EVALUATION OF ADVOCACY DECISION MAKING PRACTICES ON PERFORMANCE OF SACCOS IN KAKAMEGA COUNTY; KENYA

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Buluma, P. N., 1* & Amuhaya, J.2
1* Master Candidate, Jomo Kenyatta University of Agriculture and Technology [JKUAT], Kenya
2 Ph.D, Lecturer, Jomo Kenyatta University of Agriculture and Technology [JKUAT], Kenya

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ABSTRACT
Globally, competitive advantage of an organization depends primarily on how well its human resources are managed especially when the quality of the decisions made by the management is in relation to their development. Due to increasing competition, the organization is required to constantly revise its product and service mix and managerial methods to increase productivity. Decisions can be costly or beneficial depending on the approach to the decision-making process used and the quality of the decisions made. While the impact of erroneous decision making at the lower levels of the firm are at times costly, the situation could be more pronounced even catastrophic when the erroneous decision was made at a higher managerial level in the firm. Therefore, the objective of this study was to evaluate the influence of Advocacy decision making Practices on performance of SACCOS in Kakamega County; Kenya. Descriptive Survey research design was employed and stratified random sampling technique adopted on the target population. The study used self-administered questionnaires as data collection instruments. Data was analyzed using both descriptive and inferential statistical methods with the aid of the Statistical Package for Social Sciences (SPSS) version 25.0 computer software. The results were then presented in tabular summaries. The results revealed that advocacy decision making practice has significant positive effect on performance of SACCOS in Kakamega County; Kenya. The study recommended that management of SACCOS are advised to consider the opinions of all interested parties prior to arriving at decisions that are bound to have strategic effects on the operations of those firms. The foregoing is likely to avoid conflict among stakeholders and in particularly the implementers of decisions made and also the parties that are targeted to be impacted by those decisions.

Key words; Advocacy Decision Making Practices, Performance

INTRODUCTION
The performance of SACCOs is of great importance for the overall stability of the financial sector, since they are a key component of the financial mobilization services within the SACCO population in Kenya (SASRA, 2013). SACCOs play a significant role in financial intermediation and are a key predictor of welfare development within the society. Clement and Martin (2012) asserts, SACCOs have been instrumental in supporting better welfare for their members particularly the low-income earners within the society. SACCOs are formed with sole purpose of improving member’s welfare thorough returns on savings and loans facilities among other products. SACCOs by virtue of being self-supportive and administrative cooperatives offer local communities an opportunity to reap benefits from their day to day operations.

The competitive advantage of an organization in a global economy depends primarily on the quality of the decisions made by the management of these organizations in relation to their development. The increasing complexity, turbulence and uncertainty of the environment require different and greater knowledge (Batley & Daly, 2006). Increased consumer demands require new solutions, knowledge and enhanced decision making. Due to increasing competition, the organization is required to constantly revise its product and service mix and managerial methods to increase productivity (Rana, Arfan & Majid, 2012). Modern conditions of dynamic competition, sophisticated information technology, knowledge economy, market globalization, have changed the relation to importance of decision making in organizations. Evidently then, strategic decision making will play a critical role in the performance of the organization.

Classical theories of choice in organizations emphasize decision making as the making of rational choices on the basis of expectations about the consequences of action for prior objectives, and organizational forms as instruments for making those choices (Lencioni, 2005). It is likely that most organizations would like to think they and their employees follow such rational processes; in practice it is unlikely to be frequently achieved. The gap between descriptive (what people are observed to do) and normative (what people should do) decision making is extensive and in fact has widened over recent years (Dillon, 2012). There are potentially two paths by which the gap may be narrowed. Firstly, Payne et al., (2003) suggest that decision makers should be persuaded to adopt more normative techniques. Although this could certainly improve decision making, convincing decision makers to do so is likely to be a significant hurdle. Conversely, normative theories may be “humanized” by incorporating aspects of human limitations and behavior.

