job effectively. A competency is a group of defined traits that provide a guide enabling the identification, evaluation, monitoring and development of the behavior in individual employees. Scholars agree that Competencies are observable technics skills knowledge inspiration or characteristics defined in terms of the traits needed for successful job performance.

It is also described as a general description of the underlying knowledge, skills and attributes that people need to deliver worthy job performance (Stevens, 2013).It is generally seen as a combination of knowledge, skills, and attitudes that affects a major part of one's job that correlates with performance on the job, that can be measured against well accepted standards, and that can be increased through training and development.

Competency definitions across the literature reveals a substantial degree of solidification around those knowledge, skills, abilities, behaviors, and other characteristics, at the individual or group level of analysis, that contribute to high performance aligned with an organization's strategy.

Katz and Kahn (1994) grouped competency into three areas which later expanded into the following four: 1) Technical or Functional the knowledge, attitudes, skills, associated with the technology or functional expertise required to perform the job. 2) Managerial in terms of knowledge, attitudes, skills, required to plan, organize, mobilize and utilize various resources 3) Human knowledge, attitudes and skills required to motivate, utilize and develop human resources); and 4) Conceptual capability to visualize the invisible, think at abstract levels and use the thinking to plan future business.

Educating, training and retraining of members in general and officers in particular are always a challenge to cooperatives especially in developing countries. A Sacco without a powerful component of trained workers is in danger of losing its main reason for existence, that is, the human and personal characteristics which distinguish it as a Sacco. Education is of paramount importance to the Matatu sector. Unless all those responsible for Sacco's (directors, officers, members, staff) are well informed and knowledgeable, Sacco's are likely, in some countries, to become much like capitalist, profit-seeking business (Ahmad 2005). Tzafir (2005), training is an important component in developing the human capital. Investing in training programs can make employees feel indebted to the company. Training is essential for the workers to perform particular jobs because job requires particular skills and knowledge by which the job is much easier to perform as it is in the benefit of the employee.

Some studies have explored the impact of management competencies in strategic role of leadership and how to improve organizational performance (Liridon & Manxhari (2017) Jabouri& Zachary (2014) Heffernan and Flood (2000) Mwiti (2016) studied The impact of managerial competencies on business performance. Liridon & Manxhari (2017)study generally corroborate the theoretical model assuming that more managerial competencies characteristics are mediators and linkages between independence managerial competencies were observed to be positively significant to business performance however The focused on the managerial competencies applied in the SME's by the managers, Jabouri& Zachary (2014) showed significant correlation among core competences and organizational performance study Focused on Organizational Resources Capabilities Human Resource. The study surveyed the management of Iraqi private banking sector only (Heffernan and Flood,2000) confirmed that use of a competency framework was linked to improved organizational characteristics and was reflected in better organizational performance, on

Irish industry hence current research will study and determine the managerial competency only on one level management. Current study will focus on Managerial competencies and expertise based on education and experience as the previous study focused only on banks Mwiti (2016) Results revealed that all the leadership competencies had a positive a significant relationship with the financial performance of state corporations in Kenya. However the study did not link the management competencies clearly and how they contributed to performance. Mixed results on management competencies showed that the results of these studies were inconclusive and contradictory. Because of these contradictory results, the question of whether management competencies improves or worsens corporate performance is still worthy of further research

2.2.3 Organization culture and Organization Performance

Scholars define Organizational culture is primarily set of shared values, beliefs and norms that influence the way employees think, feel and behave in the workplace. Organizational culture is as an informal, shared way of looking at an organization and membership in the organization that binds members together and influences what they think about themselves and their work (O'Donnel & Boyle, 2008)

Organization culture is increasingly being identified as a key factor in organization performance. Against the background of a rapidly changing external environment, most organizations are rethinking what they do and how they can best accomplish their goals and objectives. Part of this process is to reflect on the type of culture that is necessary to advance these goals and objectives. In particular, as noted by Eaton and Kilby (2015) organization culture would appear to play a critical role in 'motivating and maximizing the value of intellectual assets, particularly human capital.

An organizational culture should define appropriate behavior and motivates employees and proffer solutions where there is problem. Eaton and Kilby (2015) indicated that 72% of corporate leaders acknowledged the importance of organizational culture to organizational performance but only 25% identified an effective organizational culture for their organization.

The effectiveness and success of an organization are not determined solely by their ability and motivations of employees and managers but by the consistency of its organizational culture

(Schein, 2005) a vibrant culture can make an individual perform and achieve exemplary whereas a weak culture may demotivate an outstanding employee to perform poorly and end up with no achievement. Thus organizational culture posits an active role in performance management.

Organizations that facilitate a culture of learning have staff that are interested in knowledge acquiring and apply what they have learned to improve their organizational, program, or individual performance. A workplace that recognizes organizational learning should ensure skills, information, and technology required by staff to engage in a learning culture. The organization requires pulling resources to develop an organizational learning strategy, including staff capacity. It requires leaders to help transform attitudes and actions to support information sharing, problem identification and resolution, and innovation. If leaders signal willingness to use knowledge acquired to make decisions and changes, support for these practices through the organization, and employees may be more likely to embrace and model the same behaviors. Strategic Leadership may be an approach to convincing staff to use skills if they observe the leadership using the skills (Winkler & Fyffe 2016)

Schein (2004) acknowledges that culture is of course influenced by other factors, however, if for any reason an organization's culture requires change, it is the job of leaders throughout an organization to address this and it is from this perspective that 'leadership and culture are conceptually intertwined'.

According to Nelson & Spitzer (2003) organizations that have a strong recognition culture, that have a variety of formal and informal programs and tools, and where managers place an emphasis on daily recognition practices. Managers need to interact with employees daily if they are to determine what they recognize as valuable and then find ways to act on those liked forms of recognition and rewards as they perform well. Nelson & Spitzer (2003) study shows that 77 percent of employees indicate that it is very important for them to be recognized by their manager, and 83 percent of concluded that providing non-monetary recognition as a reward has increased performance. With 90 percent of agreeing that recognizing employees helps motivate them.

Schein (2004) posits leadership as so central to organization culture that he refers to them as 'two sides of the same coin'. In an era in which leadership is marketed over and over again as a critical component in shaping the success or failure of organizations, it becomes all the more necessary to look at how leaders create culture and how culture defines and creates leaders. He further

contributes to the leader/manager debate by suggesting that leaders have the capacity to create and change culture if required, whereas managers act within a given culture.

The relationship between organizational culture and performance has been established, and an increasing body of research supports a linkage between an organization's culture and its organization performance. Ernst (2001) found that Organizational culture had the ability to increase job satisfaction, and awareness about problem solving and organization performance, if the organizational culture becomes incompatible with the dynamic expectations of internal and/or external stakeholders, the organization's success will decrease as it has happened with some organizations.

Past researches such as (Oyo, 2011; Njugi et al., 2014; Toro & Ofori, 2009).Examined various concepts on organizational culture and strives to ascertain the importance of relationship between organizational culture and corporate performance in business context. These studies found out that an organization's culture had a great influence on the organization's performance. (Oyo 2011) focused on Nigerian employees in Nigeria commercial banking industry as population of his study. Njugi et al., (2014) mainly focused on competitive culture, entrepreneurial culture, bureaucratic culture and consensual culture thus were not able to precisely establish the nature of the relationship between these organizational culture and corporate performance. Toro & Ofori (2009). Study focused on how leadership qualities and organizational culture support employee performance in development sector of Pakistan industries. This study seeks to fill this research gap within the context of the PSVs. Thus, it is hoped that this study will fill the existing gaps in the literature especially on Matatu industry where parameters are different and general Kenya. This is because culture dictates how things are done, the organization's philosophy, available work environment, its performance targets and stability of the organization.

2.3 Review of Empirical Studies

A number of scholars had extended the researches on strategic leadership. Their results showed some significant relationship between leadership and performance. Kitonga, (2017) studied the influence of strategic leadership practices on performance in not for profit organizations in Nairobi County, Kenya. The findings show a significant positive correlation between strategic leadership practices and performance. The study focused on the direct relationship between strategic

leadership practices and performance without incorporating the influence of the external environment and organizational change as moderating and mediating variables respectively Mutia, (2015) found out that there was a significant positive relationship between strategic leadership practices and organizational growth in Kenyan churches though the study did not investigate the direct influence of strategic leadership practices on organizational growth as it did not include the moderating and mediating roles of the environment.

