Strategy Formulation and Performance of Saccos
A Lyamujungu Sacco In Kabale District South Western Uganda

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http://doi.org/10.54099/aijb.v2i2.647

ABSTRACT
The purpose of the study was to determine how strategic formulation affected Lyamujungu SACCO's organizational performance. A correctional sectional research design was used for the investigation. The study was able to analyze the link between the study variables since it used both quantitative and qualitative methodologies. Simple random selection and purposive sampling methods were used to choose a sample of 105 respondents. Using thematic analysis and SPSS Version 21.0, the respondents' quantitative and qualitative data were examined. Based on the study's objectives, quantitative findings in the form of descriptive statistics, correlations, and regressions were provided in tables. The study discovered that the development of a plan had a substantial positive association with SACCO organizational performance (r =.785, P .01). With these results, the study makes a contribution by channeling the currently fervent conversation surrounding concerns of strategic formulation and organizational performance in Lyamujungu SACCO by offering empirical evidence that has been mostly absent. The study advises management to collaborate with Board members and all other stakeholders to implement the resolutions of both the Board meeting and the Annual General Meeting in order for Lyamujungu SACCO to develop effective strategies.

INTRODUCTION
The development of a strategy is a key predictor of SACCO performance (Ogwen, & Bula, 2023). The use of functional strategies and the exploitation of broad guidelines in decision making were the most often employed features of strategy formulation in the investigated SACCOS (Moses, et al, 2023). The financial intermediary services have significantly evolved during the past twelve years, particularly with the creation of the global regulating authority for SACCOS. In order to meet the members' present and future demands for returns and resource security, as well as to ensure that the SACCOS survive the fierce competition from the mainstream and financially established banks, the managers of these SACCOS must devote time and expertise to this task (Moses, & Turyasingura, 2022). Setting objectives and choosing the best course of action to attain them is the process of formulating a strategy. To plan for success and adjust workplace strategies as necessary, an
organization employs strategy formulation. Setting goals and determining their viability need the design of strategies. An organization often teaches its employees after developing strategies so they are aware of the organization's purpose and the workplace's aims and goals (Mlay et al 2022). The process of investigating one's internal and external environments and incorporating the findings into goals and strategies is known as strategy formulation (Adulu, & Njuguna, 2020). The majority of SACCOs operate as a network of connected departments, where each action has an impact on the actions and outcomes in other network regions. The emphasis of this drive is on performance and the growing demand for openness (Ontita, & Kinyua, 2020 (Iskamto, 2020, 2022, 2023; Lesmana et al., 2022)). However, majority of SACCOs have failed to put greater emphasis on strategy formulation which has harmed their success. The purpose of the study was to examine the effect of strategy formulation on the performance of SACCOs in Uganda Case study of Lyamujungu SACCO.

**Literature Review**

Examining the internal and external environments and merging the findings into goals and strategies is the process of formulation of strategy. The majority of SACCOs operate as a network of connected departments, where each action has an impact on the actions and outcomes in other network locations. Performance and the growing need for openness are at the heart of this movement. Examining how strategy design affects performance is the main objective of this study.

Aldhaheri, et al, (2020) assessed the effects of strategy formation on learning and growth in the context of the UAE's public sector. To create a reliable study, the researchers used a quantitative research methodology. As a result, a questionnaire was created and utilized to elicit responses from respondents regarding the effect of strategy formation on the performance of the UAE public sector. The necessary quantitative data were collected using a non-probability sampling mechanism. According to the study, strategy formulation significantly and favorably affected performance and accounted for 19.3% of the difference. The goal of the current study is to determine whether the SACCOs have missions that include strategic positioning, values, and responsibilities as justifications for their existence as they build their strategies to achieve their set goals and objectives. The formal phase of long-term plans that would successfully manage environmental opportunities and dangers based on a SACCO ’s strengths and constraints is often strategy formulation (Lenkume, 2019).

Formulating a strategy helps SACCOs develop and maintain performance, which improves their ability to maintain their foundation in a dynamic environment with many variables, especially in the near term (Langat, & Wainaina, 2019). According to Mwita, (2019), administrators play a crucial role in the creation of dynamic, helpful policies that have a limited future but are authoritative in achieving long-term goals. Companies carefully develop their strategies to help them win extra desirable market positions. Anichebe and Agu (2013) also studied how strategy development affects how policies are carried out in commercial governments in Nigeria's Enugu State. The degree of submission and viability of declared plans in the chosen universities were examined as part of the test. Even though this research was carried out in Nigeria, its results might not directly apply to the situation with the Lyamujungu SACCO in Kabale District -Uganda.

