FACTORS INFLUENCING GROWTH OF SAVING AND CREDIT COOPERATIVE SOCIETIES IN KENYA: A CASE STUDY OF KAJIADO EAST SUB COUNTY

DANIEL KOLLIAN MOTOMPA

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DECLARATION

STUDENT’S DECLARATION

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

Daniel Kollian Motompa

ODEL-BML/1/00016/3/2013

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

SUPERVISOR’S DECLARATION

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

Dr. Peter Kithae

Sign: ...................................... Date: ................................
ACKNOWLEDGEMENTS

This study has been a long journey and I feel indebted to those who participated in their own ways to make it a success.

I thank the almighty God for his special grace and protection over the entire period of my work.

Special appreciation goes to my Research Project Supervisor, Dr. Peter Kithae for his dedication, sincere guidance, suggestions, criticisms, understanding and support as I was doing this Research project.

To the entire ODL class, thank you for your encouragement.

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I thank my dad, Letuya, my mum, Nekashuuma and my brothers, Senchura, Limpai and Nemarau, for their support towards the completion of this work.

Once again may God bless you all!
DEDICATION

I wish to dedicate this project to my wife and family members who have shown great concern towards the fulfillment of this project. Finally to The Management University of Africa and everybody who would like to undertake the same course in future.

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ABSTRACT

Savings and Credit Co-operative Societies (SACCOs) are started locally and have solid bases of small saving accounts constituting a stable and relatively low-cost source of funding and low administrative costs. This study therefore tried to find out whether inefficient technology, inadequate management skills, lack of members participation and political interference could affect the growth of SACCOs. The study was guided by the following objectives; to determine how management skill influence growth of savings and credit cooperative societies in Kenya, to find out how members participation influence growth of saving and credit co-operative societies in Kenya, to find out how political interference influence the growth of savings and credit cooperative societies in Kenya, and to establish how technology influence the growth of saving and credit cooperative societies in Kenya. Descriptive research design was used in this study. The study targeted all the saccos in kajiado sub county which are 57 in numbers. Purposive sampling was used to sample 7 saccos which has more than 5 employees and the study use simple random sampling to sample 5 employees in each sampled saccos. The study use a sample of 35 employees of the saccos sampled. Primary data was obtained through administration of questionnaires to the target population. Data collected was analyzed using descriptive analysis tools, processed by SPSS and information generated was presented in form of frequency tables and graphs. Internal politics were found to be determinants of improved growth of SACCOs. The study concludes that ICTs provides reliable access to markets. ICT allows reduction in transactions costs, improved access to timely and usable knowledge, improved communications with markets and within supply chain, acquisition of appropriate skills for enhancement of productivity and improved information about new opportunities. The study recommends that the SACCOs should put in place measures to safeguard the independence and effectiveness of all members. The study recommends cooperatives to maintain a large volume of member transactions. New credit products such as microfinance loans, instant loans and long term loans should be offered. Saccos should consolidate the co-operatives customer base and diversify through product innovation to serve other sectors of the economy.
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LIST OF ACRONYMS AND ABBREVIATION

ACCOSSCA - Africa Confederation of Cooperative Society Savings and Credit Association
CGD - Centre for Governance and Development
GoK - Government of Kenya
ICA - International Cooperative Alliance
IT - Information Technology
KPCU - Kenya Planters Co-operative Union
KUSCCO - Kenya Union of Saving and Credit Co-operatives
MDGs - Millennium Development Goals
ROK - Republic of Kenya
SACCOs - saving and credit cooperative societies
SASRA - SACCO Societies Regulatory Authority
SPSS - Statistical Packages for Social Sciences version twelve
U.S.A. - United States of America
UNO - United Nations Organization
WCCU - World Council of Credit Unions
WHO - World Health Organization
DEFINITION OF TERMS

**Cooperative Society** An autonomous association of persons voluntarily cooperates for their mutual social, economic, and cultural benefit

**Growth of SACCO’s** Refers to increase of membership and share capital

**Management skills** - is a collection of activities involving planning, organising, motivating and controlling. Planning involves deciding the objectives or goals of the organisation and preparing how to meet those objectives.

**Membership participation** - is a process by which members influence the direction, scope and operations as well as activities of their cooperatives.

**Political interference** - involvement of politicians in the management and decision making of saccos

**Technology** is made up of discoveries in science, product development and improvements in machinery, process, automation, and information technology (Manyara, 2003). It also includes a combination of knowledge, information and ideas.
CHAPTER ONE

1.0 Introduction

This chapter presents a brief introduction to this study on saving and credit cooperative societies (SACCOs). The background presents the basis upon which the statement of the problem is derived. The objectives and research questions are presented. The chapter then proceeds to provide the significance, assumption, limitations, and definition of terms.

1.1 Background Information

Savings and Credit Co-operative Societies (SACCOs) are started locally and have solid bases of small saving accounts constituting a stable and relatively low-cost source of funding and low administrative costs. More so, SACCOs are able to advance loans at interest rates lower than those charged by other financial providers. In addition, SACCOs have the ability and opportunity to reach clients in areas that are unattractive to banks such as rural or poor areas (Branch, 2005). This has made SACCOs more attractive to customers thus deeply entrenching themselves in the financial sectors of many countries (Munya, 2006). In fact, the core objective of SACCOs is to ensure members' empowerment through mobilization of savings and disbursement of credit (Ofei, 2001). SACCOs have been efficient in achieving this objective. In Kenya, for instance, SACCOs have mobilized over Kshs.200 billion in savings (Co-operative Bank of Kenya, 2010).

Savings mobilization should be backed by adequate institutional capital which ensures permanency, provide cushion to absorb losses and impairment of members’ savings (Evans, 2001). The institutional capital which comprises the core capital and less share capital is mainly accumulated from appropriation of the surpluses. Therefore, SACCOs should strive to maximize on the earnings to build the institutional capital (Branch & Cifunentes, 2001; Ombado, 2010). This institutional capital ensures the permanence and growth of the SACCOs even in turbulent economic times (Evans, 2001). In fact, it helps the SACCOs to grow and, remain economically and financially viable (Gijselinckx & Devetere, 2007). Such growth is enhanced by effective financial practices.
1.1.2 History of Savings and Credit Co-Operatives Globally

The first Savings and Credit Co-operative Society was started in Germany in 1849 by Herman Schulze and William Raiffersen. The SACCO Society was introduced to assist people overcome economic problems during the time of famine that prevailed there during that time. In 1850 in England, workers in a mill factory started savings and making loans, to help each other. Later, in the twentieth century, the idea was moved to North America. As a result, the first SACCO Society was started in Canada in 1901 by Alphonse Desjardine and then in the USA by E. Filen, a Boston merchant for his employees. This resulted to a vast establishment of the movement in Europe, Canada, United States, Australia and Ireland. In fact, in many regions of these countries, SACCOs are much larger than the commercial banks.

In 1970, the World Council of Credit Unions was formed with their Headquarters in Madison Wisconsin, USA, to provide an International Forum for discussion and association, provide assistance to new and developed movements, offer insurance and training on a large scale. Globally there are almost 100 million individual members in over 60 countries around the world (Savings Plus, 2010).

1.1.3 History of Savings and Credit Co-Operatives in Africa

The first SACCO Society was introduced in Africa by Father John McNulty in Ghana in 1959. The SACCO was intended to assist villagers improve their economic conditions (Ng'ombe & Mikwamba, 2004). English speaking nations were the first to adopt SACCOs. The first entrants into SACCO community include Ghana, Uganda, Nigeria, Tanzania, and Kenya. Most of the Non-English speaking nations in Africa started appreciating SACCOs in 1960s, with major influx into SACCO community in 1970s (Mwakajumilo, 2011).

The formation of SACCOs in Africa grew tremendously to the extent that the African countries formed a continental association of SACCOs, Africa Confederation of Cooperative Society Savings and Credit Association (ACCOSSCA), in 1965. ACCOSSCA was formed with the principal objective of promoting the SACCO principles, offer SACCO insurance, and educate members on SACCO issues (SACCOs in Africa are still crawling as they are newcomers, among those offering savings and credit. There are 28 countries in Africa that have established SACCOs (Savings Plus, 2010). Ng'ombe and Mikwamba, 2004).
1.1.4 Background of Savings and Credit Co-operative Societies in Kenya

The first Co-operative Society in Kenya was Lumbwa Co-operative Society formed in 1908 by the European Farmers with the main objective of purchasing fertilizer, chemicals, seeds and other farm inputs and then marketing their produce to take advantage of economies of scale (Kenya Union of Saving and Credit Co-operatives (KUSCCO), 2006).

In 1930, Kenya Farmers Association was registered as a Co-operative Society to take over the role of supply of farm inputs played by Lumbwa Co-operative Society (Gardeklint, 2009). Important to mention is that co-operatives were introduced, recognized and controlled by the government of Kenya (KUSCCO, 2006). From independence, the number of co-operative societies had continued to grow saving and credit co-operative societies (SACCO) comprising over 50% of all cooperatives, and as financial institutions they play a critical role of financial intermediation in the financial landscape focusing mostly on personal development (SACCOs Review, 2012). Generally, the SACCO sub-sector is on the growth regime. For instance, in December 2012, the total assets for the SACCO sub-sector stood at Ksh.216 billion, representing a growth of 11% from the Ksh.194 billion recorded in 2009. During this period, the growth in assets was funded mainly by member deposits and share capital at Ksh.164 billion comparing favourably with loans and advances which accounted for 73% (or Ksh.158 billion) of the total assets. The balance of the funds is financed by retained earnings and loans from commercial banks and other financial institutions (Muchemi, 2005).

The SACCOs are found in almost all sectors of the economy and about 80% of the Kenyan population derives their income either directly or indirectly through SACCO initiatives. In practice, SACCOs in Kenya face stiff competition from other players in the financial services sector like commercial banks, micro-finance institutions, shylocks, and investment groups. Out of the approximate population of 41 million, a significant 24.6 million people (63%) participate either directly or indirectly in SACCO enterprises (Republic of Kenya, 2013).

However, despite the significant government initiative to support cooperative movements through legislation, a significant 3457 (51%) of the SACCOs were not operational. This high failure rate of SACCOs continues to frustrate Millennium Development Goals (MDGs) and Vision 2030 objectives of increasing financial inclusion (Pollet, 2013). Further, due to the high failure of SACCOs, it is estimated that less than 50% of the target SACCO enterprises are able to participate in SACCO enterprises. Based on these contextual facts, this study examined the significant factors that influence the SACCOs’ growth, but within the Kajiado East Sub County.
1.1.5 Regulatory Framework of Kenyan SACCOs

In 1945, the Co-operative Ordinance Act was passed where the Government of Kenya (GoK) legally controlled the co-operatives. The act was amended in 1997 removing much of the control from the government through the Commissioner of Co-operatives under the Co-operative Societies Act 1997. This Act was enacted to provide a policy framework for co-operative development in Kenya therefore delineating these co-operatives from the control of the Government by necessitating the withdrawal of state control over the co-operative movement. The aim was to make co-operatives autonomous, self-reliant, self-controlled and commercially viable institutions. The role of the government was redefined from one that sought to control co-operative development, to one that now seeks to regulate and facilitate their autonomy. This allowed the co-operatives to compete with other private enterprises in the marketing of agricultural produce (Republic of Kenya, 1997).