Nthini (2013) study on commercial and financial state corporations in Kenya. Only one respondent was targeted from the organization identified in the research, use of more respondents per organization would have yielded different results. Similarly, (Masungu, Marangu, Obunga and Lilungu,2015; Obunga, 2014) study indicated that strategic leadership had a positive relationship with performance of devolved units and savings and credit co-operative societies in Kakamega County, The findings also indicated that there was high agreement on strategic leadership and performance. Nanthagopan (2012) study focused on management capabilities only though the study concludes strategic leadership and management capability is the most important to the on organizational performance of Local and International NGOs. Kabetu and Iravo (2018) concluded that communicating the strategic direction, adoption of core competencies developing human capital affects performance of UN-Habitat in Kenya greatly, that sustaining effective corporate culture affects the performance of UN-Habitat in Kenya through effective leadership.

Though most studies on strategic leadership was characterized by strategic direction, styles of execution, organizational culture and organizational controls while the performance was characterized by Customer Satisfaction, Profitability and Market Share. Current Study aims to support this premise in that strategic leadership may significantly and positively affect performance. In order to enrich the literature this research aims to test the impact of strategic leadership on organization performance focusing on the context of Matatu industry.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the research methodology that was used in carrying out this study. It describes, the research design, study area, target population sampling frame, data collection and procedures and instruments.

3.2 Research Design

Correlation research design was adopted in this study and involves the usage of a self-designed questionnaire in the collection of data. (Leedy & Ormrod 2010) the purpose of correlational research is to investigate to which extent differences in one characteristic or variable are related to differences in one or more other characteristics or variables.

Correlation research investigates one or more characteristics of a group to discover the extent to which the characteristics vary together.

3.3 Study Area

The study was carried out in Kisumu County which is one of the forty seven (47) Counties in Kenya. The County was chosen for this study because it is populous enough, being the third largest County in Kenya and that all the targeted Matatu Saccos are located in the County hence an ideal area for the study.

3.4 The Target Population

The target population of this study comprised of employees of Matatu Saccos operating within the Kisumu County. The choice of Kisumu was due to the fact that it serves as the commercial center of the county. Over 18 Matatu Saccos offices are situated in Kisumu. Respondents were selected from all the Saccos in the enterprise irrespective of their levels, categories and skills. Respondents were both male and females who included management, drivers, conductors and other staffs such as clerks, mechanics.

Table 3. 1: Target Population

Categories	Target population
Management	153
Drivers	554
Conductors	298
Other(secretary, Clerks, mechanics)	295
Total	1300

Source: Adapted from Matatu Sacco's (2019)

3.5 Sampling frame

According to Cooper and Schindler (2006) a sampling frame is the list of elements from which the sample is actually drawn. It is a complete and correct list of population members only. Here, the list comprised of the whole population of employees of Matatu Saccos drawn from all its branches countrywide based in different geographical locations of the country as shown on Table 3.1.

3.5.1 Sample size and Sampling Technique

Stratified Random Sampling technique and primary data collections methods were used to conduct the study. The structured questionnaire had been employed to collect data on strategic leadership and organizational performance on Matatu Sacco. The Likert five scale method is used. Likert type summated rating scales of questionnaire from strongly disagree (1) to strongly agree (5) were adopted.

The sample size of the population was derived from the following formula;

$$n = \frac{n}{1 + n(e)^2}$$

Where; n= The desired sample size

1 = Constant

e = limit sampling error

Assuming a sample error is 0.05, this can be computed as show below; n

$$n = \underline{1300}$$

$$1 + 1,300 (0.05)^2 =$$

$$\underline{1,300}$$

$$4.25 = 305$$

The sampling size in the Matatu Sacco is distributed based on the sample population. The following formula by (Koskei and Katwalo, 2013) was used to get desired results from various Saccos in Kisumu.

$$= \frac{\sum X_i \times n}{\sum i}$$

$$\sum i$$

Where; X_i = sample size of each Matatu Sacco

n= Sample size

$\sum i$ = Target population of the Matatu

Example: $\frac{153 \times 305}{1300} = 36$ (Sample population per Sacco)

1300

Table 3. 2: Sampling Frame

Categories	Target population	Sample population
Management	153	36
Drivers	554	130
Conductors	298	70
Others(secretary, clerks, mechanics)	295	69
Total	1300	305

Source: Adapted from Matatu Saccos (2019)

3.6 Data collection

3.6.1 Sources of Data

The researcher collected primary data using the relevant instrument and procedures

3.6.2 Data Collection Procedure

Face-to-face interview was conducted with study participants. A face-to-face interview is essential to understand the emotions of the participants. Using the interview in a qualitative study includes gaining insight and the accurate context into the study topic. Oakley (2007) qualitative interview is a type of framework in which the practices and standards are not only recorded, but also achieved, challenged and as well as reinforced in a qualitative study, in-depth interviews serve to explore the phenomenon intensively. The questions in the interview guide comprise of the core question and many associated questions related to the central question, which in turn, improve further through pilot testing of the interview guide. The data collection procedure saw the researcher first seek authorization to conduct a research study from the responsible authorities.

I obtained a letter of cooperation from the Matatu Saccos chairman to get access to the data and to conduct an interview with the staff. The interview process includes, planning and preparation, taking interview notes for main points.

The researcher then identified the individuals who responded to the study questions, educate them on the aim and objectives of the study as well as on the ethical issues the study is going to observe. I allocated and used 30 to 60 minutes to interview the participants. Semi structured interview questions and other data validation techniques are essential to avoid and control potential biases during the interview process

Among the ethical issues the study kept are confidentiality, informed consent and free will of the respondent to participate in the study. The researcher then set study dates when questionnaires were delivered to the sample size. The questionnaires were distributed through the drop-and-pick method to ensure high return rate. The researcher also followed up the respondents to ensure a high return rate

3.6.3 Pilot Test

A pilot test was done to assess for constancy and any faults in designing and in the development of the questionnaire before rolling out the main study. The pilot study helped in the identification of crucial information within the data sets as well as amending the questionnaire following the pilot test results. Questions regarded as bias and unclear were corrected. The research instruments were pilot tested using a sample size of fifteen (15) respondents who were randomly selected from the Matatu Saccos. 1% to 10% of the actual sample size is successful for a pilot test. By Mugenda and Mugenda (2006). This was done with a small representative sample of thirty respondents. The pilot test helped to foresee any potential misunderstanding or biasing effects of the questions while also ensuring the concepts and wordings were clear.

Respondents were sent questionnaires and the researcher followed up through phone calls to ensure the questionnaires were filled. A total of valid twenty questionnaires were returned after removing those that had no completely responses. This gave an overall response of 66.6%.

3.6.4 Instrument for Data Collection

Primary data collection instrument was used. I conducted an in-depth interview with the study participants to explore the strategic leadership in their Sacco's. In a qualitative study, the interview is a popular technique as a data collection instrument. Yin (2014) indicated that the qualitative method is appropriate for social science research, particularly in studying individual and group behavior in the organization. A qualitative method was appropriate for the study because the qualitative method applies to studying individual and group behaviors in the organization.

The data collection process in the study includes preparing semi structured interview questions, conducting an in-depth interview, and recording the interview conversations (Cleary et al., 2014).

Semi-structured interviews are those in-depth interviews where the respondents have to answer preset open-ended questions and thus are widely employed by different researchers. Semi-structured, in-depth interviews are utilized extensively as interviewing format possibly with an individual or sometimes even with a group (Corbin, 2008)

3.6.5 Validity test for Data Collection Instrument

Validity is the accuracy and meaningfulness of inferences, which are based on the research results. (Cooper & Schindler, 2006). Validity exists if the data measure what they are supposed to measure. In order to test and enhance the validity of the questionnaire, five questionnaires' was pilot tested who were not included in the main study and also use of feedback to improve the questionnaires.

The exploratory factor analysis was used to determine the validity of the construct of the questionnaire. The factors explaining the largest percentage of variance variable share were anticipated to depict the fundamental constructs. The validity analysis is presented in Table 3.3.