Secondly, decision making might be regarded as a problem solving activity which is terminated when a satisfactory solution is reached. Therefore, decision making is a reasoning or emotional process which can be rational or irrational, can be based on explicit assumptions or tacit assumptions. According to Kenji and Shadlen (2012), decisions are likely to be involuntary and following the decision, people often spend time analyzing the cost and benefits as discussed in the "Rational Choice Theory," which advances the notion that decision makers maximize benefits and minimize the costs (Ambalika & Shee, 2007).

A strategic decision is described as being “important, in terms of the actions taken, the resources committed, or the precedents set” (Shubladze, Mgebrishvili & Tsotskolauri, 2008). Eisenhardt (1989) suggests them; involve strategic positioning; have high stakes; involve many of the firm’s functions; and considered representative of the process by which major decisions are made at the firm. Eisenhardt & Zbaracki (1992) add that strategic decisions are those infrequent decisions made by the top leaders of an organization that critically affect organizational health and survival. Complexity theorists, such as, Sternberg (2009) have argued that organizations are
systems in which long term outcomes are the result of the entire history of an organization, not of a single action or decision. This view is echoed by Hamel and Prahalad’s (2009) suggestion that firms should establish strategic intent, and Eisenhardt’s (1997) that “improvisation”, as in jazz or drama, is a relevant metaphor to describe strategic management. Despite this, Koen (2004) note that in their research, managers had no trouble in identifying strategic decisions, and a key objective of Strategic Decision Making research remains to establish generalizable rules of how to make successful decisions.

Characteristically, strategic decisions are long term, highly unstructured, complex, and inherently risky and have great impact on the future of the organization. Strategic decisions are those important decisions that typically require a large amount of organizational resources, and firm’s environment consideration. In decisions, top management usually plays a central role, in making the decisions (Hofer & Schendel, 2008). These decisions influence organizational direction, administration, and structure (Christensen et al., 2002). Since decision not only affects the organization in which they are taken but also the society (Colignon and Cray, 2000), it is not surprising that decision-making process has been heavily researched (Amason, 2006). One stream of these researches has focused on the decision-making process and factors influencing the process. (Van Bruggen et al., 2008).

Statement of the Problem
Traditionally, firms used to be authoritarian and built around hierarchical organizational charts. However, facing more dynamic environments in recent history, characterized by more legislation, standards, human resource challenges, market demands and environmental regulations many firms are experimenting with newer forms of organization decision-making processes, usually cutting down long decision paths and fostering lean structures able to react to rapid changes in the marketplace. The future of these organization structures lies in hybrid, dynamic models allowing the firms to internally move from bureaucratic to democratic structures at will, according to changing contexts and focuses of attention. This will entail strategic decision making to make them more competitive and efficient.

Studies have been done in relation to the relationship between strategic decisions making practices and performance and the outcome has been mixed leaving a significant knowledge gap. Eisenhardt (2012) carried out a study on the impact of strategic decisions on performance of banks in Europe. It was found out that speed of strategic decision did not have a major impact on performance. Shrivastava & Grant (2015) conducted a study on the effectiveness of strategic decisions on performance in manufacturing firms. It was concluded that well-thought strategic decisions highly impacted on the performance of manufacturing firms. Smith & Hayne (2007) did a study on ‘making a decision under time pressure’. The study concluded that such decisions were ineffective since the managers did not take their time to think through them.

Mwangi (2012) carried out a study on strategic decision making and firm performance of two major firms in photography industry in Nairobi and concluded that firm performance is not influenced by strategic decision making practices. Kagathi (2013) investigated on strategic decisions making at Jomo Kenyatta University of Agriculture and Technology and concluded that strategic decisions potentially influenced performance of the organization since it involved both its external and internal stakeholders. From the above studies, there is scant literature on strategic decision making practices and firm performance and more so among SACCOs. Further, there is no conclusive and comprehensive outcome in regard to strategic decision making practices and firm performance resulting to a lacuna. For the purpose of the study advocacy decision making practices as an element of strategic decision making practices was examined in relation to performance of SACCOs in Kakamega County.
Research Objective
The objective of this study was to evaluate how Advocacy Decision Making Practices influences Performance of Saccoos in Kakamega County. The study was guided by the following research hypothesis;

- $H_0$: Advocacy decision making practices does not significantly influence Performance of Saccoos in Kakamega County; Kenya

LITERATURE REVIEW

Rational Choice Theory
Rational choice theory, also known as choice theory or rational action theory is a framework for understanding and often formally modeling social and economic behavior (Blume & Easley, 2008). The basic premise of rational choice theory is that aggregate social behavior results from the behavior of individual actors, each of whom is making their individual decisions. The theory therefore focuses on the determinants of the individual choices (methodological individualism).