However, there were some inconsistencies and inadequacies of the Act. For instance, the co-operatives were left without a regulatory mechanism to play the role that the government had previously played which saw the co-operatives report cases of corruption and mismanagement, such as: gross mismanagement by officials; theft of co-operative resources; split of viable co-operatives into smaller ineffectual units; failure of employers to surrender members’ deposits to co-operatives (particularly SACCOs’ failure to hold elections); nepotism in hiring and dismissal of staff; unauthorized co-operative investments; and illegal payments to the management committees (Manyara, 2003). In response to these circumstances, the 1997 Act was amended in 2004 through the Co-operative Societies (Amendment) Act of 2004 which was enacted to re-enforce state regulation of the co-operative movement through the office of the Commissioner for Co-operatives Development.

Accordingly, the legislation roles undertaken by government included; creation of co-operatives legal framework; enhancement of growth and development of co-operatives, registration, operation, advancement and dissolution; development of co-operatives’ partnership, and legislation and regulation. More powers given to the Commissioners’ included; promotion, inspection, enquiries, auditing, surcharge, debt collection, liquidation and provision of technical extension services (Wanyama, 2009).

The SACCO Societies Act of 2008 was enacted later to provide for the licensing, regulation, supervision and promotion of savings and credit co-operatives by the SACCO Societies Regulatory Authority. Thus, this Act provides for the establishment of the SACCO Societies Regulatory Authority (SASRA) whose functions include licensing SACCOs to carry out
deposit-taking business as well as regulating and supervising SACCOs (Republic of Kenya, 2008b). The Authority will also have power to intervene in the management of a SACCO society that is deemed to be mismanaged.

The Act also provides for the establishment of the Deposit Guarantee Fund, which 13 secures each SACCO Society members’ deposits (not including shares) up to an amount of KSHS. 100,000. The Act is intended to provide a framework for the sound management of SACCOs as financial institutions and make them effective competitors in the financial sector. The SASRA is expected to set the minimum operational regulations and prudential standards for the SACCOs. Nevertheless, some provisions in the Act, such as the minimum capital requirement, are so stringent that some SACCOs may not be able to operate the FOSA activity (Wanyama, 2009)

1.2 Statement Of The Problem

According to Ademba (2007) SACCO, like many other business entities in Kenya, are faced with challenges in their quest towards survival and growth. These challenges can be internal or external. Kenyan government in an attempt to reduce the cause of slow growth enacted the Cooperatives Act, 2008 SACCO society regulatory authority (SASRA) and the subsequent establishment of the cooperatives societies regulatory authority (SASRA, 2010), the findings of the regulator was that SACCO management lack adequate knowledge in prudential management and poor policies and therefore they came up with policy guidelines to correct the deficiencies.

The government was unable to find out the causes of slow growth in the cooperative fraternity, this is the reason why the problem is still experienced in Kajiado East Kajiado County. According to Boen (2015), the minimum recommended SACCO growth target as per the county is 10%; however the current SACCO growth rate is 5%, which is below the prescribed minimum, and hence slow growth. This study therefore tried to find out whether inefficient technology, inadequate management skills, lack of members participation and political interference could affect the growth of SACCOs
1.3 Objectives of the Study

1.3.1 General Objective
The main objective of the study was to examine factors influencing growth of saving and credit cooperatives in Kenya.

1.3.2 Specific Objectives
The specific objectives are:

i. To determine how management skill influence growth of savings and credit cooperative societies in Kenya

ii. To find out how members participation influence growth of saving and credit cooperative societies in Kenya

iii. To find out how political interference influence the growth of savings and credit cooperative societies in Kenya

iv. To establish how technology adoption influence the growth of saving and credit cooperative societies in Kenya

1.4 Research Questions

i. How does management skills influence the growth of savings and credit cooperative societies?

ii. How does members participation influence the growth of savings and credit cooperative societies?

iii. To what extent does political interference influence the growth of savings and credit cooperative societies?

iv. To what extent does technology adoption influence the growth of savings and credit cooperative societies?

1.5 Justification of the Study
The finding of the study are essential to many Institutions since the societies have a big role to play as the country struggles to turnaround the economy, of particular interest the study will benefit the management of saving and credit Cooperative Society who will use it to
understand the factors that influence the growth of SACCO in Kenya and what areas to concentrate on in order to gain competitive advantages.

The Members of the society used the report to understand cooperative dynamics and especially in electing leaders who will steer the society mission in future. Other organisation will use the report so as to give strategic guideline and understand their role in developing such societies. The commissioner of cooperatives will have an interest in the report for policy decisions and improve regulations of societies. Other researchers will find it useful as a point of reference.

1.6 Scope

This study will be conducted in Kajiado East; Kajiado County. Kajiado east was chosen because of geographical proximity and financial limitations of the researcher. The researcher will limit the study to the four factors that is; management skill, members participation, political interference and technology adoption. There are forty seven saving and credit cooperative societies in Kajiado east and thirty one are dormant (ROK, 2015). The saving and credit cooperative societies that participated in this study will randomly selected.

1.7 Significance Of The Study

The findings of this research will help the co-operative officials, members and even the staff of the ministry of Co-operative Development and Marketing in designing growth strategies and evaluating the influence of the selected strategy on growth.

The findings and conclusions of this study can be of significance to the management of SACCOs. They can be able to appreciate how growth of their SACCOs is influenced by the study variables.

Based on the findings the management can be able to understand the strategies to be taken in order to improve the performance of the respective SACCOs. To the SACCO members, they can be able to understand the factors affecting growth of their SACCOs. This ensured that they become more informed especially in their contributions on the directions they would desire the management to take in improving profitability and other performance indicators.

This study shall have policy implications and recommendations which can be used by government policy makers in structuring policies to create an enabling environment to SACCO operations in the country.
The research will also be an eye opener for future researchers in this area who may want to research on best strategies that the country may adopt to develop the Saccos in Kenya. Scholars and researchers shall find this study quite of interest due to the gaps for further research that shall be produced at the end of this study.

1.8 limitations

Thus the Research findings may not apply to all counties in the country. Some respondents were unwilling to respond. The research also was limited to coverage of only one sub county in Kenya and thus the findings may not be generally applied to other counties within the Country. The limitations were overcome by use of a case study that focused on one county and use of sampling method to get a representation of population of study.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter deals with the past studies conducted on the problem at hand. It includes various studies on the independent and the dependent variables. This sets the base of establishing the relationship between the independent and the dependent variables. This chapter will contain the critical review of the study.

2.2 Theoretical Review
Building financial institutions and systems that serve all segments of the population is already a widely shared goal among policymakers in Kenya. Strong financial systems have helped deliver rapid growth overall, as well as direct and indirect benefits, across income distribution (Honohan 2007). Moreover, across Kenya, access to finance is the key to unlocking growth for poor farming, as much as for expanding export.

The economy of East Africa has shown that putting national savings to work in productivity-increasing investments can sustain rapid growth. By bonding the gap between savers and entrepreneurs, financial institutions cannot only reduce the risks, but also open up opportunities to both sides. This can reduce the barriers to entry for entrepreneurs, allowing the economy as a whole to benefit in terms of improving the price and quality of the services, reducing the stifling influence of established monopolies and employment creation. Saccos have been able to step in and play the role of financial provision to the entrepreneur in Kenya. They had gotten the hold of the rural areas and some urban centers, providing loans to those considered by banks as unviable and unprofitable segments. With time, this has changed due to the result generated by the saccos thus attracting the banks back to the same market segment. The literature reviewed is on how the Saccos could still maintain their market segments and how they can become growth-oriented.

2.2.1 Growth of Sacco’s
The cornerstone to growth is embedded on goal setting, organization development, system approach and sometimes having a holistic approach towards performance assistance. To achieve growth the organization has to be managed through principle of management by agreement rather than management by command. According to Armstrong (2003) management by agreement could be defined as the strategic and integrated approach to
deliver sustained success to organization as by improving the performance of the people who work in them and by developing the capabilities of the individual contributions. It is concerned with the the broader issue that face the business for it to function effectively in the environment and with the general direction in which it intends to go to achieve long term goals. It should be taken into account that in a Sacco the overall growth of it will depend on the interaction of the organization with the external environment. The external environment will include the Sacco’s interaction with customers and issue related to customer retention loss of customers and competition within the market. Fowler (2003) states that the growth of an organization concerns everyone in the business, not just managers. He rejects the cultural assumptions that only managers are accountable for the growth of their organization and replaces it with the belief that responsibility is shared between the managers and the team members.

He further continues to state that it is always vital for the organizations to enter into performance agreements that define the expectations and the results to be achieved and the competence required to attain these results. The performance measures or growth indicators should be incooperated within the organizations. This helps in assessing the objective and standards of performance to be achieved. It ensures that the employees are always committed to achieve the goals in hand. The factors discussed below are considered to influence the SACCO growth in Kenya.

2.2.2 Management skills as a factor influencing the growth of saccos in Kenya
Cole (2010) argues that management is a collection of activities involving planning, organising, motivating and controlling Planning involves deciding the objectives or goals of the organisation and preparing how to meet those objectives. Cooperatives plan by preparing annual budgets, which are approved by members during the annual general meeting. The members present allocate the societies monies to different cost centres. However, management overlooks such plans with little or no consequences. Organising, this is determining activities and allocating responsibilities for achieving those plans. It calls for coordinating activities and responsibilities into an appropriate structure. This activity is left entirely to management in the cooperative sector. This has actually led to neglect and eventually loss of society property. Motivating is meeting the social and psychological needs of employees in the fulfilment of organisation goals.
Audit committees have been put in place to provide the necessary checks and balances. However most are compromised by management and thus do not serve effectively. As noted by Cole (2010) management is the distinct process consisting of planning, organising, actuating, and controlling performed to determine and accomplish the objectives by the use of people and resources. Terry also observed that management is a function of, productivity, people, profits, public responsibility (4 Ps) and men, money, materials, machines (4 Ms). Cooperative societies require well trained leaders and managers who understand their role effectively so as to facilitate and enhance the already achieved growth. However management of societies is determined by the democratic nature of governance in cooperative societies. The members elect the management committee for a specific term. The problem with this is that mostly the people elected are not good managers and end up running down the societies (Mudibo, 2009).