Table 3. 3: Component Matrix

	Component					
	1	2	3	4	5	6
Management Encourages us to participate in decision making	.105	.338	.193	.548	.452	.064
Management delegates projects to stimulate learning experiences by providing coaching and teaching	.181	.575	.169	.072	.143	.058
Management does Planning, prioritizing and organizing tasks and activities,	.020	.644	.281	.090	.275	.026
Management ensures Training and developing others, assessing training needs coaching and mentoring and development for all employees	.259	.036	.332	.244	.640	.042
Management Relies and creates trust with the subordinates and believes only their ideas are the best	.195	.029	.052	.696	.039	.213
Management Focuses more on punishment for mistakes	.228	.106	.331	.625	.166	.143
Employees are rarely trusted with decisions or important tasks	.264	.609	.227	.141	.099	.175
Management inspires, considers staff needs, aspirations and interests	.187	.490	.386	.310	.346	.171
Management dictates all the work methods and processes regardless of the creativity level	.542	.071	.084	.112	.247	.224
Management Develop, enhance, and sustain teamwork and cooperation	.060	.123	.096	.527	.023	.167
Management Searches for opportunities and looks outward for innovative ways to improve	.608	.034	.172	.350	.131	.101
Management criticizes constructively and address problems.	.004	.098	.140	.105	.568	.223
Management handles Conflicts and Grievances	.521	.035	.349	.278	.170	.011
Management Encourages us to participate in decision making	.105	.338	.193	.548	.452	.064

Management has better Financial and commercial understanding (e.g., budgets, profit & loss, cash flow, etc.)	.098	.255	.396	.094	.377	.439
Management Encourages thinking and creativity	.167	.369	.493	.224	.087	.154
Management Communicates listens and builds trust, empathy and mutual understanding	.590	.032	.080	.072	.145	.221
Management Encourages us to participate in decision making	.164	.506	.052	.333	.199	.220
Management delegates projects to stimulate learning experiences by providing coaching and teaching	.179	.064	.009	.512	.189	.410
Management does Planning, prioritizing and organizing tasks and activities,	.291	.147	.001	.503	.008	.167
Management ensures Training and developing others, assessing training needs coaching and mentoring and development for all employees	.495	.215	.117	.131	.280	.084
Management Relies and creates trust with the subordinates and believes only their ideas are the best	.443	.223	.061	.242	.188	.170
Management Focuses more on punishment for mistakes	.351	.304	.633	.014	.171	.289
Employees are rarely trusted with decisions or important tasks	.146	.495	.368	.078	.268	.073
Management inspires, considers staff needs, aspirations and interests	.193	.390	.626	.008	.169	.247
Management dictates all the work methods and processes regardless of the creativity level	.307	.569	.089	.024	.132	.059
Management Develop, enhance, and sustain teamwork and cooperation	.163	.042	.211	.095	.509	.039
Management Searches for opportunities and looks outward for innovative ways to improve	.252	.138	.315	.281	.517	.130
Management criticizes constructively and address problems.	.022	.075	.521	.064	.168	.437
Management handles Conflicts and Grievances	.429	.155	.219	.311	.031	.373
Management has better Financial and commercial understanding (e.g., budgets, profit & loss, cash flow, etc.)	.169	.227	.643	.253	.318	.020
Management Encourages thinking and creativity	.109	.042	.583	.319	.255	.060
Management Communicates listens and builds trust, empathy and mutual understanding	.012	.334	.175	.051	.443	.284
Our Sacco has a culture of encouraging subordinates' growth and development	.334	.444	.060	.228	.349	.191
Our Sacco has a culture of recognizing contributions by showing appreciation for individual excellence	.441	.114	.136	.058	.121	.432
Our Sacco has a culture of clear reward system for all its employees	.576	.092	.121	.258	.036	.169
Our Sacco has a culture of fair compensation and benefits	.218	.220	.422	.401	.151	.207

The culture here makes me proud to work in these industry	.141	.415	.046	.283	.217	.083
The culture of organization promotes good working condition and safety	.267	.116	.134	.400	.343	.384
Gross income	.597	.025	.206	.014	.005	.102
Customer satisfaction	.047	.545	.231	.192	.029	.091
Increase in fleets	.134	.003	.265	.574	.333	.053

From the findings, each of 41 parameters were observed and placed to one of the 6 factors depending on the percentage of variability it explained the total variability of each factor. From the factor analysis, all the variables indicators high construct validity since all exceeded the prescribed threshold of 0.40 (Kothari, 2004)

3.6.6 Reliability Test for Data Collection Instrument

Reliability refers to the consistence, stability, or dependability of the data. A researcher measures a variable, to be sure that the measurement provides dependable and consistent results. To ensure reliability of the questionnaire the researcher used the Test–retest method where by selected respondents were given the questionnaire twice, with the second administration coming a week after the first. The obtained correlation coefficient indicated the stability of the scores. The reliability of the research is also said to have been proven if the researcher pre-tests the questionnaire. In this research questionnaire was sent to the supervisor to check the reliability before the final work is ready to be sent to the respondents. The reason for the pre-test is to check that the information is appropriate for the research or not. In order to make the research more reliable the empirical study is combined with theoretical study. Reliability analysis was also subsequently done using Cronbach’s Alpha which measures the internal consistency.

To establish the reliability and consistency of the research instruments in the study, pilot testing was done on employees of Matatu Saccos operating within the Kisumu County, the selected respondents did not form part of the research sample. The findings for the reliability were presented in Table 3.4.

Table 3. 4: Reliability Analysis

	Reliability Cronbach's Alpha
Strategic direction	.896
Management competencies	.838
Organizational culture	.731
Performance of Matatu Saccos in Kisumu	.807

Cronbach Alpha was established for every objective which formed a scale. The strategic direction was the most reliable with an alpha value of 0.896, followed by management competencies with an alpha value of 0.838, performance of Matatu Saccos in Kisumu with an alpha value of 0.807 and organizational culture was the least reliable with an alpha value of 0.731. This illustrates that all the three variables were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Kothari, 2004). This, therefore, depicts that the research instrument was reliable and therefore required no amendments

3.7 Data Analysis

The questionnaires that was completed by respondents were edited to ensure that they are accurate consistent and complete. The data was coded and entered in statistical software. Quantitative data was analyzed using descriptive statistics such as mean, mode, and standard deviation with the aid of statistical package for social science (SPSS) and presented through percentages, means, standard deviations and frequencies.

A linear regression analysis was used to describe the relationship between independent variables and dependent variable

The model expressed as; $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$

Where: Y = Organizational performance

β_0 = Constant

$\beta_1, \beta_2, \beta_3$ = Coefficients of the independent variables

X1 = strategic direction X2= management competence X3=organization culture X4=

ϵ = Error Term

3.8 Data presentation

The information was presented using tables and in prose-form. Descriptive data was presented using measures of central tendency like mean and standard deviation.

3.9 Research Ethics

Relates to the moral standards that the researcher should consider in all research methods in all stages of the research design. After approval from the University to conduct the study, permission was obtained from the Matatu Saccos. In this research principles of ethics was used namely Voluntary Participation, informed Consent, confidentiality and Privacy. The participants were also informed that the information they provide was not used in any way to harm the participants or exploited for commercial and selfish personal gain, but only for academic purposes. Full disclosure, fair treatment and privacy was also practiced.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS

4.1 Introduction

This chapter discusses the findings obtained from the primary instrument used in the study. It discusses the characteristics of the respondents and their opinions on the effect of strategic leadership on performance of Matatu Saccos in Kisumu County, Kenya. The researcher provided tables that summarized the collective reactions of the respondents.

4.2 Response Rate

Questionnaires administered were 305 out of which only 223 fully filled questionnaires were returned. This gave a response rate of 73% which was within what Oakley (2007) prescribed as a significant response rate for statistical analysis and established at a minimal value of 50%.

Table 4. 1: Response Rate

		Response Rate
Response	223	73%
Non-response	82	27%
Total	305	100

4.3 Demographic Information

This section required the respondents to indicate their general information including gender, age bracket, level of education, current classification and how long they have been in Matatu industry. This information would be used to ascertain the eligibility of the respondents to participate in data collection of the study. It also determined how reliable and valid was the information given by the respondent.

4.3.1 Gender of the Respondent

The respondents were requested to indicate their gender. Their responses were as shown in Table 4.2.

Table 4. 2: Respondents Gender

	Frequency	Percent
Male	148	66.4
Female	75	33.6
Total	223	100

From the findings, majority of the respondents were male as shown by 66.4% while female respondents were 33.6%. This implies that the researcher was not gender biased in data collection since all the respondents were considered irrespective of their gender. This also implies that Matatu transport is dominated by men in which most of drivers and conductors are male.