Rational choice theory then assumes that an individual has preferences among the available choice alternatives that allow them to state which option they prefer. These preferences are assumed to be complete (the person can always say which of two alternatives they consider preferable or that neither is preferred to the other) and transitive (if option A is preferred over option B and option B is preferred over option C, then A is preferred over C). The rational agent is assumed to take account of available information, probabilities of events, and potential costs and benefits in determining preferences, and to act consistently in choosing the self-determined best choice of action.

Early neoclassical economists writing about rational choice, including William Stanley Jevons, assumed that agents make consumption choices so as to maximize their happiness, or utility. Contemporary theory bases rational choice on a set of choice axioms that need to be satisfied, and typically does not specify where the goal (preferences, desires) comes from. It mandates just a consistent ranking of the alternatives (Grüne-Yanoff, 2012). Individuals choose the best action according to their personal preferences and the constraints facing them. For example there is nothing irrational in preferring fish to meat the first time, but there is something irrational in preferring fish to meat in one instant and preferring meat to fish in another, without anything else having changed.

Rational choice theorists do not claim that the theory describes the choice process, but rather that it predicts the outcome and pattern of choices. An assumption often added to the rational choice paradigm is that individual preferences are self-interested, in which case the individual can be referred to as a homo economicus. Such an individual acts as if balancing costs against benefits to arrive at action that maximizes personal advantage (Lohmann, 2008). The rational choice approach allows preferences to be represented as real-valued utility functions. Economic decision making then becomes a problem of maximizing this utility function, subject to constraints. This has many advantages. It provides a compact theory that makes empirical predictions with a relatively sparse model - just a description of the agent's objectives and constraints. Furthermore, optimization theory is a well-developed field of mathematics. These two factors make rational choice models tractable compared to other approaches to choice.

Most importantly, this approach is strikingly general. It has been used to analyze not only personal and household choices about traditional economic matters like consumption and savings, but also choices about education, marriage, child-bearing, migration, crime and so on, as well as business decisions about output, investment, hiring, entry, exit, etc. with varying degrees of success. Despite the empirical shortcomings of rational choice theory, the flexibility and tractability of rational choice models (and the lack of equally powerful alternatives) lead to them still being widely used (Milgrom & Levin, 2013).
Theory of Planned Behaviour
TRA originally assumed that most behaviors of interest are those where the person has the resources, skills and opportunities to engage in their desired action. However, recognizing that this is often not the case, Ajzen (1988) proposed an extension of TRA – the Theory of Planned Behavior (TPB). This added a further dimension to TRA – that of perceived control over the intended behaviour. Perceived behavioural control is influenced by internal factors (skills, ability, information, emotions) and external factors (opportunity to engage in the behaviour and the extent to which performing the behaviour depends on the cooperation of others). A person’s perceived behavioural control reflects his/her beliefs about factors that may inhibit or promote the performance of the behavior. Perceived behavioral control is posited to have a causal influence on intentions, but actual behavioral control also has a direct influence on behaviour.

Meta-analyses of studies applying TPB conclude that it accounts for considerable proportions of the variance in intentions across a range of behaviours (39-41 per cent) and a somewhat lower proportion of variance in behaviour (27-34 per cent) (Armitage and Connor, 2001; de Wit & Stroebe, 2004). TRA and TPB have been applied to a wide range of decisions about behaviours (for example, dealing in stocks and shares, smoking initiation, shoplifting, condom use, oral contraception, participation in exercise).