This is a major problem even currently in most cooperative societies. Influential members who have little or no knowledge in management end up taking leadership positions hence running down the very objective of growth of the societies. Mudibo continues to say that; majority of the problems bedevilling co-operatives arise from bad governance and poor economic management. While leaders direct and control the organizations, and managers run them, members have authority to demand and enforce good governance in their organizations. According to Mudibo (2009) Since the co-operative agents are custodians, trustees and stewards of the societies, they are accountable and answerable to members, and are expected to be efficient, effective, responsible, responsive, honest, faithful, diligent and prudent. Observes that, in the management of co-operatives there has been an overlap of duties between the management committee and management staff. This reflects poor leadership and non-adherence to good management practices.

Training is the systematic modification of behaviour through learning, which occurs as result of education, development and planned experience (Armstrong, 2000). It also involves investing in people to enable them to perform better and empower them to make use of their natural abilities. The objective is to develop the competencies of employees and improve their performance. It also helps employees to grow with the organization so that future needs for human resources will be met from within.
2.2.3 Concept of members Participation

Participation is a process by which members influence the direction, scope and operations as well as activities of their cooperatives. According to International Cooperative Alliance (ICA), cooperation is a form of organization where members join together as human beings to satisfy their economic, social and cultural needs. The cooperatives are expected to attend less towards profits and more towards services. They are expected to supply essential goods on one hand and services on the other hand, as close to cost as possible. Other than the provision of economic services in terms of cheap availability of goods to the community, the cooperatives are conceived as social organizations which educate the people in economic management. (Selvaraj R. 2000,)

As defined by Davis (1969), participation is a mental and emotional involvement of a person in a group situation which encourages him to contribute to goals and shares responsibilities in them. According to UNO (1979), participation means sharing by people the benefits of development, active contribution by people to development and involvement of people in decision making at all levels of society. WHO (1982) defined participation as the process by which individuals, families or communities assume responsibility for their own health, welfare and develop the capacity to contribute to their own and community development. Paul (1987) defined community participation as an active process by which beneficiary or client groups influence the direction and execution of a development project with a view to enhancing their well-being, of income, personal growth, self-reliance or values they cherish.

According to UNDP (1993), participation refers to the close involvement of people in the economic, social cultural and political process that affect their lives. People may, in some cases, have complete and direct control over these processes- in other cases; the control may be partial or indirect. The important thing is that people have constant access to decision making and power. According to Vishwanathan (1994), participation is making the members participate in the economic activity and decision making. Participation in decision making is the only means to make them realize that they are the owners of the organization. Participation is a generic term covering a broad range of activities ranging from one-shot problem identification exercise (E.g.: Participatory rural Appraisal) to continuing association in which rural communities and individual farm families play more active role. (Chowdhry and Gilbert, 1996).
The concept of community participation refers to the process by people who involve themselves in analyzing the local situation, identifying major problems, formulating action plans, mobilizing locally available resources, and executing development projects in order to access the benefits extended to the community at large or specific target groups during a given point of time. (Narayanaswamy and Boraian 1998). As cited in Surendran (2000), French (1960) referred participation as a process in which two or more parties influence each other in making certain plans, policies, and decisions.

Unless the involvement of the people is made from the beginning stage itself in any programme, it would become a thrust on the people. Further, the felt-need of the people itself should be identified by the leader of group, to make it easy to bring them together and lead them into the action for development by creating a sense of ownership of the lasting assets. Among the methods of activating and organizing the people for development programmes, it is important to decide basic promises, on which, the participation is built. They should organize themselves to assess the needs, have rational economic decisions, voluntary commitment of resources and labor etc. to break away dependency and have local control over the execution to achieve self-sustainable benefits. (Vishwanathan, 1994).

Members’ participation is the act of taking part in any activity of the society by all members of the society. According to Selvaraj, in his book cooperative in the New Millennium, for effective functioning of the cooperative movement, enlightened members are the pole of the cooperative. These are members who are knowledgeable, about cooperatives and their ideals and philosophy. These members will make themselves aware of the problems and have the willingness to contribute to the progress of the cooperatives. Such membership ensures member participation in the business and managerial affairs of the cooperatives. Vigilant members prevent financial irregularities and the emergence of vested interest in cooperatives. Thus the health of cooperative improves. As against enlightened members, ignorant, sleepy, inactive, non-participative and indifferent members become a problem in themselves. They are prone to exploitation by the convert elements in the society.

According to Marcus, 1988, as cited in Vishwanathan, 2000, in the recently ICA initiated debate on basic values of cooperatives; members’ participation has been the first. In more practical terms, members’ participation is viewed in terms of participation in management, decision making and control; in business activities and in capital. But with the growing size of the base level cooperative units, and emergence of vertical structures, decision making is
gradually shifting away from the base level units. Consequently, ensuring members’ direct participation in planning, decision making and control has become difficult, but none-the-less, it is a challenge, that needs and has to be met. Members’ participation in business and capital, in some way is related to the performance of a cooperative.

According to Thomas & Charles (1998), Participation measures include attendance at meetings, serving on committees, serving as an elected officer, and recruiting other farmers to become members. According to U.S.A, Department of Cooperative Service, Cooperative Information Report 1, Section 7, 1998, Members participation or responsibilities includes, attending general meetings, utilization of services, building cooperative capital stock.

Development aiming at rapid economic growth focuses on reduction of disparities in wealth and income, equality of opportunities, eradication of poverty and improvement in the quality of life of vast majority of people thus creating an egalitarian society based on growth with social justice. Cooperative institutions, s decentralized economic democratic units, can fulfill legitimate economic activities by enabling individual members to pool their resources for the production on viable scales. Especially in rural areas production units are small in size, numerous in numbers and scattered by nature with which no economic activity can be got along meaningfully, unless the individual efforts are institutionalized on the basis of principles of self-help service and impulse mutual aid. (Vishwanathan, 1994).

Clark (1991) identified the elements essential for securing active participation of farmers’ groups such as: (1) small homogenous group; (2) supplementary income generation activities; (3) institutional credit; (4) group promoters; (5) training to group members; (6) group savings; (7) ready access to extension service; (8) participatory monitoring and evaluation; and (9) group self reliance. He also observed the indicators of self-reliance of farmers’ groups as (1) regulatory of group meetings and level of attendance; (2) shared leadership and member participation in group decision making; (3) continuous growth in group savings; (4) high rates of loans repayment; (5) group problem solving; and (6) effective link with extension and other development services.

Mukherjee (1997) observed that the level of participation tends to fluctuate with passage of time. Sometimes it remains at a low key and then takes off and/or dissipates. While on other occasions, there emerges a high level community participation which slowly moderates itself and becomes steady. Rehman and Rehman (1998) found out the factors which determine the nature of participation of the people in development programmes such as: (1) the willingness
to participate; (2) the desirability to participate; (3) the representative nature of participants in
the local bodies in terms of society as a whole or classes and castes; (4) the asset distribution
pattern among the participants and the resultant dynamics in inter-relationships; and (5) the
conflict of interests between the stakeholders and direct beneficiaries of the development
programme.

**Cooperative education** Education is the means by which the principles of cooperation are
enabled to function effectively. Education in relation to the cooperatives means imparting of
knowledge about the principles, methods, aims and practice of cooperation among people and
developing in them cooperative spirit and abilities to work together. Hence, cooperative
education is needed to educate the members and to develop in them a sense of responsibility
and an ability to take right decisions, and to prepare them to exercise their rights and
responsibilities intelligently and honestly. The members must understand their rights and
responsibilities and be vigilant to be active participants in their society. (Krishnaswami, O.R.
and Kulandaiswamy, V. 2000).

**Financial Resource** The term finance is defined as the management of the flows of money
through an organization, whether it is a corporation, school, sank or other enterprises. Finance
is the basic resource for the establishment of the society. The financial resources of primary
cooperatives are very limited that might hinder great participation of members. They do not
have the capacity to generate resources due to low malign in their business operations.
Therefore, it would be better if these societies are provided with sufficient working capital at
differential rate of interest. (Kulandaiswamy, V.2000).

**Conflict Resolutions** Gubbels (1993) reported that distinct gradation of wealth, power and
influence based on age, family origin, religion, occupation, gender and access to resources
existed in most villages and often generated a conflict of interest. Bryson (1997) observed that
conflicts occur as a result of disagreement, threat or opposition between individuals or groups
or individuals within a group.

**Member Economic Participation** According to ICA’s principle, members contribute
equitably to, and democratically control, the capital of their cooperative. At least part of that
capital is usually the common property of the cooperative. Members usually receive limited
compensation, if any, on capital subscribed as a condition of membership. Members allocate
surpluses for any or all of the following purposes: developing their cooperative, possibly by
setting up reserves, part of which at least would be indivisible; benefiting members in
proportion to their transactions with the cooperative; And supporting other activities approved by the membership. Share ownership in the SACCO should be reserved for those individuals who conduct business with the SACCO. Participation in share ownership should be based on the amount of business a member does with the SACCO making risk proportional with reward and avoiding free riding. Voting rights should be based on membership and not on proportional ownership. Further, to be a voter, one must be a member and to be a member one must be an active client.

2.2.4 Political interference as factor influence growth of saccos in kenya

Co-operatives are user owned, user controlled and user benefited organizations. They could be agricultural, non agricultural, unions or Savings and Credit Co-operatives (SACCOs). They operate in different sectors of the economy including agricultural, handcraft, jua kali, transport, housing development, building and construction, consumer services, banking and insurance. The direct intervention by the Government in management of cooperatives compromised the principles of member owned and run organizations. Government involvement hindered the emergency of member controlled co-operatives since members relied on Government to safeguard their interest. As a result, equality, equity, solidarity, democratic principles, self responsibility and self help that are important pillar of successful producer organizations were thus hindered.

This caused the co-operatives to be run as if they were Government owned instead of privately owned member organizations. Extract - P. Gamba & I. Komo, 2011, Evolution, growth and Decline of Co-operative Sector, a paper prepared for the Centre for Governance and Development (CGD). KPCU’s problems are traced to its dual registration – first as a co-operative under the Societies Act then as a limited liability company under the Companies Act. Under the co-operative Societies Act, the leadership of the society is made up of elected officials at grass root who represent interest of their members.

Epetimehin (2006) viewed co-operative enterprise as a business owned and controlled by the people who use its services. They finance and operate the business or service for their mutual benefit. By working together, they can reach an objective that would be unattainable if acting alone. Akinwunmi(2006) averred that co-operatives depend on the unified efforts of large numbers of small individuals. From the foregoing co-operative can be described as an
economic and socio-political institution that allow for freedom of membership devoid of cohesion and pursue economic activities to promote the interest of its members who also use its services. Cooperation embodies the spirit of working together to achieve a common goal. Much as desirable as cooperative societies are in the development of a nation, there are problems and constraints that have militated against its effective performance of its roles in nation building. This has made for poor performance, decline and death of some co-operatives.