**Materials and Methods**

**Research Design**

The cross-sectional survey research methodology used for this study combined quantitative and qualitative techniques. A qualitative approach helps in comprehending and exploring the depth, richness, and complexity inherent in the phenomenon under investigation, whereas a quantitative approach helps in describing the current situation and looking into cause-and-effect relationships between the study variables (Turyasingura & Agaba, 2023). The qualitative strategy allowed the researcher to gain in-depth explanations on the impact of strategy formulation on the performance of Lyamujungu SACCOs in Kabale District Uganda, whilst the quantitative method sought to quantify and establish the links.
Sample size and procedure
Agaba, et al, (2023), a sample is a small group of the universe taken as the representative of the whole population. The study sampled 105 respondents by Krejcie and Morgan (1970) sampling estimations in a table 1.

Table 1: Showing Population, Sample and Sampling techniques

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Sample size</th>
<th>Sampling techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level management</td>
<td>10</td>
<td>10</td>
<td>Purposive sampling</td>
</tr>
<tr>
<td>Middle level management</td>
<td>40</td>
<td>36</td>
<td>Simple random sampling</td>
</tr>
<tr>
<td>Lower-level management</td>
<td>70</td>
<td>59</td>
<td>Simple random sampling</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>105</td>
<td></td>
</tr>
</tbody>
</table>

Source: (Bank of Africa, Human resource Audit report 2018)

Quality Control (Validity and Reliability)

Validity
Validity is the degree to which data analysis findings are consistent with the phenomenon being studied Turyasingura et.al, (2022). The researcher created the study methodologies by consulting with many SACCOs (Strategy formulation) specialists (Kinyuira,2020). Pre-testing the research tool enables the discovery and elimination of flaws including unclear or perplexing questions, questions with insufficient room for replies, crowded questions, and questions with the incorrect question numbers (Agaba and Emenike, 2018). The content validity index (CVI) was created by adding the proportion of valid items from each judge divided by the total number of items after consulting with the four experts in microfinance and having four judges evaluate the items for each instrument.

Thus, \[ CVI = \frac{\text{Number of items rated relevant by expert}}{\text{Total number of items in the instrument}} \]

Summary of the reliability statistics

Judge 1. \[ = \frac{30}{35} = 0.857 \]
Judge 2. \[ = \frac{32}{35} = 0.914 \]
Judge 3. \[ = \frac{33}{35} = 0.942 \]
Judge 4. \[ = \frac{29}{35} = 0.828 \]

Therefore \[ 0.857 + 0.914 + 0.942 + 0.828 = 3.541 / 4 = 0.885 \]

These findings suggested that the study tools employed to collect data on the strategy formulation of organizational performance in Uganda in the example of Lyamugungu SACCO were legitimate. According to Oleng, (2021), the average content validity index (CVI) number of items certified valid divided by the total number of items must be at least 0.7 for instruments to be acknowledged as legitimate. The instruments were legitimate because the CVI value was greater than 90% (Amin, 2005).
Reliability
Reliability evaluations look at how consistently the measuring tools give results when the same populations of people are repeatedly measured under the same circumstances Messabia, et. al, (2022) and also Turyasingura et. al, (2022) also supports the view. A pilot study with respondents who were purposefully and simply chosen at random from the target area is also used to test the validity of the research tools. The respondents were asked to review the questionnaire for the following qualities: question design, language, clarity, and thoroughness. Cronbach's Alpha coefficient was used to further prove the instruments' dependability Kiconco et. al,(2023). The results are 0.76 on a Statistic Package for Social Scientists (SPSS) scale, which shows that the tools are more accurate and useful.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s alpha</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy Corporate-Level</td>
<td>0.901</td>
<td>22</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>0.978</td>
<td>22</td>
</tr>
<tr>
<td>Functional Strategy</td>
<td>0.852</td>
<td>22</td>
</tr>
<tr>
<td>Performance of SACCO</td>
<td>0.967</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.698</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>3.698/4=0.924</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Source: Field Data 2022**

Therefore, it is inferred that there is a high level of confidence in the dependability of the entire scale if individual components are significantly connected to one another. Cronbach's alpha (5) provides the following standards: "> 0.5 - Poor, > 0.6 - Questionable, > 0.7 - Acceptable, > 0.8 - Excellent, and > 0.5 - Unacceptable"

Data Management and processing
The steps of descriptive, bivariate, and multivariate data analysis were finished. Tables, were produced as a result of the descriptive analysis. In a bivariate study, the associations between categorical factors and the dependent variable, as well as those between independent variables, were calculated using the Pearson rank correlation. Once more, cross tabulations were employed to demonstrate the relationships between the variables.