Advocacy Decision Making
- Individual Decision Making
- Group Decision Making
- Critical evaluation

Performance
- Efficiency
- Service Delivery
- Profitability

Independent variables
Figure 1: Conceptual Framework

METHODOLOGY
This research employed the descriptive survey design. The target population for this study was 156 respondents from 52 SACCOs affiliated to KUSCCO and in operation as at 31st December 2017. For primary data Krejcie and Morgan formular was used. The study used primary data which was collected directly from the respondents using the research instruments. The study used self-administered questionnaires as data collecting instruments. Closed ended items was used in the questionnaire. The researcher administered the questionnaires to the actual respondents after pilot testing them for correctness and accuracy on 10 non-participatory respondent samples. Piloting was done in three SACCOs in Nairobi County. After retrieving the questionnaires from the respondents, the questionnaires was first sorted and the data in them edited and then coded before being entered into the computer software, Statistical Package for Social Sciences (SPSS) version 25 for further analysis. The data was then analyzed using both descriptive and inferential statistical methods.

FINDINGS AND DISCUSSION
A total of 111 respondents out 82 respondents participated in the study depicting a response rate of 73.9% hence used for data analysis. A response rate of 60% is good while a response rate of 70 % and above is excellent especially when considering generalizability of study findings (Mugenda & Mugenda, 2003). This study’s response rate was 73.9%, thus excellent for generalizability of research findings to a wider population. The strategies used to achieve a high response rate was due to the fact that the questionnaires were self-administered and the researcher waited for the respondents to fill out the questionnaire and collect it immediately.
Descriptive Statistics: Advocacy decision making Practices

Descriptive statistics shown in tables below represented a descriptive analysis of the summarized answers of the respondents on various questions on each specific objective measured on a likert scale denoted as: 5. Strongly Agree 4. Agree, 3. Uncertain, 2. Disagree and 1. Strongly Disagree.

58.5% of the respondents agreed that most of the organization decisions were made by and individual although 24.4% of them were undecided. This implied that most of the SACCO’s decisions were made by and individual as indicated by a mean of 3.55. Most respondents also agreed (58.5%) and strongly agreed (14.6%) that most of the SACCO’s decisions are made using a group of selected persons. On the other hand, 12.2% of the respondents were undecided in regard to decisions being made using a group of selected persons. When asked that whether tendency of pushing through with a decision in Sacco regardless of the outcome; 15.9% strongly agreed, 43.9% agreed and 29.3% were uncertain. The mixed up responses are possibly because the tendency of pushing through with a decision regardless of the outcome is uncommon among SACCOs. Further slight majority respondents agreed (37.8%) and strongly agreed (9.5%) that they often assign one member of the decision making team the role of criticizing every decision in order to assess its merits. However, 23.3% of the respondents were undecided implying that they often assign one member of the decision making team the role of criticizing every decision in order to assess its merits.

Inferential Analysis

Table 1: Correlations Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>ADMP</th>
<th>SP</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADMP: Advocacy decision making Practices</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>82</td>
</tr>
<tr>
<td>SP: Sacco Performance</td>
<td>Pearson Correlation</td>
<td>.571**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>82</td>
</tr>
</tbody>
</table>

Linear Regression Results

Linear regression was used to analyze the linear influence of predictor variables (advocacy decision making Practices) on the dependent variable (Performance in SACCOs in Kakamega County).

Linear Regression Results: Influence of Advocacy decision making Practices on Performance

The first objective sought to establish direct linear effect of Advocacy decision making Practices performance of SACCOs in Kakamega County using R square (coefficient of determination). The coefficient of determination explains the extent to which changes in the dependent variable (performance in SACCOs in Kakamega County) can be explained by the independent variable (advocacy decision making Practices). The results were shown table 2.

Table 2: Linear Regression Results; Influence of Advocacy decision making Practices on SACCOs Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>Change Statistics</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.571**</td>
<td>.326</td>
<td>.318</td>
<td>.5774463</td>
<td>.326</td>
<td>38.734</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>a. Predictors: (Constant), Advocacy decision making Practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Linear regression results showed that advocacy decision making Practices significantly influences performance of SACCOs; $R^2 = 0.326$, significant at $p<0.001$. This implies that advocacy decision making Practices accounts for 32.6% variations in performance in SACCOs in Kakamega County. The F value was more than zero, $F=38.734$, $P=.000$, hence, advocacy decision making Practices is a significant predictor of performance in SACCOs in Kakamega County.