The other critical element according to Akinwunmi (2006) was leadership. If there is purposeful leadership, if leaders are transparent, dedicated and truly serving, the co-operative society will succeed. A true leader does not cut corners, does not inflate contracts so as to receive kickbacks, does not have favourites among members and does not mismanage the resources. Mudibo (2005) raised concerns on the caliber of leaders who run SACCOs noting that since these are voluntary organizations, members can elect anybody they like, who may not necessarily have the skills to run a SACCO. He suggested that before a member is elected, he should have a certain number of shares so that he has something to lose if he mismanages the SACCO.

According to Mwaura (2005), the actions of top management affect performance. He recommended that members, when electing office bearers, including delegates, should ensure that they elect trustworthy persons as the success and hence the performance of SACCOs depends on the calibre of the officials that they elect. Van der Walt’s (2005) study of cooperative failures in Limpopo province indicated that poor management, lack of training, conflict among members (due mainly to poor service delivery), and lack of funds were important contributory factors.

Weak institutions (such as, ill-defined property rights), inadequate capital, deficient support systems such as external monitoring an devaluation, and lack of a supportive policy environment have also contributed to co-operative failures (Lyne & Collins, 2008; Zulu, 2007). Ill-defined property rights, according to agency theory, give rise to a set of problems that undermine the efficiency of traditional co-operatives (TCs) in risky and differentiated markets (Kyriakopoulos, 2000). There is all the importance of resolving institutional and governance problems in co-operatives and legislation could be amended to mitigate these problems (Lyne and Collins, 2008).
Dunn, et al. (2002) study, which included co-operative managers and directors, voiced concern that an owner-directors too often make decisions based on internal politics rather than on sound economics. These participants believed that, on occasion, co-operative directors may be motivated to make decisions that benefit the individual at the expense of the co-operative. This insight may help explain why governance issues are exaggerated at co-operatives relative to corporations. A main challenge facing many co-operatives are over-control and regulation by government (DFID, 2010). Autonomy and freedom from government control is positively associated with success. While government support can be helpful, governments should avoid over-regulation. In Ethiopia, US technical assistance has helped overcome this legacy (Assefa, 2007).

Sometimes co-operatives can flourish with a minimum of institutional support. This could depend on many internal and external factors such as when there is a good economic opportunity or a limited economic purpose. However, the absence of institutional support can make a co-operative vulnerable and isolated from the broader co-operative movement and networks. Such institutional isolation can hinder the development of a co-operative’s full potential (Theron, 2005). Despite the colonial focus of co-operatives on particular activities, the strong state control of post-colonial co-operatives and the market appropriation of cooperatives by neoliberal restructuring, co-operatives in Africa have survived.

The co-operative sector with primary, secondary, sectorial, apex, and support organisations and social movement links has continued to thrive, albeit unevenly. Co-operatives have often survived the extremes of state control and market adjustment on their own. Such survival often stems from the passion and determination of the people to thrive and survive (Satgar & Williams, 2008). Hamecker (2007) found in some co-operatives, the most important decisions, for example involving distribution of surpluses or compensation, were taken by the coordinators or even just by the president or general coordinator who behaved like the main owner of a co-operative.
According to Mumanyi (2014), the Co-operative Societies Act No. 12 of 1997 sought to reduce the strict state supervision of co-operatives so as to support the liberalization of co-operatives. However, this led to abuse of office by those entrusted which led to cases of corruption and mismanagement of cooperatives and the splitting of viable co-operatives into smaller inefficient units. Studies by Makori, Munene and Muturi (2013) and Kilonzo (2010) cited political interference as a challenge facing SACCOs in Kenya.

2.2.5 Technology adoption as factor influencing growth of saccos

Modern business organizations have embraced use of Information Technology (IT) in order to improve their competitiveness, efficiency, customer service and performance. The Co-operative sector being a major player in our economy cannot be left behind in utilizing the technology for enhanced growth. Technology and cooperative societies Growth Technology strategy was found by many researchers as a way to improve competitiveness. Failure to develop and integrate technology strategy and business strategy is a major contributing factor to the decline of firm’s competitiveness. Many literatures also indicated that technology strategy played an important role in determining firm performance in technology-driven industries such as industrial automation company (Mitchell, 2002). However, most of the previous studies have generally focused on the structure-conduct-performance theory which emphasized greatly on external factors (market condition and competitors) to link strategies to firm growth.

Technology is made up of discoveries in science, product development and improvements in machinery, process, automation, and information technology (Manyara, 2003). It also includes a combination of knowledge, information and ideas. Manyara also observes that the rate of technology adoption and its overall application in co-operatives in the region is generally low and that the main reasons for this include conservatism, costs and ignorance. The results and the situations also vary. He observed two situations where – some highly automated financial cooperatives and the completely non-automated agricultural primary co-operatives. ICT is increasingly becoming an essential tool for efficient operations of investments and cooperatives should be encouraged to use this technology (Ministry of Co-operative Development and Marketing, 2008).

The Ministry of co-operatives through its policy document on investment notes that many co-operatives are not computerized while others are partially computerized; and recommends that CODIC be activated to fulfill its core mandate of developing and assisting the co-operative
movement to acquire compatible computer software for their operations at a competitive price; and that to save on costs, Saccos should link up with private ATM service providers, e.g Pesa Point or alternatively utilize Cooperative Bank ATM service which has a country wide network. The researcher in this case will investigate the effect IT on growth and establish why some societies have adopted IT if at all it has a positive effect on growth. In a competitive market, members will increasingly seek providers who serve them best. Competition is the situation in which people or organizations compete with each other for something that not everyone can have. Therefore the underlying principle for any competitive situation is scarcity. It therefore follows that any person or organization that wishes to engage into productive activity, will not only have to content with the acquisition of scarce factors of production, ever changing state of technology but also with a determinate market with its ever changing tastes and preferences. The essence of competition is to win as others lose (Hollensen, 2003).

One of the earliest concepts of technology strategy was provided by Maidique and Patch (2008). They conceptualize technology strategy based on three dimensions, namely type of technology; level of competence; timing of technology introductions; level of investment; organization and policies, and source of technology. Type of technology or technology selection is associated to the distinctiveness and the value of technologies that the firm specializes in. Level of competence refers to how specialize the firm is in its technologies. Timing of technology introduction equates to introducing a technology ahead of competitors. Level of investment is related to financial resource allocations whereas organization and policies are associated with implementation of strategy (Spital and Bickford, 2002).

Source of technology on the other hand refers to mode of technology acquisition, whether it is internal R and D, external R and D or others. These are methods or ways to pursuing technology strategies (Spital and Bickford, 2002). The last three dimensions (level of investment, organization and policies, and source of technology) are greatly allied to technology management processes, which are to be distinguished from technology strategy content for further evaluation of their contribution as a source of competitive advantage (Herman, 2008).

Information technology used refers to the tools and facilities involved in the processing, analyzing, storing and retrieving of information. Improving the ability of consumers to choose between competing suppliers of products depends mostly on the technology involved in
service delivery. The investment on information technology (IT) in the service sector has been criticized by economists for not showing a corresponding improvement in productivity similar to that observed in manufacturing. However, following the publication of the Hammer and Champy (1993) book on reengineering and the extensive redesign of service processes that followed, using information technology as the enabler, we feel it is time to revisit the debate on the contribution of IT in the service sector. With the introduction of integrated software using the Windows platform and personal computer networking, we expect to find a different level and form of information technology use than that found in the late 1980s.

Zeithaml et al. (1990) viewed improvements in service as being critical elements of a competitive edge in the 1990s, which in turn can be facilitated by improvements in information technology. They point out that a marriage of “high tech” and “high touch” is important, and that decisions regarding the types of technology to employ should not take precedence over strategic considerations. It is generally believed that information technology has a positive impact on a firm’s performance, though some caution has been mentioned regarding replacing employees in favor of technology Urgo (1996). Furthermore, Rubenstei and Geisler (1990) note that to use information technology effectively, one must invest in human resources as well as technology. Concerning the effect of information technology on the operations of service firms, Heskett et al. (1990) points out that the use of information technology will affect both the customer and the provider of services. Studies concerning the effect of information technology on management strategy and marketing have been conducted.

In a recent study, Mathe and Dagi (1996) found that the use of information technology contributes to the success of the implementation of international strategies in service industries. According to Martell (1988), information technology will accelerate changes in how marketing conducts its activities. Specifically, it will enable firms to: (1) track competitors’ pricing more efficiently and determine its own pricing structure; (2) conduct market research more accurately; and (3) communicate and relay information more efficiently to others. Porter and Millar’s (1985) study asserts that utilization of information technology changes the production process, reduces costs, widens the arena of competition, and facilitates the creation of new business.
On the other hand, Bonk (1996) states that management of small and medium-sized firms must utilize computer technology, information resources, and telecommunications in operating their firms in order to survive in the era of globalization. To become effective niche players, they must utilize such technology in differentiating their products, improving quality, and providing superior services. According to Courtland and John V. Thill (2001), communication is the process of sending and receiving messages. The essence of communication is sharing, that is providing data, information and insights in an exchange that benefits both one and the people with whom one is communicating. This is very essential especially in service providers like SACCOs.

Effective communication helps business in numerous ways. These benefits include; stronger decision making and faster problem solving, earlier warning of potential problems, increased productivity and steadier workflow, stronger business relationships, clearer and more persuasive marketing messages, enhanced professional images for both employers and companies, lower employee turnover and higher employee satisfaction, and better financial results and higher return for investors. Effective communication strengthens the connection between a company and all of its stakeholders, suppliers, neighbors, the community, and the nation. However taking advantage of technology requires time, energy, and frequent improvement of skills. If the level of technical expertise does not keep up with that of your colleagues and co-workers, the imbalance can put you at a disadvantage and complicate the communication process.