Multivariate analysis
At this stage after the model was created, only independent variables that at the bivariate stage shown a significant association with the dependent variable were incorporated. To put it another way, only variables that were significant at the bivariate stage were regressed at the multivariate level. The following equation displays the multivariate model: $SP = \beta_0 + \beta_1 SC + \beta_2 SI + \beta_3 FS + \epsilon$

Where, $SP = \beta_0 + \beta_1 SD + \beta_2 SI + \beta_3 SC + \epsilon$

Where

$SP = $ SACCO performance

$SC =$Strategic corporate level
SI = Strategy Implementation

FS = Functional Strategy

ε = Error term

β1, β2, and β3 are the partial coefficients which explain how each of the independent variables (strategy corporate-level, strategy implementation and functional strategy) impact on the performance SACCOs.

RESULTS

Descriptive statistics for strategic management on organizational performance Lyamujungu of SACCOs in Kabale district.

The study's initial goal was to determine the impact of strategy formulation on Lyamujungu SACCO's performance. The information needed for this was gathered from secondary sources (documented work) and primary sources (personnel). A questionnaire with five scales—strongly Agree (SA), Agree (A), Undecided (UD), Disagree (D), and Strongly Disagree (SD)—was used for this. The table below provides a summary of the responses.

Table 3. Analysis on the nine statements that were subjected to the respondents.

<table>
<thead>
<tr>
<th>Response</th>
<th>Agree</th>
<th>Undecided</th>
<th>Disagree</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have been working with Lyamujungu SACCO</td>
<td>105</td>
<td>00</td>
<td>00</td>
<td>4.5071</td>
<td>61745</td>
</tr>
<tr>
<td>I am well conversant with the vision of the SACCO</td>
<td>82</td>
<td>23</td>
<td>00</td>
<td>4.3643</td>
<td>62572</td>
</tr>
<tr>
<td>I am very aware of how the mission has impacted the bank's performance.</td>
<td>95</td>
<td>00</td>
<td>00</td>
<td>4.5286</td>
<td>49665</td>
</tr>
<tr>
<td>The Bank's Vision has attracted a lot of clients.</td>
<td>100</td>
<td>00</td>
<td>00</td>
<td>4.4286</td>
<td>49665</td>
</tr>
<tr>
<td>I am aware that the bank's mission has enhanced organizational effectiveness.</td>
<td>90</td>
<td>00</td>
<td>15</td>
<td>4.4286</td>
<td>49665</td>
</tr>
<tr>
<td>Because the bank's objective has been clarified, organizational performance has improved.</td>
<td>86</td>
<td>9</td>
<td>8.6</td>
<td>4.4286</td>
<td>49665</td>
</tr>
</tbody>
</table>
I am aware that the bank exists to raise performance.

Source: Field data 2023

Table 3 above provides assessments of the seven statements given to respondents in order to gauge how effectively a strategy was formulated at Lyamujungu SACCO in the Kabale District of Uganda. The following explanations are provided for the descriptive statistics in the above table:

When asked if they have ever worked for Lyamujungu SACCO, all respondents said that they had, with a mean response of 4.5071 and a standard deviation of 61745. When asked if they were familiar with the SACCO's vision, respondents gave a mean score of 4.3643 and a standard deviation of 62572, indicating that 78.1% of them agreed with the statement and 21.9% were unsure. Respondents were questioned about their awareness of the mission's effects on the bank's performance. 9.5% of respondents were unsure, with a mean of 4.5286 and a standard deviation of 49665, leaving 90.5% of respondents in agreement with the statement. When asked if the Bank's vision had attracted a lot of clients, 95.2% of respondents said it had, with 4.8% disagreeing. The mean response was 4.4286, and the standard deviation was 49665. During data collection, respondents were asked if they knew that the bank's goal has improved organizational effectiveness. Of those polled, 85.7% agreed with the statement, leaving 14.3% in disagreement. The mean response was 4.4286, and the standard deviation was 49665. When asked if organizational performance has improved as a result of the bank's aim being stated, respondents overwhelmingly agreed with the statement (81.9%) during data collecting. 8.6% of respondents were undecided, leaving 9.5% in disagreement, with a mean of 4.4286 and a standard deviation of 49665. The question of whether respondents are aware that the bank exists to improve performance was asked to them last. During data collection, 75.2% of respondents agreed with the statement, leaving 24.8% in disagreement, with a mean of 4.4286 and a standard deviation of 49665.

To find out if there was strategy formation, the study asked the respondents to reply to seven statements. Given that all respondents agreed with the statements that were chosen to measure strategy formulation, the responses' nature and the descriptive statistics presented above suggest that there is strategy formulation. Following the study of quantitative data, qualitative analysis of qualitative data derived from key informant interviews was carried out. The qualitative findings about strategy formulation are shown below.

Key informants noted that;

“If the performance is to be achieved, strategy formulation is a logical process of selection of the best appropriate course of action required to meet Lyamujungu SACCO's goals and aspirations. This is a step in the process of formulating a strategy and helps the Lyamujungu SACCO build operational strategies so that it can continue operating in the dynamic commercial environment that has enabled it to succeed...