Further, regression coefficient is; $\beta = 0.704$ with a standard error, 0.113. This indicated that a unit increase in advocacy decision making Practices will lead to 0.704 unit increase in performance of SACCOs in Kakamega County with a standard error of 0.113. The relationship can presented as shown in the model below.

$$Y=1.136+0.704 X_1$$

Where;

$Y=\text{Performance of Saccos}$

$X_1= \text{Advocacy decision making Practices}$

**Multiple regression analysis**

Multiple regression analysis was conducted to assess the joint influence of independent variables (Advocacy decision making Practices) on the dependent variable (Sacco performance). The multiple regression results are shown in table 3.

**Table 3: Multiple regression results**

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>$R$</td>
</tr>
<tr>
<td>1</td>
<td>.737$^a$</td>
</tr>
</tbody>
</table>

**ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig. $^b$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>3</td>
<td>7.168</td>
<td>30.916</td>
<td>.000$^b$</td>
</tr>
<tr>
<td>Residual</td>
<td>18.086</td>
<td>78</td>
<td>.232</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>39.591</td>
<td>81</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Advocacy decision making Practices

b. Dependent Variable: Sacco performance
Multiple regression analysis in table 3 showed the multiple regression results of the combined

Finally, the values of unstandardized regression coefficients with standard errors in parenthesis in table 3 indicated that all the study’s independent variables (Advocacy decision making Practices); $\beta_1 = 0.360 (0.114)$ at $p<0.01$,

Table 4: Regression Coefficients

<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>(Constant)</td>
<td>-0.013</td>
<td>0.362</td>
<td>-0.035</td>
<td>0.972</td>
</tr>
<tr>
<td>1 Advocacy decision making</td>
<td>0.360</td>
<td>0.114</td>
<td>0.292</td>
<td>3.148</td>
</tr>
</tbody>
</table>

In this regard, the study’s final regression equation is;

$Y = -0.013 + 0.360X_1$

Where;

$y =$ Sacco performance in Kakamega County

$X_1 =$ Advocacy decision making Practices

Test of Hypothesis

Hypothesis ($H_0$) stated that advocacy decision making Practices have no significant effect on performance in Saccos in Kakamega County. From the results, the beta coefficient for advocacy decision making Practices is $\beta=0.360$; $p=0.002$ at $P<.001$. Hypothesis was therefore rejected because the results shows advocacy decision making Practices is positively related to performance of SACCOS in Kakamega County and a unit increase in advocacy decision making Practices, performance of SACCOS in Kakamega County will significantly increase by 0.360 units with a standard error of 0.114.

CONCLUSIONS AND RECOMMENDATIONS

Objective one of the study sought to evaluate how advocacy decision making Practices influences performance of SACCOS in Kakamega County. Descriptive analysis indicated that majority of the respondents confirmed that most of Sacco’s decisions are made using a group of selected persons and there is a tendency of pushing through with a decision in our firm regardless of the outcome. Linear regression results showed that advocacy decision making Practices significantly influences performance in SACCOS in Kakamega County. This implied that advocacy decision making Practices accounts for significant variations in performance in SACCOS in

Kakamega County. Further, from multiple regression results showed that advocacy decision making Practices is positively related to performance in SACCOS in Kakamega County and a unit increase in advocacy decision making Practices, performance in SACCOS in Kakamega County will significantly increase.

The study concluded that advocacy decision making practices have significant positive effect on performance in SACCOS in Kakamega County. The study established that in most SACCOS in Kakamega County, decisions are made by group of selected persons as well as individual. However, few SACCOS have assigned one member of the decision making team the role of criticizing every decision in order to assess its merits.

The study recommended that where SACCOS use advocacy decision making where a single option is selected, the option should be analyzed by all decision makers and stakeholders in order to assess its viability. Decisions and strategies made should be based on their sustainability, competitiveness and productivity.

Areas for further research

The study recommended for more studies on Advocacy Decision Making Practices on Performance of firms in different sectors both private and public so that better comparison results could be portrayed for decision and policy making.
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