The Information Technology concept is a new development that has changed ways and manner of doing things, in commerce, trade, agriculture, and manufacturing and government services. It is to be adopted by business as a matter of responding to world dynamics. Highlighting the impact of ICT in recent years, Rao, Metts and Mong (2003) observed that the 1990s witness the proliferation and hyper growth of internet and internet technologies, which together are creating a global and cost-effective platform for business to communicate and conduct commerce. The Information Technology concept is a new development that has changed ways and manner of doing things, in commerce, trade, agriculture, and manufacturing and government services. It is to be adopted by business as a matter of responding to world dynamics. Despite the enormous investment in IT during recent years, demonstrating the effect on such on organizational performance has proven extremely difficult (Mahmood and Mann, 2000).
According to Thompson et al (2010), accurate and timely information about daily operations is essential if managers are to gauge how well the strategy execution process is proceeding; and that information systems need to cover five broad areas of customer data, operation data, employee data, supplier/partner/collaborative ally data, and the financial performance data. Due to its dynamism, ICTs promise fundamental change in all aspects of human life including knowledge dissemination, social networking, economic and business practices, political engagements, education, health, leisure, and entertainment. ICTs are also useful either as tangible goods in their own rights or as value - adding services that improve efficiency and effectiveness. Thus ICTs can provide reliable access to markets (Local, regional and International) through increased use of affordable communications (phone, email).

ICT, broadly can allow for a reduction in transactions costs, improved access to timely and usable knowledge, improved communications with markets and within supply chain, acquisition of appropriate skills for enhancement of productivity and improved information about new opportunities (Gunga, 2008). New technologies create new markets and opportunities, and every new technology replaces an older technology (Kotler and Armstrong, 2004). Kotler and Armstrong further note that when old industries fought or ignored new technologies, their businesses declined. They say that companies that do not keep up with technological change soon will find their products outdated and they will miss new product and market opportunities. They further observe that the technological environment changes rapidly and that it is perhaps the most dynamic force now shaping our destiny.

2.3 Summary

According to the above reviews much has not been touched though the factors have been analyzed but in other factors context. SACCO’s issues have been touched somehow but still much has not been done, so if this research was to be carried out much more discoveries were likely to be found. According to Opio (2006), he found that the growth of SACCOs has a strong relationship with the variables like members, savings, credit advance, operating self sufficiency. But he did not find out how other factors influence the growth of SACCOs. So here the researcher was seeking to find out whether the above variables influence growth of SACCO. The previous studies also took place under different circumstances for instance there has been recent improvements in service delivery through improved technology, globalization and other factors like political liberalization which made it necessary to carry out this study.
2.4 Research Gaps

The researcher observed during the literature review that there is a gap that needs to be filled on the factors that influence growth of SACCOs in Kenya. Mosongo et al (2013) conducted a study to investigate whether there was a relationship between technology and financial performance of SACCOs in Nairobi. This study, however, focused on technology and overlooked other variables that might have influence the performance of these SACCOs. Lwanga et al (2014) conducted a study to assess the effect of managerial competency on performance of SACCOs in only one region in Uganda.

This study was confined to Busoga in Uganda whose business environment could be different from Kenya. Hence the study findings may not bear relevance to business setting in Kenya. A study by Nkuru (2015) geared towards investigating factors affecting the growth of SACCOs within the Agricultural sector in Kenya, failed to established the effect of technology on performance of SACCOs yet it is a variable under consideration by this study Mang’ana et al (2015) conducted a study to examine the extent to which SACCOs operating in Kisii County have invested in IT to achieve sustainable competitive advantage over rivalry. But this study did not realize that IT investment was adversely affected by other factors within the influence of the business environment of which this study seeks to evaluate. Maingi (2014) conducted a study to examine factors affecting financial performance of SACCOs in Kenya. The study concluded that dividend policy, loan portfolio and surpluses affected financial performance of SACCOs, yet there are other more factors that influence growth of SACCOs in Kenya.

Magali (2014) conducted a study to determine the impact of leadership, corporate governance and regulations on credit risk management of SACCOs in only three regions in Tanzania so the study findings may not be applicable in Kenyan set up due to environmental diversity. Again this studies left out other factors that influence the growth of saccos focused by this research study. Based on this, there is a research gap which this study seeks to fill. Thus this study seeks to determine factors that influence growth of SACCOs in Kenya.
2.5 Conceptual Framework

The previous section reviews studies previously done on determinants of Sacco growth. According to Zikmund et al (2010), empirical literature review is a directed search of published work which includes books and periodicals. It is a comprehensive survey of previous inquiries related to the research questions. Miller and Yang (2008) states that through the use of a systematic approach to previous scholarly work, literature review allows a researcher to place his research work into an intellectual and historical context, that is, it enables the researcher declare why his research matters.

The conceptual framework illustrated the dependent and independent variables.

- Management skills
- Members Participation
- Political Interference
- Information Technology Adoption

In the present study, there are four independent variables which are management skills, technology adoption, members participation and political interference. These variables are perceived to influence the growth of the SACCO in Kenya.
2.6 Operational Definition of Variables

This section shows the variables and how they were measured. It also shows that questionnaire items that measured each variable

**Table 3.1. Operationalization of the Variables**

<table>
<thead>
<tr>
<th>Research variables</th>
<th>operational definition</th>
<th>Literature</th>
<th>Research instruments Measures</th>
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<tbody>
<tr>
<td>Management Skill</td>
<td>level of skills, qualification required, leadership skills, management training</td>
<td>Cole (2010)</td>
<td>Questionnaire section D</td>
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<td></td>
<td></td>
<td>(Mudibo, 2009)</td>
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<td></td>
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<td>(Armstrong, 2000)</td>
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<tr>
<td>Members Participation</td>
<td>decision making, attending AGM, savings, cooperatives education, conflict resolution</td>
<td>(Selvaraj R. 2000,)</td>
<td>Questionnaire section B</td>
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<td></td>
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<td>Davis (1969)</td>
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<td>Vishwanathan (1994)</td>
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<td>Surendran (2000)</td>
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<td></td>
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<td>Chowdhry and Gilbert, (1996)</td>
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<td>Political Interference</td>
<td>political members, political involvement,</td>
<td>Epetimehin (2006)</td>
<td>Questionnaire section E</td>
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<td>Akinwunmi(2006)</td>
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<td>(Lyne and Collins,2008)</td>
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<td>Theron, 2005</td>
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<td>Technology Adoption</td>
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<td>(Mitchell, 2002)</td>
<td>Questionnaire section C</td>
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<td>(Hollensen, 2003)</td>
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<td>Maidique and Patch (2008)</td>
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<td>Heskett et al. (1990)</td>
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<tr>
<td>Growth of Saccos</td>
<td>deposits, loans, members, devidents,</td>
<td>Mosongo et al (2013)</td>
<td>Questionnaire section F</td>
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<td></td>
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<td>Nkuru (2015)</td>
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<td>Maingi (2014)</td>
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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter covers the methods employed to structure the research process in gathering and analyzing information to address the research objectives. It covers; research design, population, sampling design, instruments and data analysis. According to Dawson (2009), research methodology is the philosophy or general principles which guides the research. Kombo and Tromp (2009) as well as Zikmund et al (2010) advance that research methodology deals with the description of the methods applied in carrying out the research studies.

3.2 Research Design
According to Upagade and Shende (2012), research design is the arrangement of condition from collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It is the logical manner in which individuals or other units are compared and analyzed and acts as the basis of making interpretations from the data. Lavkaras, p. (2008) describes a research design as a general plan or strategy for conducting a research study to examine specific testable research questions of interest. descriptive research design is the blue print for the collection, measurement and analysis of data. It is a plan and structure of investment conceived so as to obtain answers to research questions (Coopers and Schindler, 2008).

This study adopted a descriptive survey design to find out the factors influencing growth of saving and credit cooperative societies in Kenya and to answer the research questions of the study. According to Orodho (2003), descriptive survey is a method of collecting data by interviewing or administering a questionnaire to a sample of individuals which can be used when collecting information about peoples’ attitudes, opinions, habits or any other social issues. Descriptive research is a description of the state of affairs as it exists (Orodho and Kombo, 2002). Sekaran and Bougie (2011) concurs with Orodho and Kombo (2002) by asserting that descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation.
3.3 Target population

The target population contains members of a group that a researcher is interested in studying. The results of the study are generalized to this population, because they all have significant traits in common. According to Mugenda and Mugenda (2003), a population refers to an entire group of individuals, events or objects having a common observable characteristic. In other words, population is the aggregate of all that conforms to a given specification (Mugenda and Mugenda, 2003). Sekaran and Bougie (2011) refers to a population as the entire group of people, events or things of interest that the researcher wishes to investigate. The target population of this study was employees and members of all the 57 SACCOs in Kajiado sub county (refer to table in appendix II).

3.4 Sample and Sampling Technique

A sample is a subset of the population; it comprises some members selected from it. Spiegel (2008) define a sample as part of the total population. Orudho and Kombo (2002) view a sample as a finite and representative number of individuals or objects in a population to be studied. Kothari (2008) describes a sample as a collection of units chosen from the universe to represent it. Kombo and Tromp (2009) also define a sample as a finite part of a statistical population whose properties are studied to gain information about the whole or universe. By studying the sample one is able to draw conclusions that are generalizable to the population of interest. The study used purposive sampling to sample 7 SACCOs which have more than five employees. Simple random sampling was used to sample 5 employees in each SACCO selected. Upagade and Shende (2012) confirms that a simple random sampling is probabilistic and is also known as chance sampling. Simple random sampling is easy to implement and every unit has an equal chance of being selected and hence eliminating selection biasness. The table 3.1 below shows the number of employees in the sampled saccos and the sample size for the study.
Table 3.1 sample size

<table>
<thead>
<tr>
<th>NAME</th>
<th>NO OF EMPLOYEES</th>
<th>SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maasai Market</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Kitetrans</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Spiral Stage</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Borabu 2013</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Nendeni</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Nakam</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Obomo</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td><strong>total</strong></td>
<td><strong>46</strong></td>
<td><strong>35</strong></td>
</tr>
</tbody>
</table>

The total sample size of the study was 35 respondents.

3.5 Data Collection Instruments

A questionnaire is a pre-formulated written set of questions to which the respondents record the answers usually within rather closely delineated alternatives. Likert scale is an interval scale that specifically uses five anchors of strongly disagree, disagree, neutral, agree and strongly agree. The Likert measures the level of agreement or disagreement. Likert scale is good in measuring perception, attitude, values and behaviour. The Likert scale has scales that assist in converting the qualitative responses into quantitative values (Mugenda and Mugenda, 2003). Primary information was gathered by use of a questionnaire coupled with informal interviews that were guided by the questionnaire. Secondary data was gathered from the annual reports of the SACCOs and reports from the Ministry of co-operative development and marketing. A Likert scale questionnaire was used while a secondary data collection sheet was used for collecting secondary information regarding SACCO performance.