Respondents remarked that;

“The development of a strategic plan has aided our managers in reaching the goals and objectives of the SACCO, which has drawn in a lot of customers. Lyamujungu SACCO needs to keep concentrating on their strategy in order to expand the institutional arrangement through which the stated goals will be accomplished, hence boosting organizational performance, in order to achieve the agreed goals.

Most of the paradigms for formulating a strategy (vision, mission, purpose, and need) show that the Lyamujungu SACCO has a more effective method. The study confirmed that there was a
relationship between quantitative and qualitative findings after doing a qualitative data analysis. The two data sets agreed, and it was evident that qualitative data supported quantitative data.

**Hypothesis testing**
To be able to generalize the results from the population samples, the study put the putative hypotheses to the test. Statistical inference was used to accomplish this. In order to determine whether there was a relationship between the independent and dependent variables, its strength and direction, to create a relationship model, and to test the two hypotheses, correlation and regression analyses were carried out.

The Pearson's product moment correlation coefficient was thus utilized to establish the magnitude of the association as indicated on the table below in order to prove the alternative hypothesis that Strategy formulation positively affects organizational performance at Lyamujungu SACCO.

<table>
<thead>
<tr>
<th>Organizational Performance</th>
<th>Strategy Formulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.785**</td>
</tr>
<tr>
<td>N</td>
<td>105</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.785**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>105</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Primary Data 2023

A correlation coefficient is displayed in Table 4 above. Strategy Formulation has a positive link with organizational performance at Lyamujungu SACCO, as indicated by the value of 0.785. Thus, a regression analysis was conducted to assess the strength of the relationship between strategy formulation rates and organizational performance, i.e., the extent to which the independent variable's variation would influence the dependent variable.

Table 5: showing the model summary of strategy formulation positively affects organizational performance at Ryamujungu SACCO

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.785a</td>
<td>.725</td>
<td>.724</td>
<td>.15216</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), strategy formulation

The correlation coefficient .725 suggests that the Lyamujungu SACCO's organizational performance is influenced by the strategy creation process. There is, thus, a strong positive link. This indicates that
Lyamujungu SACCO's organizational performance is stronger the more strategies are developed. Therefore, the creation of a strategy has a 96.2% positive impact on the functioning of Lyamujungu SACCO in Kabale District.

Table 6: Regression output summary on strategy formulation and organizational performance at Bank of Africa

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.385</td>
<td>.134</td>
<td>2.882</td>
<td>.005</td>
</tr>
<tr>
<td>1 Strategy formulation</td>
<td>.921</td>
<td>.030</td>
<td>.725</td>
<td>30.953</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Performance

The outcome again showed a regression coefficient of 725 at a 0.01 level of significance, indicating a significant difference in favor. With a Beta value of 0.725 at a 95% level of confidence, the results further demonstrate that strategy formulation has an impact on organizational performance at Lyamujungu SACCO in Kabale District. As a result, the alternate hypothesis put forth by the researcher is that "Strategy formulation has a significant effect on Performance of Lyamujungu SACCO in Kabale District.

Discussion Of Findings
According to study results, Lyamujungu SACCO's performance in the Kabale District is favorably impacted by strategic management (r = .725, P = .01). This is in line with Aldhaheri, et al. (2020) assessed the effects of strategy formation on learning and growth in the context of the UAE's public sector. To create a reliable study, the researchers used a quantitative research methodology. As a result, a questionnaire was created and utilized to elicit responses from respondents regarding the effect of strategy formation on the performance of the UAE public sector. The necessary quantitative data were collected using a non-probability sampling mechanism. According to the study, strategy formulation significantly and favorably affected performance and accounted for 19.3% of the difference. The goal of the current study is to determine whether the SACCOs have missions that include strategic positioning, values, and responsibilities as justifications for their existence as they build their strategies to achieve their set goals and objectives. The formal phase of long-term plans that would successfully manage environmental opportunities and dangers based on a SACCO's strengths and constraints is often strategy formulation (Lenkume, 2019).

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CONCLUSION
It is clear from the findings and discussion above that strategy formulation at Lyamujungu SACCO significantly predicts organizational performance. This demonstrates the importance of management and staff contributing to the design of Lyamujungu SACCO's strategy, namely its vision, mission, and purpose, as well as the necessity to assist Lyamujungu SACCO in achieving those goals and objectives.

Recommendations
Both the Board of Directors and management at Lyamujungu SACCO should prioritize strategy formulation for efficient strategic management. This will enable them to own the strategic plan, which will improve the performance of Lyamujungu SACCO in Kabale District-Uganda.

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Turyasingura J B, Agaba , M(2023) Effect of Corporate Governance on Performance of SACCOS in Rubanda District South Western Uganda, International Journal of Current Science Research and Review, ISSN: 2581-8341 Volume 06 Issue 01 January 2023 DOI: 10.47191/ijcsrcr/V6-I1-76,