4.3.2 Age of the Respondent

The respondents were further asked to indicate the age bracket to which they belong. Their responses were as shown in Table 4.3.

Table 4. 3: Age of the Respondent

	Frequency	Percent
18-30 years	38	17
31-40 years	108	48.4
41-50 years	61	27.4
Above 50 years	16	7.2
Total	223	100

The study results show that majority of the respondents were aged between 31 and 40 years as shown by 48.4%. Others were aged between 41 and 50 years as shown by 27.4%, 18 to 30 years as shown by 17% and age of 51 to 60 years as shown by 7.2%. This shows that majority of the respondents were mature enough which made them to have diverse information on the subject under study and also cooperative in giving it. This also implies that the Matatu transport is dominated by youths as the rate unemployment continues to rise.

4.3.3 Education Level of Respondents

The researcher asked the respondents to indicate their highest level of education. The findings are as illustrated in Table 4.4.

Table 4. 4: Highest Level of Education of Respondents

	Frequency	Percent
Primary	10	4.5
Secondary	79	35.4
College	120	53.8
University	14	6.3
Total	223	100

From the findings the respondents indicated their highest level of education was college as shown by 53.8%, secondary as shown by 35.4%, university as shown by 6.3% and primary education as shown by 4.5%. This represents a pool of respondents with some knowledge on the subject under study and could comprehend and give reliable information. It also shows that most of drivers have attended driving training colleges.

4.3.4 Current Classification of the Respondents

The respondents were requested to indicate their current classification. The findings are as illustrated in Table 4.5.

Table 4. 5: Current Classification of the Respondents

	Frequency	Percent
Management	26	11.7
Driver	112	50.2
Conductor	53	23.8
Other	32	14.3
Total	223	100

From the findings, the respondents indicated that their current classification was driver as shown by 50.2%. Other respondents indicated their current classification was conductor as shown by 23.8%, other as shown by 15.3% and management as shown by 11.7%. This is an indication that in data collection all the stakeholders were put into consideration.

4.3.5 Period in Matatu Industry

The respondents were also required to indicate the period in which they have been in Matatu industry. The findings are as illustrated in Table 4.6.

Table 4. 6: Period in Period in Matatu Industry

	Frequency	Percent
0-5 years	20	9
5-10 years	73	32.7
10-15 years	75	33.6
More than 15 years	55	24.7
Total	223	100

From the above results, majority of the respondents indicated that they have been in Matatu industry for a period of 10 to 15 years as shown by 33.6%. Further 32.7% indicated a period of between 5 and 10 years, 24.7% indicated a period of more than 15 years and 9% indicated less than 5 years. This implies that the most of the respondents were involved in Matatu industry for long enough to be able to comprehend the subject under study and give reliable and accurate information.

4.4 Diagnostic Tests

4.4.1 Test for Normality

Kolmogorov-Smirnov (KS) and Shapiro-Wilk (SW) tests were undertaken by this study to determine the normality criteria of the research population. Normality can be defined as the shape of the data distribution for an individual metric variable and its correspondence to the normal

distribution, the benchmark for statistical methods. Testing for normality findings were illustrated in Table 4.7.

Table 4. 7: Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Performance of Matatu Saccos in Kisumu	.029	222	.213	.965	222	.671
Strategic direction	.064	222	.412	.942	222	.508
Management competencies	.038	222	.098	.932	222	.745
Organizational culture	.084	222	.203	.991	222	.620

Table 4.7 indicates that using both tests of normality, which is Kolmogorov Smirnov test and Shapiro-Wilk tests, the p-value for both tests, is greater than 0.05, thus the study rejected Ho and a conclusion was made that data on both the dependent and the independent factors were normally distributed and as a result it helps to predict dependent variables. For normally distributed data, Gujarati and Porter (2009) recommend that the P-value should be greater than 0.05 at 95% confidence level. Since all the variables had a significance level of greater than 0.05 at a 95% confidence level, the study concludes that for all the variables data were normally distributed.

4.4.2 Autocorrelation Test

If the errors are correlated with one another, it would be stated that they are ‘serially correlated’. A test of this assumption is therefore conducted. The first test was Durbin-Watson which is shown in the regression output of the model. The Autocorrelation Test results were presented in Table 4.8.

Table 4.8: Autocorrelation Test

Model	Durbin-Watson
1	2.267 ^a

According to Bhattacharjee (2012), the Durbin Watson statistic is a number that tests for autocorrelation in the residuals from a statistical regression analysis that is always between 0 and 4. A value of 2 means that there is no autocorrelation in the sample. Values approaching 0 indicate positive autocorrelation and values toward 4 indicate negative autocorrelation. The value of

Durbin-Watson for the model as per the findings was 2.267. Thus, the null hypotheses were rejected for the model so there is no problem of autocorrelation.

4.4.3 Sampling Adequacy

This test was conducted to check for acceptable degree of sampling adequacy. The test was done using Bartlett's test of sphericity and Kaiser-Meyer-Olkin (KMO) test where the Test outcome of 0.5 or higher establishes the suitability of the data for regression analysis. Sampling adequacy was assessed using the Bartlett's which analyses if the samples are from populations with equal variances Test of sphericity. The test results are as shown in Table 4.09.

Table 4.9: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test

Factors	KMO Test	Bartlett's Test of Sphericity			Determinant
		Approx. Chi-Square	df	Sig.	
Strategic direction	0.825	622.734	222	0.002	0.006
Management competencies	0.853	848.875	222	0.010	0.242
Organizational culture	0.867	786.123	222	0.000	0.175
Performance of Matatu sacco in Kisumu	0.781	656.712	222	0.006	0.236

Table 4.9 shows that Bartlett's test significances were less than 0.05 ($p < 0.1$) further indicates an acceptable degree of sampling adequacy (sample is factorable). Also, the KMO statistics for all the variables were greater than 0.5 (strategic direction (0.825), management competencies (0.853), organizational culture (0.867) and Performance of Matatu Saccos in Kisumu (0.781)). This implies that the data was suitable for regression analysis.

4.5 Strategic Direction –Vision

The respondents to indicate their level of agreement with various statements linked to impact of strategic direction on the performance of Matatu Sacco in Kisumu County, Kenya. The findings were as illustrated in Table 4.10.

Table 4.10: Strategic Direction

	Mean	Std. Dev.
Management inspires employees to strive for organization vision	3.695	0.928
Our organization has a vision Which is focus of our energies	3.924	0.621
Management Expresses its vision, mission and plans clearly during staff meetings	2.435	1.213
Management Monitors progress towards goal and vision achievement	4.345	0.673
Staff are aware of, and understand, all organization policies and procedures.	3.408	0.930
All employees support the vision of this organization	2.767	0.684

From the findings, the respondents agreed that management monitors progress towards goal and vision achievement as shown by a mean of 4.345, that their organization has a vision which is focus of our energies as shown by a mean of 3.924 and that management inspires employees to strive for organization vision as shown by a mean of 3.695. However, the respondents were neutral that staff are aware of, and understand, all organization policies and procedures as shown by a mean of 3.408 and that all employees support the vision of this organization as shown by a mean of 2.767 but disagreed that management expresses its vision, mission and plans clearly during staff meetings as shown by a mean of 2.435. These findings are in line with Brecken (2004) who argues that organizational leaders must create a compelling vision that will inspire and motivate their employees. A vision is more than just a dream. “It is an ambitious view of the future that everyone in the organization can believe in, one that can realistically be achieved, yet offers a future that is better in important ways than what now exists. Vision is what guides everyone in an organization down the same path and at the same pace.

4.6 Management Competencies

The respondents to indicate their level of agreement with various statements linked to impact of management style on the performance of Matatu Sacco in Kisumu County, Kenya. The findings were as illustrated in Table 4.11.