3.6 Piloting of Research Instruments

Before the data collection, the research instrument was piloted on two saccos in Nairobi county which is not part of the study. three officials from each sacco selected was given questionnaire to fill and returned it to the researcher. The aim of the pilot study was to enhance the validity and reliability of the research instruments. It also allow the researcher to create familiarity with the instrumentation. Piloting was important because it helped in revealing deficiencies in questionnaires (Mugenda & Mugenda, 1999). The researcher then addressed the deficiencies which were revealed by the piloting exercises.
3.7 Validity and reliability
The validity of the questionnaire was tested and enhanced by giving the questionnaire to two senior officials from the Ministry of co-operative development and marketing and three SACCO managers who were able to assess the validity of the statements on the questionnaire. Their views and responses about the questionnaire were reviewed and were used to improve the study instruments where appropriate.

3.8 Data Processing and Analysis
According to Zikmund et al (2010), data analysis refers to the application of reasoning to understand the data that has been gathered with the aim of determining consistent patterns and summarizing therelevant details revealed in the investigation. To determine the patterns revealed in the data collected regarding the selected variables, data analysis was guided by the aims and objectives of the research and the measurement of the data collected. Information was sorted, coded and input into the statistical package for social sciences (SPSS) version 21.0 for production of graphs, tables, descriptive statistics.
CHAPTER FOUR
DATA NALYSIS AND PRESENTATION

4.0 Response Rate
The number of questionnaires that were administered to all the respondents was 35 questionnaires. A total of 30 questionnaires were properly filled and returned from the SACCO employees and SACCO members. This represented an overall successful response rate of 70%. According to Mugenda and Mugenda (2003), a response rate of 50% or more is adequate. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good.

4.1 Demographic Findings
4.1.1 gender
Gender was among the demographic variables that were considered by the study. The results were presented in figure 4.1

![Gender distribution chart]

Figure 4.1 Gender distributions of the respondents.
The study established that majority of the respondents 65% were female while the rest 35% were male. This meant that most of the respondents were women.
4.1.2 Position Held

The study sought to establish the position which the respondents hold in the saccos. The findings are as shown in table 4.1 below.

![Figure 4.2 position held](image)

The study sought to find out the position held by the respondents. According to the findings in table 4.1 above, 20% of the respondents were executive officials while 80% were employees.

4.1.3 Type of Sacco Society

The study sought to find out the type of saccos found in kajiado county and the findings was as shown in figure 4.3

![Figure 4.3 Type of Sacco Society](image)
Table 4.2 Type of Sacco Society

<table>
<thead>
<tr>
<th>Type of Sacco Society</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee based</td>
<td>60%</td>
</tr>
<tr>
<td>MatatuBased</td>
<td>15%</td>
</tr>
<tr>
<td>Community Based</td>
<td>20%</td>
</tr>
<tr>
<td>Youth Based</td>
<td>5%</td>
</tr>
<tr>
<td>Others</td>
<td>10%</td>
</tr>
</tbody>
</table>

From the findings, 60% of the Saccos were employee based, 15% of the Saccos were transport based, 20% of the Saccos were community based and 5% was Youth Based.

4.2 Influence of management skill on growth of saccos

The third objective of the study was to find out the influence of management skill on growth of savings and credit cooperative societies. Respondents were given the statement on management skills for them to rate their level of agreement. SA means you strongly agree, A you agree, UD neutral, D disagree and SD means strongly disagree with the statement.

Table 4.2.1 management skill and growth of saccos

<table>
<thead>
<tr>
<th>statements</th>
<th>SD</th>
<th>D</th>
<th>UD</th>
<th>A</th>
<th>SA</th>
<th>MEAN</th>
<th>STD DEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>SACCO often offer management training to the co-operative officials to impact skills</td>
<td>2%</td>
<td>3%</td>
<td>13%</td>
<td>41%</td>
<td>39%</td>
<td>4.12</td>
<td>.942</td>
</tr>
<tr>
<td>management committee and staff of the society have managerial skills</td>
<td>8%</td>
<td>0%</td>
<td>13%</td>
<td>50%</td>
<td>28%</td>
<td>3.92</td>
<td>1.077</td>
</tr>
<tr>
<td>staff training in management helps improve growth in the sacco</td>
<td>4%</td>
<td>0%</td>
<td>11%</td>
<td>43%</td>
<td>42%</td>
<td>4.18</td>
<td>.933</td>
</tr>
<tr>
<td>SACCO is aware co-operative training providers who offer relevant management skills</td>
<td>2%</td>
<td>4%</td>
<td>19%</td>
<td>32%</td>
<td>43%</td>
<td>4.11</td>
<td>.951</td>
</tr>
<tr>
<td>Lack of co-operative training in management skills to society officials leads to mismanagement of the Sacco</td>
<td>4%</td>
<td>18%</td>
<td>0%</td>
<td>28%</td>
<td>50%</td>
<td>3.90</td>
<td>1.305</td>
</tr>
<tr>
<td>society through new management skills introduces new products as members’ needs change</td>
<td>0%</td>
<td>4%</td>
<td>14%</td>
<td>16%</td>
<td>66%</td>
<td>3.90</td>
<td>1.164</td>
</tr>
<tr>
<td>the Sacco offers unique and attractive managerial skills to its members compared to other saccos</td>
<td>0%</td>
<td>8%</td>
<td>14%</td>
<td>54%</td>
<td>24%</td>
<td>4.28</td>
<td>1.123</td>
</tr>
<tr>
<td>SACCO often introduce new methods of service delivery as members’ demands change to ensure growth and</td>
<td>0%</td>
<td>2%</td>
<td>10%</td>
<td>46%</td>
<td>42%</td>
<td>3.53</td>
<td>1.264</td>
</tr>
</tbody>
</table>
From the results in the table above shows 2% strongly disagreed, 3% disagreed, 13% undecided, 41% agreed and 39% strongly agreed that the SACCO often offer management training to the co-operative officials to impact skills (mean = 4.12, std dev. = 0.942). Also there were 8% disagreed, 18% undecided, 50% agreed and 28% strongly agreed that the management committee and staff of the society have managerial skills (mean = 3.92, std dev. = 1.077). While 43% agreed and 42% strongly agreed that staff training in management helps improve growth in the sacco (mean = 4.18, std dev. = 0.933). It shows that 4% strongly disagreed, 4% disagreed, 32% agreed and 43% strongly agreed that SACCO is aware co-operative training providers who offer relevant management skills(mean = 4.11, std dev. = 0.951).

Study found out that 28% agreed and 50% strongly agreed while 4% strongly disagreed, 18% disagreed that Lack of co-operative training in management skills to society officials leads to mismanagement of the Sacco (mean = 3.90, std dev. = 1.305). Results shows that 4% disagreed, 14% undecided, 16% agreed and 66% strongly agreed that society through new management skills introduces new products as members’ needs change(mean = 3.90, std dev. = 1.164). More than half of the respondents, 54% agreed and 24% strongly agreed while 8% disagreeed, 14% undecided that the Sacco offers unique and attractive managerial skills to its members compared to other saccos(mean = 4.28, std dev. = 1.123)

Majority of the respondents 46% agreed and 42% strongly agreed that SACCO often introduce new methods of service delivery as members’ demands change to ensure growth and member retention(mean = 3.53, std dev. = 1.264). There were 4% strongly disagreed, 6% disagreed, 24% undecided, 50% agreed and 26% strongly agreed that the Sacco’s survival will depend on what kind of skills management has (mean = 3.90, std dev. = 1.305)

The study found out that management skills has an effect on growth of saccos in kajiado county (mean = 3.8, std dev. = 1.239). result concure with Manyara (2003) who noted that it is a true that most co-operative leaders are not true co-operators and are not fully conversant with the philosophy of co-operation. Many of the problems bedeviling the co-operative movement are attributable to lack of management skills and knowledge among the leaders, members and employees (Manyara, 2003)

<table>
<thead>
<tr>
<th>member retention</th>
<th>4%</th>
<th>6%</th>
<th>24%</th>
<th>50%</th>
<th>26%</th>
<th>3.90</th>
<th>1.305</th>
</tr>
</thead>
<tbody>
<tr>
<td>the Sacco’s survival will depend on what kind of skills management has</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.8</td>
<td></td>
<td>1.239</td>
</tr>
</tbody>
</table>
4.3 Influence of members participation on growth of saccos

The first objective of the study was to find out the influence of members participation on growth of saving and credit co-operative societies. Respondents were given the statement on members participation for them to rate their level of agreement. SA means you strongly agree, A you agree, UD neutral, D disagree and SD means you strongly disagree with the statement.

Table 4.3 members participation

<table>
<thead>
<tr>
<th>Statements</th>
<th>SD</th>
<th>D</th>
<th>UD</th>
<th>A</th>
<th>SA</th>
<th>MEAN</th>
<th>STD DEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>All members of the society are from within our common employer/Business</td>
<td>4%</td>
<td>8%</td>
<td>12%</td>
<td>24%</td>
<td>52%</td>
<td>3.62</td>
<td>1.408</td>
</tr>
<tr>
<td>Wrangles and leadership struggles increase as more members join the</td>
<td>0%</td>
<td>10%</td>
<td>16%</td>
<td>34%</td>
<td>40%</td>
<td>3.97</td>
<td>1.343</td>
</tr>
<tr>
<td>Sacco from outside the other organizations</td>
<td>0%</td>
<td>0%</td>
<td>8%</td>
<td>48%</td>
<td>44%</td>
<td>3.23</td>
<td>1.360</td>
</tr>
<tr>
<td>I would recommend my society to merge with another co-operative to increase membership</td>
<td>8%</td>
<td>4%</td>
<td>20%</td>
<td>48%</td>
<td>18%</td>
<td>3.70</td>
<td>1.399</td>
</tr>
<tr>
<td>Allowing members from other organizations to join our Sacco increases the default rate in loans</td>
<td>0%</td>
<td>2%</td>
<td>8%</td>
<td>52%</td>
<td>38%</td>
<td>4.08</td>
<td>1.428</td>
</tr>
<tr>
<td>Fraud cases increase in the Sacco as the number of members from other organizations increase.</td>
<td>31%</td>
<td>10%</td>
<td>20%</td>
<td>9%</td>
<td>30%</td>
<td>3.57</td>
<td>1.511</td>
</tr>
<tr>
<td>Opening the common bond will lead to higher growth of our sacco</td>
<td>25%</td>
<td>23%</td>
<td>5%</td>
<td>10%</td>
<td>37%</td>
<td>2.94</td>
<td>1.446</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.13</td>
<td>1.414</td>
</tr>
</tbody>
</table>

From the results in the table above, it is found out that 4% strongly disagreed, 8% disagreed, 12% undecided, 24% agreed and 52% strongly agreed that all members of the society are from within our common employer/Business (mean = 3.63, std dev. = 1.408). Ten percent
disagreed, 16% undecided, 34% agreed and 40% strongly agreed that wrangles and leadership struggles increase as more members join the Sacco from outside the other organizations (mean = 3.97, std dev. = 1.343). There were 8% strongly disagreed, 4% disagreed, 20% undecided, 48% agreed and 18% strongly agreed that they would recommend my society to merge with another co-operative to increase membership (mean = 3.23, std dev. = 1.360).