Table 4. 11: Management Competencies

	Mean	Std. Dev.
Management Encourages us to participate in decision making	3.215	0.981
Management delegates projects to stimulate learning experiences by providing coaching and teaching	4.202	0.650
Management does Planning, prioritizing and organizing tasks and activities,	4.345	0.790
Management ensures Training and developing others, assessing training needs coaching and mentoring and development for all employees	3.713	0.821
Management Relies and creates trust with the subordinates and believes only their ideas are the best	4.153	0.819
Management Focuses more on punishment for mistakes	3.610	0.780
Employees are rarely trusted with decisions or important tasks	3.395	0.952
Management inspires, considers staff needs, aspirations and interests	4.336	0.790
Management dictates all the work methods and processes regardless of the creativity level	4.322	0.673
Management Develop, enhance, and sustain teamwork and cooperation	3.484	0.734
Management Searches for opportunities and looks outward for innovative ways to improve	2.305	0.669
Management criticizes constructively and address problems.	4.587	0.493
Management handles Conflicts and Grievances	3.937	0.695
Management has better Financial and commercial understanding (e.g., budgets, profit & loss, cash flow, etc.)	2.327	0.675
Management Encourages thinking and creativity	3.592	0.629
Management Communicates listens and builds trust, empathy and mutual understanding	4.094	0.640

From the findings, the respondents strongly agreed that management criticizes constructively and address problems as shown by a mean of 4.587. The respondents also agreed that management does planning, prioritizing and organizing tasks and activities as shown by a mean of 4.345, that management inspires, considers staff needs, aspirations and interests as shown by a mean of 4.336 and that management dictates all the work methods and processes regardless of the creativity level as shown by a mean of 4.322 and that management delegates projects to stimulate learning experiences by providing coaching and teaching as shown by a mean of 4.202. These findings are in line with Katz and Kahn (1994) who grouped competency into three areas which later expanded into the following four: 1) Technical or Functional (knowledge, attitudes, skills, etc. associated with the technology or functional expertise required to perform the role); 2) Managerial (knowledge, attitudes, skills, etc. required to plan, organize, mobilize and utilize various

resources); 3) Human (knowledge, attitudes and skills required to motivate, utilize and develop human resources); and 4) Conceptual (abilities to visualize the invisible, think at abstract levels and use the thinking to plan future business).

Moreover, the respondents also agreed that management relies and creates trust with the subordinates and believes only their ideas are the best as shown by a mean of 4.153, that management communicates listens and builds trust, empathy and mutual understanding as shown by a mean of 4.094, that management handles Conflicts and Grievances as shown by a mean of 3.937 and that management ensures Training and developing others, assessing training needs coaching and mentoring and development for all employees as shown by a mean of 3.713. The respondents also agreed that management focuses more on punishment for mistakes as shown by a mean of 3.610, that management encourages thinking and creativity as shown by a mean of 3.592. These findings concur with Tzafirir (2005) who argues that training is an important element in producing the human capital. Investing in training programs can make employees feel indebted to the company. Training is necessary for the employees to perform particular jobs because job requires particular skills and knowledge by which the job is much easier to perform as it is in the benefit of the employee.

Moreover, the respondents were neutral that management Develop, enhance, and sustain teamwork and cooperation as shown by a mean of 3.484, that employees are rarely trusted with decisions or important tasks as shown by a mean of 3.395 and that management Encourages us to participate in decision making as shown by a mean of 3.215. The respondents however disagreed that management has better Financial and commercial understanding (e.g., budgets, profit & loss, cash flow, etc.) as shown by a mean of 2.327 and that management Searches for opportunities and looks outward for innovative ways to improve as shown by a mean of 2.305. These findings correlate with Stevens (2013) who noted that educating, training and retraining of members in general and officers in particular are always a challenge to cooperatives especially in developing countries. A cooperative without a strong component of education is in danger of losing its essential character, that is, the human and personal characteristics which distinguish it as a cooperative. Education is of paramount importance to the cooperative sector.

4.7 Organization Culture

The respondents to indicate their level of agreement with various statements linked to impact of organization culture on the performance of Matatu Sacco in Kisumu County, Kenya. The findings were as illustrated in Table 4.12.

Table 4. 12: Organisation Culture

	Mean	Std. Dev.
Our Sacco has a culture of Encouraging subordinates' growth and development	4.193	0.572
Our Sacco has a culture of Recognizing contributions by showing appreciation for individual excellence	3.422	0.624
Our Sacco has a culture of clear reward system for all its employees	4.605	0.702
Our Sacco has a culture of fair compensation and benefits	3.511	0.599
The culture here makes me proud to work in these industry	3.507	0.832
The culture of organization promotes good working condition and safety	3.857	0.826

From the findings, the respondents strongly agreed that their Sacco has a culture of clear reward system for all its employees as shown by a mean of 4.605. The respondents also agreed that their Sacco has a culture of Encouraging subordinates' growth and development as shown by a mean of 4.193, that the culture of organization promotes good working condition and safety as shown by a mean of 3.857 and that their Sacco has a culture of fair compensation and benefits as shown by a mean of 3.511. In addition, the respondents agreed that the culture here makes me proud to work in these industry as shown by a mean of 3.507 and were neutral that their Sacco has a culture of recognizing contributions by showing appreciation for individual excellence as shown by a mean of 3.422. These findings conform to Nelson & Spitzer (2003) who noted that organizations that have a strong recognition culture, that have a variety of formal and informal programs and tools, and where managers place an emphasis on daily recognition practices. Managers need to be in constant contact with the employees if they are to determine what they most value and then find ways to act systematically on those desired forms of recognition and rewards as they perform well.

4.8 Performance of the SACCOs

The respondents were requested to indicate the trend of the following in their business for the last three years. The findings are as shown in Table 4.13.

Table 4. 13: Trend of Aspects of Performance of the SACCOs

Aspects of Performance	Mean	Std. Dev.
Gross income	3.731	0.444
Customer satisfaction	3.906	0.633
Increase in fleets	3.857	0.351

As per the findings, the respondents indicate that customer satisfaction as shown by a mean of 3.906, increase in fleets as shown by a mean of 3.857 and gross income as shown by a mean of 3.731 had improved for the last three years. These findings are line with Bass (1998) who argues that transformational leadership, which can be defined as the process of influencing major changes in the attitudes, beliefs, and values of followers to a point where the goals of an organization and the vision of the leader are internalized and followers achieve performances beyond expectation.

4.9 Regression Analysis

Regression analysis shows how dependent variable that is performance is influenced with independent variables strategic leadership. Strategic leadership was defined as strategic direction, Management competencies and Organization culture. The study sought to determine the effect of strategic leadership on performance of Matatu Saccos in Kisumu County, Kenya.

Table 4. 14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.842	0.709	0.705	0.822

Table 4.14 is a model fit which establish how fit the model equation fits the data. The R^2 was used to establish the predictive power of the study model and it was found to be 0.705 implying that 70.5% of the variations on performance of Matatu Saccos in Kisumu County, Kenya is explained

by strategic direction -vision, management competencies and organisation culture leaving 29.5% percent unexplained. Therefore, further studies should be done to establish the other determinants of performance of Matatu Saccos in Kisumu County, Kenya.

Table 4. 15: ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	363.119	3	121.040	177.710	0.000
1	Residual	149.163	219	0.681		
	Total	512.282	222			

The probability value of 0.000 indicates that the regression relationship was highly significant in predicting how strategic direction -vision, management competencies, organisation culture as well as monitoring influenced performance of Matatu Saccos in Kisumu County, Kenya. The F calculated at 5 percent level of significance was 177.71 since F calculated is greater than the F critical (value = 2.645), this shows that the overall model was significant

Table 4.16: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.978	0.241		4.058	.000
Strategic direction –vision	0.854	0.318	0.719	2.686	.008
Management competencies	0.716	0.289	0.597	2.478	.014
Organisation culture	0.728	0.291	0.634	2.676	.013

The established model for the study was:

$$Y = 0.978 + 0.854 X_1 + 0.716 X_2 + 0.728X_3$$

From the findings, it was established that the regression coefficient for performance of Matatu Saccos in Kisumu County, Kenya was 0.978 if all factors were held constant at zero. The study also found the beta coefficient for strategic direction -vision was 0.854 and p value was 0.08. This implies that any unit change in strategic direction -vision would lead to a 0.854 change in the performance of Matatu Saccos in Kisumu County, Kenya if all factors are held constant at zero. The variable was significant since 0.008 was less than 0.05. This concurs with Graef (2009) who argues that setting the vision may be the single most important responsibility of leaders. It enables strategic leaders to set the principals that provide the direction and broad boundaries for the enterprise. It provides the foundation that makes it possible to empower individuals to act with independence, judgment and initiative

The significant level can be concluded that for organizational performance to improve there is evidence that strategic direction is related to organizational performance. Thus the more strategic leaders get involved in developing vision for the organization the greater the Sacco's performance.