Findings shows that 52% agreed and 38% strongly agreed that allowing members from other organizations to join our Sacco increases the default rate in loans (mean = 3.70, std dev. = 1.399). Also 31% strongly disagreed, 10% disagreed, 20% undecided, 9% agreed and 30% strongly agreed that fraud cases increase in the Sacco as the number of members from other (mean = 4.08, std dev. = 1.428). Researcher found out that 25% strongly disagreed, 23% disagreed, 5% undecided, 10% agreed and 37% strongly agreed that opening the common bond will lead to higher growth of our sacco (mean = 2.94, std dev. = 1.446). In summary the study found out that members participation has influence on growth of saving and credit co-operative societies with mean of 3.13 and std dev of 1.414.

4.4 Political interference influence the growth of saccos
The last objective of the study was to investigate whether politics influences the financial performance. Tick appropriately where SA means you strongly agree, A you agree, UD neutral, D disagree and SD means you strongly disagree with the statement.

Table 4.7 Political interference on growth of saccos

<table>
<thead>
<tr>
<th>statements</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
<th>MEAN</th>
<th>STD DEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>the SACCO has members who are politicians</td>
<td>18%</td>
<td>30%</td>
<td>12%</td>
<td>20%</td>
<td>14%</td>
<td>3.78</td>
<td>1.193</td>
</tr>
<tr>
<td>Internal politics influence the approval of</td>
<td>10%</td>
<td>39%</td>
<td>11%</td>
<td>24%</td>
<td>10%</td>
<td>4.09</td>
<td>1.040</td>
</tr>
<tr>
<td>loans in the SACCO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the annual general meetings are normally</td>
<td>10%</td>
<td>30%</td>
<td>3%</td>
<td>7%</td>
<td>50%</td>
<td>3.91</td>
<td>1.068</td>
</tr>
<tr>
<td>chaotic due to internal politics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Election of SACCO officials is rarely</td>
<td>10%</td>
<td>25%</td>
<td>15%</td>
<td>10%</td>
<td>40%</td>
<td>3.95</td>
<td>1.065</td>
</tr>
<tr>
<td>transparent in the SACCO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interference of political persons</td>
<td>23%</td>
<td>10%</td>
<td>20%</td>
<td>10%</td>
<td>37%</td>
<td>4.01</td>
<td>.993</td>
</tr>
</tbody>
</table>
Results on Table 4.7 indicates that 48% of the respondents agreed that their SACCO have members who are politicians (mean =3.78 std dev =1.193), 44% disagreed that internal politics influence the approval of loans in their SACCO(mean =4.09 std dev =1.040) and 57% disagreed that their annual general meetings are normally chaotic due to internal politics(mean =3.91 std dev =1.068). Fifty percent of the respondents disagreed that election of SACCO officials is rarely transparent in their SACCO(mean =3.93 std dev =1.065), 47% disagreed that interference of political persons has affected the profitability of their SACCO(mean =4.01

<table>
<thead>
<tr>
<th>Description</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of the SACCO are leaving for other SACCOs due to internal politics</td>
<td>20%</td>
<td>24%</td>
<td>10%</td>
<td>16%</td>
<td>30%</td>
<td>4.16</td>
<td>1.101</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management decisions are rarely objective due to interference by internal conflict</td>
<td>0%</td>
<td>36%</td>
<td>14%</td>
<td>9%</td>
<td>41%</td>
<td>3.78</td>
<td>1.193</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There are several internal informal groupings in the SACCO which are influenced by their personal group interests</td>
<td>31%</td>
<td>10%</td>
<td>20%</td>
<td>9%</td>
<td>30%</td>
<td>4.09</td>
<td>1.040</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal groupings in the SACCO have led to a lot of negative energy in operations</td>
<td>28%</td>
<td>14%</td>
<td>22%</td>
<td>10%</td>
<td>26%</td>
<td>3.91</td>
<td>1.068</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The management committee is hardly independent in their decisions</td>
<td>25%</td>
<td>23%</td>
<td>5%</td>
<td>10%</td>
<td>37%</td>
<td>3.95</td>
<td>1.065</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voting during SACCO meetings in controlled through severe campaigns by particular members for their own selfish interests</td>
<td>20%</td>
<td>8%</td>
<td>2%</td>
<td>34%</td>
<td>36%</td>
<td>4.01</td>
<td>.993</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Politics of other SACCOs spill over to the SACCO</td>
<td>9%</td>
<td>21%</td>
<td>8%</td>
<td>16%</td>
<td>46%</td>
<td>4.16</td>
<td>1.101</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.98</td>
<td>1.077</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
std dev =0.993) and 46% disagreed that members of their SACCO are leaving for other SACCOs due to internal politics. In addition (mean =4.16 std dev =1.101), 40% disagreed that management decisions are rarely objective due to interference by internal conflict (mean =3.78 std dev =1.193), 41% agreed that there are several internal informal groupings in their SACCO which are influenced by their personal group interests (mean =4.09 std dev =1.040) and 36% disagreed that informal groupings in their SACCO have led to a lot of negative energy in operations (mean =3.91 std dev =1.068). Finally, 37% disagreed that the management committee is hardly independent in their decisions (mean =3.95 std dev =1.065), 36% disagreed that voting during SACCO meetings in controlled through severe campaigns by particular members for their own selfish interests (mean =4.01 std dev =0.993) and 46% disagreed that politics of other SACCOs spill over to their SACCO (mean =4.16 std dev =1.101). The mean score for the responses was 2.76 which indicate that many employees disagreed with the statements regarding internal politics. The results revealed that internal politics influenced financial performance of SACCOs. The findings imply that the SACCOs had policies in place that ensured that there was good management of internal politics.

The findings are consistent with those of Akinwunmi (2006) who averred that co-operatives depend on the unified efforts of large numbers of small individuals. He further argued that cooperation embodies the spirit of working together to achieve a common goal. The findings are in contrast with those of Mwaura (2005) who asserted that the annual delegates meetings and the ministry of co-operatives are to blame for investment activities undertaken by SACCOs because they are the ones who are supposed to approve the same investment. The findings corroborate with those of Muchemi (2005) who noted that non profitable investments should be discouraged because, despite the enormous amount of resources input in such projects, returns are almost nil, hence reducing the capital base where interest is drawn from. The findings further disagreed with those in KUSCCO (2003) who asserted that cooperative management committees are notorious for diverting members' funds into investments of dubious value thus the law needs to be amended to strengthen the minister's regulatory hand. It should clearly prohibit investments that are not related to the core objective of the society.

4.5 Influence of technology adoption on the growth of saccos

The second objective of the study was to find out the influence of technology on the growth of saving and credit cooperative societies. Respondents were given the statement on influence of technology for them to rate their level of agreement.
Table 4.4 Technology and the growth of saccos

<table>
<thead>
<tr>
<th>statement</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>the sacco have Computer Hardware:</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>the sacco have Computer Software</td>
<td>72</td>
<td>28</td>
</tr>
<tr>
<td>the sacco are connected to internet</td>
<td>71</td>
<td>29</td>
</tr>
<tr>
<td>The sacco have a Sacco website</td>
<td>36</td>
<td>64</td>
</tr>
<tr>
<td>The Sacco has Mpesa service</td>
<td>44</td>
<td>56</td>
</tr>
<tr>
<td>sacco members have Sacco Link Card</td>
<td>67</td>
<td>33</td>
</tr>
</tbody>
</table>

The study sought to find out the extent that the society is computerized. According to the findings, 80% of the respondents indicated that the society had computer hardware, 72% of the respondents indicated that the society had computer software, 71% of the respondents indicated that the society had connected to internet, 36% of the respondents indicated that the society had a society website, 44% of the respondents indicated that the society had no Mpesa service and 67% of the respondents indicated that the society had no Sacco link card. Technology strategy played an important role in determining firm performance in technology-driven industries such as industrial automation company (Mitchell, 2002). The Ministry of cooperatives through its policy document on investment notes that many co-operatives are not computerized while others are partially computerized; and recommends that CODIC be activated to fulfill its core mandate of developing and assisting the co-operative movement to acquire compatible computer software for their operations at a competitive price; and that to save on costs, Saccos should link up with private ATM service providers, e.g Pesa Point or alternatively utilize Cooperative Bank ATM service which has a country wide network.

4.5.1 Influence of technology adoption on the growth of saccos

The second objective of the study was to find out the influence of technology on the growth of saving and credit cooperative societies. Respondents were given the statement on influence of technology for them to rate their level of agreement. SA means you strongly agree, A you agree, UD neutral, D disagree and SD means you strongly disagree with the statement.

Table 4.5 Influence of technology adoption on the growth of saccos

<table>
<thead>
<tr>
<th>statements</th>
<th>SD</th>
<th>D</th>
<th>UD</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports produced by sacco</td>
<td>0%</td>
<td>8%</td>
<td>14%</td>
<td>54%</td>
<td>24%</td>
<td>4.02</td>
<td>1.120</td>
</tr>
</tbody>
</table>
Majority 54% of the respondents agreed and 24%, strongly agreed, 8% disagreed, 14% undecided that reports produced by sacco information system are accurate and reliable (mean = 4.02 and std dev = 1.120). Results shows that 46% of the respondents agreed and 42% strongly agreed that Computerization has improved loans disbursement and loans recovery (mean = 3.74 and std dev = 1.181). Half 50% agreed and 26% strongly agreed that technology is a challenge to growth of the Sacco (mean = 3.96 and std dev = 0.997).

Most of the respondents 44% agreed and 32% strongly agreed that computerization has reduced fraud in the sacco bit only 8% disagreed, (mean = 3.94 and std dev = 1.115).