The study also found that the beta coefficient for management competencies was 0.703 and p value was 0.014. This is an indication that a unit change in management competencies would lead to a 0.703 change in performance of Matatu Saccos in Kisumu County, Kenya if all factors are held constant at zero. The variable was significant since 0.014 was less than 0.05. This was similar to Stevens (2013) who noted that educating, training and retraining of members in general and officers to gain management competence in particular are always a challenge to cooperatives especially in developing countries.

This significant level can be concluded that for Matatus Sacco organizational performance to improve there is evidence that Management Competencies are related to organizational performance. Hence the more strategic leaders concentrate in enhancing their competencies the greater the performance of the Sacco's.

Further the study established that the beta coefficient for organisation culture was 0.732 and p values was 0.013. This means that a unit change in the scores of organisation culture would lead to a 0.732 increase on the performance of Matatu Saccos in Kisumu County, Kenya if all factors are held constant at zero. The variable was significant since 0.013 was less than 0.05. This was in line with Schein (2004) who acknowledges that culture is of course influenced by other factors,

however, if for any reason an organization's culture requires change, it is the job of leaders throughout an organization to address this and it is from this perspective that 'leadership and culture are conceptually intertwined'.

This significant level can be concluded that for Matatus Sacco organizational performance to improve there is evidence that organization culture is related to organizational performance. Hence the more strategic leaders concentrate in fostering their organization culture the greater the performance of the Sacco's.

Overall, the strategic direction –vision had the greatest effect on performance of Matatu Saccos in Kisumu County, Kenya followed by organisation culture while management competencies had the least effect on performance of Matatu Saccos in Kisumu County, Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn are focused on addressing the objective of the study.

5.2 Summary of Findings

The study sought to establish the effect of strategic direction on the overall performance of Matatu Saccos in Kisumu. The study found that management monitors progress towards goal and vision achievement, that their organization has a vision which is focus of our energies and that management inspires employees to strive for organization vision. The study also established that staff are aware of, and understand, all organization policies and procedures, that all employees support the vision of this organization and that management doesn't express its vision, mission and plans clearly during staff meetings.

The study further sought to establish the effect of management competencies on the performance of Matatu Saccos in Kisumu. The study found that management criticizes constructively and address problems. The study also established that that management does planning, prioritizing and organizing tasks and activities and inspires, considers staff needs, aspirations and interests. The study also revealed that management dictates all the work methods and processes regardless of the creativity level, delegate's projects to stimulate learning experiences by providing coaching and teaching, relies and creates trust with the subordinates and believes only their ideas and communicates listens and builds trust, empathy and mutual understanding. The study also found that management handles Conflicts and Grievances, ensures Training and developing others, assessing training needs coaching and mentoring and development for all employees, focuses more on punishment for mistakes and encourages thinking and creativity. The study also found that management doesn't have a better Financial and commercial understanding (e.g., budgets, profit & loss, cash flow, etc.) and doesn't searches for opportunities and looks outward for innovative ways to improve.

The study also sought to ascertain the effect of organizational culture on performance of Matatu Saccos in Kisumu. The study established that Sacco has a culture of clear reward system for all its employees. The study also found that their Sacco has a culture of Encouraging subordinates' growth and development, that the culture of organization promotes good working condition and safety and that their Sacco has a culture of fair compensation and benefits. In addition, the study found that the culture here makes me proud to work in these industry and that their Sacco has a culture of recognizing contributions by showing appreciation for individual excellence.

5.3 Conclusions

The study concluded that strategic direction affect performance of Matatu saccos in Kisumu significantly. Management monitors progress towards goal and vision achievement, that their organization has a vision which is focus of our energies and that management inspires employees to strive for organization vision. The study also established that staff are aware of, and understand, all organization policies and procedures and that management doesn't express its vision, mission and plans clearly during staff meetings.

The study concluded that management competencies affect performance of Matatu Saccos in Kisumu significantly and positively. In most Saccos, management criticizes constructively and address problems. The study also established that that management does planning, prioritizing and organizing tasks and activities and inspires, considers staff needs, aspirations and interests. The management also dictates all the work methods and processes regardless of the creativity level, delegate's projects to stimulate learning experiences by providing coaching and teaching, relies and creates trust with the subordinates and believes only their ideas and communicates listens and builds trust, empathy and mutual understanding.

The study concluded that organizational culture affect performance of Matatu Saccos in Kisumu significantly. Sacco have a culture of clear reward system for all its employees. The study also found that their Sacco has a culture of Encouraging subordinates' growth and development, that the culture of organization promotes good working condition and safety and that their Sacco has a culture of fair compensation and benefits. In addition, the culture in most Saccos makes the stakeholders feel proud to work in the industry.

The study concluded that strategic leadership had a positive relationship to performance of Matatu Saccos in Kisumu County.

5.4 Recommendations

The study recommended that management boards of Sacco's should strive and engage other partners to help them develop strategic plans and policies to enable them run their Sacco's with a clear vision, mission and goals. This study also recommended that leaders of Sacco's should be engaged based on their qualifications and previous experience. Further, leaders need to attend strategic leadership courses to enable them formulate better policies to enhance competitiveness of the sector.

The study also recommends that SACCOs in Kenya should therefore come up with more innovative ways of improving strategies that enhance proper strategy formulation. Since the results showed that strategy formulation facilitates the tendency for the SACCOs to perform better, the market players should be aware of this. The SACCOs should also come up with plans to form a formidable team that will facilitate proper strategies formulation.

The study recommends that SACCO members should elect people with managerial competence to manage their SACCOs. SACCO directors should appoint/employ highly qualified staff to help them run their SACCOs because management competence is seen to have a positive effect of SACCO performance. SACCOs should also seek to increase the routes in which they operate by merging as this is likely to reduce the effect of competition which has a negative effect on SACCO performance. Lastly SACCOs should seek to improve and perfect the working environment more so the issue of wages paid to their staff to improve their motivation and hence increase SACCO performance.

The study recommends that in order to improve their earnings, owners have to properly manage their relationships with the individuals contracted to run their public transport fleets. Saccos need to come up with a positive organization culture that fosters learning culture that can have positive effect on the Matatu businesses and also training seminars for the Matatu operatives so as to improve the overall performance of the Matatu businesses.

The study recommends that Saccos should adopt a transformational leadership style to influence, stimulate and inspire its staff than autocratic leadership style.

5.5 Recommendations for Further Research

Since this study focused on Matatu SACCOS in Kisumu, the study recommends further studies on Matatu Saccos in other counties. The study recommends further research to focus on factors affecting performance of Matatu Saccos in Kisumu which are not covered in this study. The study also recommends further research to include studies in other SACCOs apart from the SACCOs in the transport sector.

The same research could also be done in Nairobi County but using a different research design and different way of data analysis to test if the relationship still holds. Another research should also be carried out to compare the performance of PSV SACCOs versus the performance of PSV companies to test if the difference is significant.

REFERENCES

- Abasilim, U. D. (2014). *Transformational Leadership Style and Its Relationship with Organizational Performance in Nigerian Work Context: A Review of Journal of Business and Management*
- Ahmed, M., and Saima, S. (2014). *The Impact of Organizational Culture on Organizational Performance, Global Journal of Management and Business Research, 14 (3): 20-29.*
- Ahmed, K.A. (2018). *Strategic Leadership and Organizational Performance of Tea Estate Companies in Nandi County, Kenya, (unpublished Research thesis) Kenyatta University.*
- Ali, A, J., and Ali M, H. (2017). *The Role of Leadership in Strategic Management. International Journal of Research, 5(5), 99-10*
- Alhyasat, W. M. K., & Mat S, Z. (2018). *The Relationship between Strategic Leadership and Organization Performance in Jordan Industrial Estates Company. In F. A. A. Nifa, C. K. Lin, & A. Hussain (Eds.), Proceedings of the 3rd International Conference on Applied Science and Technology*
- Akinlabi, B.H., & Egbuta, O. (2018). *Strategic Leadership and Organizational Performance in Nigeria: An Empirical Investigation, European Journal of Business and Management.*
- Bass B. M. & Avolio B. J. (1990). *Developing transformational leadership: 1992 and beyond, Journal of European Industrial Training, 14, 21–27*
- Bhattacharjee, A, (2012) "*Social Science Research: Principles, Methods, and Practices*"
- Biak, Y.S. (2004) *the Impact of Signal-Based Strategic Leadership on Research and Development Search Behavior', Purdue University, Doctorate Dissertation*
- Bass, B. M. (1998). *Transformational leadership: Industrial, military, and educational impact. Mahwah, New Jersey*
- Bhargavi, S. & Yaseen, A. (2016). *Leadership Styles and Organizational Performance. Strategic Quarterly, 4(1), pp. 87-117.*
- Breckern, D. (2004). *Leadership vision and Strategic Direction. The Quality Management Forum, 30(1), 1-3.*

- Butt, F. S., Waseem, M., Rafiq, T., Nawab, S., & Khilji, B. A. (2014). *The Impact of leadership on the Productivity of Employees: Evidence from Pakistan. Research Journal of Applied Sciences, Engineering and Technology.*
- Bryman, A. (2012) *Social Research Methods. 4th ed. Oxford: Oxford University Press.*
- Carter, S. M., & Greer, C. R. (2013). *Strategic Leadership: Values, Styles, and Organizational Performance. Journal of Leadership & Organizational Studies.*
- Carton, R.B. (2004). *Measuring Organizational Performance: An Exploratory Study. (Unpublished Doctoral Thesis). University of Georgia, Athens, Georgia*
- Cheng, C. C. J., Yang, L., and Sheu, C. (2014). *The link between Eco-innovation and Business Performance: A Taiwanese industry context, Journal of Clean. Production 64, 81–90.*
- Cleary, M., Horsfall, J., & Hayter, M. (2014). *Data Collection and Sampling in Qualitative Research: Does size matter? Journal of Advanced Nursing.*
- Corbin, J., & Strauss, A. (2008). *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory (3rd Ed.). Thousand Oaks, CA: Sage*
- Cooper, D.R., & Schindler, P.S. (2006) *Business Research Methods, McGraw-Hill.*
- Daniel, G. (2000) "Leadership that Gets Results". *Harvard Business Review. March 2000.*
- Dinham, S., (2007) "Authoritative Leadership, Action Learning and Student Accomplishment". Retrieved from http://research.acer.edu.au/research_conference_2007/3
- Dell'Olio, L., Ibeas, A., & Cecin, P. (2011). *The quality of service desired by public transport users. Transport Policy, 18(1), 217-227.*
- Eaton, D., & Kilby, G. (2015). *Does your organizational culture support your business strategy? Journal for Quality and Participation*
- Ernst, H. (2001). *Corporate culture and Innovative Performance of a Firm. Management of Engineering and technology journal.*
- Gal B, J., & Galvin, P. (2008). *Firm factors, industry structure and performance variation: New empirical evidence to a classic debate. Journal of business research, 61(2), 109117.*

- Govender, K. (2014). A Theoretical Overview of Public Transport Service Quality: A Focus on Bus and Mini-Bus Taxi Service in South Africa; Journal of Social Sciences (COES & RJ-JSS)*
- Graeff, J. (2009), The Organization and Future of the Matatu Industry in Nairobi. Kenya. Center for Sustainable Urban Development - Earth Institute Columbia University, New York.*
- Guillot, W. M (2003) Strategic Leadership: defining the challenge. Air & Space Power Journal.*
- Gujarati, D.N. and Porter, D.C. (2009) Basic Econometrics. 5th Edition, McGraw Hill Inc., New York.*
- Harris, E. O. A. L. (2000). Leadership style, Organization Culture, & Performance: empirical evidence from UK companies: The International Journal of Human Resource Management*
- Hitt, M.A., Ireland, R.D. & Hoskisson, R.E. (2007). Strategic Management: Competitiveness and Globalization, (Ed). Ohio: Thomson/South Western*
- H.Wang, A. S., Tsui, and Xin, K.R. (2011). CEO leadership Behaviors, Organizational Performance, and Employees' Attitudes, Leadership.*
- Heffernan, F., and Flood, P. (2000).An Exploration of the Relationship between the Adoption of Managerial competencies, Organisational Characteristics, Human Resource Sophistication and Performance in Irish Organizations. Journal of European Industrial Training, 24, 2/3/4, 128–136.*
- Huam Hon Tat, (2010).Are Managerial Competencies a Blessing to the Performance of Innovative SMEs in Malaysia? International Journal of Economics and Management, 4(1): 120-136.*
- Jooste. and Fourie,B.(2009).The Role of Strategic Leadership in Effective Strategy Implementation: Perceptions of South African Strategic Leaders.*
- Jabouri, N. & Zahari, I. (2014). The role of core competencies on organizational performance: An empiricism study in the Iraqi private banking sector.*
- Jennifer E.G.(2013) The Organization, Issues and the Future Role of the Matatu Industry in Nairobi, Kenya Author Center for Sustainable Urban Development (CSUD) at Columbia University's Earth Institute*

- Jabbar, A., & Hussein, A. (2017). *The Role of Leadership in Strategic Management. International Journal of Research - Granthaalayah*, 5 (5), 99-106.
- Kiarie, J., & Minja, D. (2013). *The role of corporate governance and strategic leadership practices in mitigating risks in stock brokerage firms in Nairobi. Journal of Business Administration and Management Sciences Research*, 2(3), 080-090.
- Kabetu, D.G., & Iravo, M. A. (2018). *Influence of Strategic Leadership on Performance of International Humanitarian Organizations in Kenya. International Academic Journal of Innovation, Leadership and Entrepreneurship*, 2(2), 113-135
- Katanga, D.M. (2017). *Strategic Leadership Practices and Organizational Performance in Not-For-Profit Organizations in Nairobi County in Kenya. (Unpublished Doctoral Thesis). Jomo Kenyatta University of Agriculture and Technology, Kenya*
- Kothari, C.R. (2004) *Research Methodology: Methods and Techniques. 2nd Edition, New Age International Publishers, New Delhi.*
- Koskei, R., & Katwalo, A. D. (2013). *Analysis of the Influence of Strategic Leadership capability on performance of research insitutions in Kenya. International Journal of Science and Research (IJSR)*
- Liridon, V and Mimoza,M.(2017).*The impact of Managerial Competencies on Business Performance: SME"s in Kosovo", Vada Journal of Management*,1(30), pp 59-65.
- Leedy P.D. & Ormrod J.E. (2010) *Practical Research: Planning and Design. 9th edn. Pearson Educational International, Boston.*
- Lok,P.(2004).*The Effect of Organizational Culture and leadership Style on Job Satisfaction and Organizational Commitment. Journal of Management Development.*
- Nganga,L.W.(2018).*Influence of Strategic Direction on Organizational Performance in Tourism Government Agencies in Kenya. International Journal of Business and Commerce* 6,(4)[18-36]

- Martínez-Canas, R., & Ruiz-Palomino, P. (2014). Ethical culture, ethical intent, and organizational citizenship behavior: The moderating and mediating role of person-organization fit. Journal of Business Ethics, 120, 95-108.*
- Masungu, M. T., Marangu, W. N., Obunga, C. A., & Lilungu, D. (2015). Effect of strategic leadership on the performance of devolved government system in Kakamega County, Kenya. 7(13), 327-338.*
- Mbithi, A, M.(2014).Transformational Leadership, Organizational Characteristics, Employee Outcomes, Leader-Member Relations and Performance of Universities in Kenya.*
- McCormick, Mitullah, W., Chitere, O., and Ommeh, M. (2012).Assessing Progress with the Implementation of the public Transport Policy in Kenya.*
- Michael, G. (2003).Strategic Leadership: Defining the Challenge by Col W., USAF Air & Space Power Journal No4 67-69*
- Mutia, P.M.(2015). Strategic Leadership and its Influence on Church Growth in Kenya. (Unpublished Doctoral Thesis). Chandaria School of Business. United States International University – Africa*
- Mutole, J., N., Iravo, M., A., & Waiganjo, E. (2018). Influence Of Strategic Direction On The Performance Of Non-Governmental Organizations Listed In Environmental Campaign By United Nations Environmental Programme In Kenya. International Journal of Strategic Management.*
- Mwiti, M. (2016). Effect of leadership competencies on the performance of state corporations in Kenya. Jomo Kenyatta University.*
- Muriungi S.M. (2010). An Investigation Of The Factors Influencing The Performance Of Matatu Saccos In Kiambu County An Investigation Of The Factors Influencing The Performance Of Matatu Saccos In Kiambu County: The Case Of Selected Matatu Saccos Operating In Thika Town, Published Mba Kenyatta University*
- Mugenda M.O.,and Mugenda,G.A(2006).Research Methods Qualitative and Quantitative Approaches. Acts press. Nairobi*

- Mousavi, S., Hosseini, S., & Hassanpour, N. (2015). *On the Effects of Organizational Culture on Organizational Performance: An Iranian experience in state bank branches. Iranian Journal of Management Studies.*
- Nanthagopan, Y. (2012). *Impact of strategic leadership and management capability on organizational performance, a comparative study between the local and international non-governmental organizations in Vavuniya district.*
- Nthini, E. K. (2013). *Effect of strategic leadership on the performance of commercial and financial state corporations in Kenya. Unpublished MBA Project, School of Business, University of Nairobi.*
- Oakley, A. G. (1998). *Methodology and people's ways of knowing: Some problems with feminism and the paradigm debate in social science. Sociology.*
- Obondi, E. M. & Bett, S. (2018). *Competitive strategies and the performance of Matatus in the public service transport sector in Nairobi City County, Kenya. International Academic Journal of Human Resource and Business Administration, 3(4), 150-173*
- Obiism, C (1996). *Personnel Management, published by Jackboot Enterprises, Ibadan, Oyo State, Nigeria.*
- Oladele, O. P., Akeke, N. I., Adebisi, O. S., & Adeusi, S. (2017). *Effects of strategic leadership styles on organizational development in small and medium enterprises (SMEs) in Lagos, Nigeria, Net Journal of Social Sciences, 1(2), 549*
- O'Donnell, O., & Boyle, R. (2008). *Understanding and managing organizational culture. Dublin, Ireland: Institute of Public Administration.*
- Odumeru, J. A., & Ogbonna, I. G. (2013). *Transformational vs. transactional leadership theories: Evidence in literature. International Review of Management and Business Research, 2(2), 355-361. Retrieved from <http://www.irnbrjournal.com/papers/1371451049.pdf>*
- Oyo. (2011). *Organizational Culture and Performance: Empirical Investigation of Nigerian Insurance Companies, Manager Journal, No. 2, pp. 118-127.*

- Ojokuku, R. M., Odetayo, T. A. & Sajuyigbe, A. S., (2012). *Impact of leadership style on organizational performance: a case study of Nigerian banks. American Journal of Business and Management, 1(4), pp. 202-207*
- Onkoba, Z., Omari S., & Ngacho, C. (2017). *An assessment of the effectiveness of strategic leadership practices on organization performance: A case of tea factories, Kisii County, Kenya international journal of social science and informational technology.*
- O'Reilly, C., Caldwell, D., Chatman, J., Lapid, M., & Self, W. (2010). *How leadership matters: The effects of leaders' alignment on strategy implementation. The Leadership Quarterly, 21(1): 104-113.*
- Oyetunji, C.O. (2006). *The relationship between leadership style and school climate in Botswana secondary schools. Doctoral thesis. Pretoria: University of South Africa*
- Piening, E.P.(2013) *Dynamic capabilities in public organizations. A literature review and research agenda. Public Management Review, 15, 209–245*
- Philip U.A.(2014) *Influence of Autocratic Leadership Style on the Job Performance of Academic Librarians in Benue State Journal of Educational and Social Research MCSER Publishing, Rome-Italy. 4 (7) November 2014*
- Schien, E.H. (2005). *Organizational Culture and Leadership. San Francisco: Jossey Bass.*
- Serfontein, J. J. (2010). *The impact of strategic leadership on the operational strategy and performance of business organizations in South Africa. PhD Thesis, University of Stellenbosch, Business Management.*
- Shitanda, D., Bosire, P., and Kiveu, N. (2018). *Factors affecting the performance of Matatu Saccos in Kenya: A case study of Matatu Saccos in Nairobi central business district”, International Journal of Development Research, 8, (02), 18907-18913*
- Sirorei, J.K. (2012). *Operationalization of the Components of Strategic Direction at KCB Group Limited. Retrieved from: uonbi.ac.ke:8080/xmlui /handle/ 123456789 /14220.n*

- Thatia, J.M., Oloko, M., & Olweny, T. (2018). *Influence of strategic leadership on performance of Sacco's in the public road transport in Kenya. The Strategic Journal of Business & Change Management.*
- Toor, S., & Ofori, G. (2009). *Ethical leadership: Examining the relationships with full range leadership model, employee outcomes, and organizational culture, Journal of Business Ethics, (90), 533–547.*
- Ugwuegbu, D. C. E. (2001). *The psychology of management in African organizations. Westport, CT: Quorum Books.*
- Wang, H., Tsui, A. S., & Xin, K. R. (2011). *CEO leadership behaviors, organizational performance, and employees' attitudes, Leadership Quarterly.*
- Winnie V. M., & Stephen, S. (2013). *Formalizing the Matatu Industry in Kenya: Policy Twists and Turns Onsate Institute of Development Studies Uon Issue 8 No 2*
- Winkler, M, K., and Saunji D.F. (2016). *Strategies for Cultivating an Organizational Learning Culture. Urban Institute.*
- Yin, R.K. (2014). *Case Study Research Design and Methods (5th Ed.). Thousand Oaks, CA: Sage.*

APPENDICES

Appendix I: Questionnaire

EFFECTS OF STRATEGIC LEADERSHIP ON PERFORMANCE OF MATATU SACCO IN KISUMU COUNTY, KENYA.

This questionnaire is divided into two parts and three short sections that should take only a few moments of your time to complete. Please respond by ticking the appropriate box or filling in your answers in the blank spaces provided. This is an academic exercise and all information collected from respondents were treated with strict confidentiality.

PART 1: DEMOGRAPHIC INFORMATION

1. Gender of respondents

Male ()

Female ()

2. How old are you? (Years)

18-30: ()

31-40: ()

41-50: ()

Above 50: ()

3. What is your level of education?

Primary ()

Secondary ()

College ()

University ()

Please indicate your current classification

Management ()

Driver ()

Conductor ()

Others ()

4. How long have you been in Matatu Industry?

0-5 years ()

5-10 years ()

10-15 years ()

More than 15 years ()

PART 2 Section A: Strategic Direction –vision

This Section is concerned with the impact of strategic direction on the performance of Matatu Sacco in Kisumu County, Kenya? .Please mark (x) in the box which best describes your agreement

	1	2	3	4	5
STATEMENT	Strongly disagree	disagree	neutral	agree	Strongly agree
Management inspires employees to strive for organization vision					
Our organization has a vision Which is focus of our energies					
Management Expresses its vision, mission and plans clearly during staff meetings					

Management Monitors progress towards goal and vision achievement					
Staff are aware of, and understands, all organization policies and procedures.					
All employees support the vision of this organization					

Section B: Management competencies

This Section is concerned with assessing the Effects of management style and competencies on the performance of Matatu .Please mark (x) in the box which best describes your agreement

	1	2	3	4	5
STATEMENT	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Management Encourages us to participate in decision making					
Management delegates projects to stimulate learning experiences by providing coaching and teaching					
Management does Planning, prioritizing and organizing tasks and activities					
Management ensures Training and developing others, assessing training needs coaching and mentoring and development for all employees					

Management Relies and creates trust with the subordinates. Believes only their ideas are the best					
Management Focuses more on punishment for mistakes					
Employees are rarely trusted with decisions or important tasks					
Management inspires, considers staff needs, aspirations and interests					
Management dictates all the work methods and processes regardless of the creativity level					
Management Develop, enhance, and sustain teamwork and cooperation					
Management Searches for opportunities and looks outward for innovative ways to improve					
Management criticizes constructively and address problems.					
Management handles Conflicts and Grievances					
Management Encourages thinking and creativity					
Management Communicates listens and builds trust, empathy and mutual understanding					

Section C: organization culture

This Section is concerned Effect of organizational culture on the performance of Matatu Sacco in Kisumu County, Kenya? Please mark (x) in the box which best describes your agreement

STATEMENT	1	2	3	4	5
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Our Sacco has a culture of Encouraging subordinates' growth and development					
Our Sacco has a culture of Recognizing contributions by showing appreciation for individual excellence					
Our Sacco has a culture of clear reward system for all its employees					
Our Sacco has a culture of fair compensation and benefits					
The culture here makes me proud to work in these industry					
The culture of organization promotes good working condition and safety					

PART 3: Performance of the SACCOs

What is the trend of the following in your business for the last three years? Please tick as appropriate

Trend	Greatly improved	Improved	Constant	Decreasing	Greatly decrease
Gross income					
Customer satisfaction					
Increase in fleets					

Thank you.