Majority of the respondents 48% agreed and 38% strongly agreed that errors and differences in records are easily corrected, and reconciliations done on time (mean = 4.14 and std dev = 0.934). It was found out that 4% strongly disagreed, 8% disagreed, 24% agreed and 52% strongly agreed that despite computerization the Sacco has had some fraud cases (mean = 3.92 and std dev = 1.115). There were 34% agreed and 40% strongly agreed that members issues

| Information system are accurate and reliable | 0%  | 2%  | 10% | 46% | 42% | 3.74 | 1.181 |
| Computerization has improved loans disbursement and loans recovery | 4%  | 6%  | 24% | 50% | 26% | 3.96 | .997 |
| Technology is a challenge to growth of the Sacco | 0%  | 8%  | 16% | 44% | 32% | 3.94 | 1.115 |
| Computerization has reduced fraud in the sacco | 0%  | 0%  | 14% | 48% | 38% | 4.14 | .934 |
| Errors and differences in records are easily corrected, and reconciliations done on time | 4%  | 8%  | 12% | 24% | 52% | 3.92 | 1.115 |
| Despite computerization the Sacco has had some fraud cases | 0.0% | 10% | 16% | 34% | 40% | 4.17 | 1.005 |
| Members issues and statement requests are responded to promptly | 4.33 | .973 |
and statement requests are responded to promptly, while 10% disagreed, (mean = 4.17 and std dev = .973)

In summary it was found out that technology adoption has an influence on the growth of saccos with an average (mean=4.33 and std dev =0.973). ICT is increasingly becoming an essential tool for efficient operations of investments and co-operatives should be encouraged to use this technology (Ministry of Co-operative Development and Marketing, 2008). ICT, broadly can allow for a reduction in transactions costs, improved access to timely and usable knowledge, improved communications with markets and within supply chain, acquisition of appropriate skills for enhancement of productivity and improved information about new opportunities (Gunga, 2008).

4.6 Growth sacco
Researcher sought to find out factors which determine the growth of saccos in kajiado county.

Table 4.8 Growth sacco

<table>
<thead>
<tr>
<th>Trend</th>
<th>Greatly Improved</th>
<th>Improved</th>
<th>Constant</th>
<th>Decreasing</th>
<th>Greatly decreased</th>
<th>Mean</th>
<th>Std dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of members</td>
<td>31%</td>
<td>10%</td>
<td>20%</td>
<td>9%</td>
<td>30%</td>
<td>4.12</td>
<td>1.008</td>
</tr>
<tr>
<td>Gross Income</td>
<td>28%</td>
<td>14%</td>
<td>22%</td>
<td>10%</td>
<td>26%</td>
<td>4.24</td>
<td>.953</td>
</tr>
<tr>
<td>Share Capital</td>
<td>25%</td>
<td>23%</td>
<td>5%</td>
<td>10%</td>
<td>37%</td>
<td>4.44</td>
<td>.848</td>
</tr>
<tr>
<td>Deposits</td>
<td>20%</td>
<td>8%</td>
<td>2%</td>
<td>34%</td>
<td>36%</td>
<td>4.42</td>
<td>.953</td>
</tr>
<tr>
<td>Loans Issued</td>
<td>9%</td>
<td>21%</td>
<td>8%</td>
<td>16%</td>
<td>46%</td>
<td>4.18</td>
<td>.903</td>
</tr>
<tr>
<td>Interest On Deposits</td>
<td>28%</td>
<td>14%</td>
<td>22%</td>
<td>10%</td>
<td>26%</td>
<td>3.90</td>
<td>.945</td>
</tr>
<tr>
<td>Rate Of Dividend</td>
<td>25%</td>
<td>23%</td>
<td>5%</td>
<td>10%</td>
<td>37%</td>
<td>3.96</td>
<td>.908</td>
</tr>
<tr>
<td>Fosa Deposits</td>
<td>20%</td>
<td>8%</td>
<td>2%</td>
<td>34%</td>
<td>36%</td>
<td>3.95</td>
<td>.993</td>
</tr>
</tbody>
</table>
On factors that determine the growth of saccos, it was found out that Number of members (mean = 4.12, std dev = 1.008), Gross Income (mean = 4.24, std dev = 0.953), Share Capital (mean = 4.44, std dev = 0.848), Deposits (mean = 4.42, std dev = 0.953), Loans Issued (mean = 4.18, std dev = 0.903), Interest On Deposits (mean = 3.90, std dev = 0.945), Rate Of Dividend (mean = 396, std dev = 0.908), Fosa Deposits (mean = 3.95, std dev = 0.993)  

The study sought to establish the amounts of loans disbursed to the members across the six years. The study findings further revealed that as the average loan disbursed to member increased the average loan disbursed per member also increased. This implies that there is a positive rsed to all members and the average amount disbursed to each member. The findings are contrary to the findings of a study by Gicheru, Migwi and M"Imanyara (2011) who advanced that majority of SACCOs were weak in terms of loans granted and the capital.

This is contrary to the findings of Gicheru, Migwi and M"Imanyara (2011) whose findings indicated that members’ contributions were low due to low patronage. The study results indicate that there was an incline in the amount disbursed to the members as dividends. Results indicate that there was a positive correlation between total dividends disbursed to members and the amount received. The findings imply that the SACCOs had increasing trend and hence increased financial performance. The findings imply that the SACCOs were doing well as an increase in the members cabe further translated to increases financial performance of SACCOs. This is contrary to the findings of Gicheru, Migwi and M"Imanyara (2011) whose findings indicated that members’ contributions were low due to low patronage.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of major findings of the study, relevant discussions, conclusions and the necessary recommendations.

5.2 Summary of the Findings
The summary is done in line with the objectives of the study based on the output of the descriptive and inferential statistical analyses guided to test the research hypothesis of the study.

5.2.1 How does Management skills Influence growth of saccos
The study found that wrangles and leadership struggles increase as more members join the Sacco from outside the other organizations. Fraud cases increase in the Sacco as the number of members from other organizations increase. It was also found out that most members of the Sacco societies are from within the original common employer/business. Members from other organizations joining the Sacco increases the default rate in loans. The study conclude that Saccos would be neutral on merging with other Saccos to increase membership meaning it would be a strategy that may only be adopted efforts to convince the undecided have been undertaken.

The study found that training helps improve growth in the Sacco and officials are aware cooperative training providers who offer relevant training. It was also found that lack of cooperative training to society officials leads to mismanagement of the Saccos.

5.2.2 How does members participation Influence growth of saccos
From the results in the table above, it is found out that all members of the society are from within our common employer/Business. that wrangles and leadership struggles increase as more members join the Sacco from outside the other organizations. There agreed that they would recommend my society to merge with another co-operative to increase membership.

Findings shows that allowing members from other organizations to join our Sacco increases the default rate in loans. Also that fraud cases increase in the Sacco as the number of members from other. Researcher found out that opening the common bond will lead to higher growth of our sacco
5.2.3 How does Politics interference Influence growth of saccos

In order to determine political interference influence growth of SACCOs in the Kenya, descriptive statistics, regression analysis and analysis of variance were conducted. Results indicated that there had in place effective policies to manage politics interference. Specifically, the study showed that the SACCOs politics interference did not influence the approval of loans in their SACCOs and the annual general meetings were not chaotic due to politics interference. Results further indicated that the election of SACCO officials was transparent in their SACCO and there was no interference of political persons. The study had hypothesised that politics interference influences the growth of SACCOs in Kenya. The results reveal that politics interference is statistically significant in explaining growth of SACCOs in Kenya. This implied that politics interference does not influence the growth of SACCOs in Kenya, failed to be accepted and the alternative hypothesis failed to be rejected. It was found out that co-operatives depend on the unified efforts of large numbers of small individuals. He further argued that cooperation embodies the spirit of working together to achieve a common goal. Also the annual delegates meetings and the ministry of co-operatives are to blame for investment activities undertaken by SACCOS because they are the ones who are supposed to approve the same investment.

5.2.4 How does Technology Influence growth of saccos

The study found that many Saccos are partially computerized while others were not computerized. Computerization has improved loans disbursement and loans recovery. Members issues and requests are responded to promptly. Reports produced by the information system are accurate and reliable. Errors and differences in records are easily corrected, and reconciliations done on time. The study found that the Saccos survival will depend on what kind of products they offer and how differently they offer them to the members compared to other similar providers of that product. Society introduces new products as members’ needs change. They often introduce new methods of service delivery as members’ demands change to ensure growth and member retention. It was also found that products offered by Saccos are similar given that the respondents were neutral on this aspect.
5.3 Conclusions
From the study findings, it can be deduced that SACCOs had effective policies to manage internal politics. It can be concluded from this study that there exists a positive significant relationship between internal politics and growth of SACCOs. The results reveal that internal politics management is statistically significant in explaining growth of the SACCos. The study sought to establish whether politics influenced the growth of SACCOs in Kenya. Politics influenced were found to be determinants of improved growth of SACCOs.

Management skills play a key role in growth of succos. The study conclude that the management should ensure that all SACCOs have strategic objectives, ensure they come up with common objectives for all members and to make sure all members are treated equally when accessing the products.

The study concludes that SACCOs continue to rely on the principle of common bond as a strength and basis of their very existence. The reliance of common bond as a basis of registration of SACCOs has meant that many of them do not see the need to expand their membership beyond the boundaries of commonness. Fraud cases increase in the Sacco as the number of members from other organizations increase. Inter-connection of liability among members is created by the bond, which may either involve direct and unlimited "financial liability or direct responsibility for good management. Co-operatives common bond limit its scope and field from which to draw its membership.

The study concludes that Technology use in saccos affect their growth as it provides reliable access to markets. ICT allows reduction in transactions costs, improved access to timely and usable knowledge, improved communications with markets and within supply chain, acquisition of appropriate skills for enhancement of productivity and improved information about new opportunities. New technologies create new markets and opportunities.

They conduct co-operative business as they conduct their own private business, purely aiming at maximizing profit and forgetting the need for member promotion. Many of the problems bedeviling the co-operative movement are attributable to lack of management skills and knowledge among the leaders, members, employees and adoption of new technology.
**5.4 Recommendations**

The study recommends Saccos to adopt new technology. They need to use new technologies to create new markets and opportunities. Saccos should link ICT providers to acquire compatible computer software for their operations at a competitive price; and to save on costs, Saccos should link up with private ATM service providers, e.g. Pesa Point or alternatively utilize Cooperative Bank ATM service and other financial institutions which have a country wide network.

The study recommends saccos should use management skills to improve growth by educating and developing new leaders; and that this will enable leaders be global managers, change agents, strategists, motivators, strategic decision makers, innovators, and collaborators if the business is to survive and prosper. The elected co-operative officials should develop and train managers so that they are able to cope with the new demand, new problem, and new challenges. Government should offer co-operative education and training.

Members participation was found to have a positive and significant impact in cooperative growth and therefore The study recommends cooperatives to educate their members as well informed members are more versatile in understanding the advantages of cooperatives and could easily decided to take part actively in governance and doing business in cooperatives. Members’ participation towards the operation and management of cooperatives is another highly significant and positively related variable to affect the active participation of sample members to participate in cooperative business and governance issues.

This means that positive attitude towards how the cooperative management bodies run the operation and their loyalty is an important contribution to involve for participation. Managers should consider the management of politics so as not to affect their growth. Saccos should consolidate the co-operatives customer base and diversify through product innovation to serve other sectors of the economy by managing internal politics.
5.5 Suggested Areas for Further Research

A study is recommended for SACCOs in other sectors in order to test whether the conclusions of this study will hold true.

Study to find out factors that may influence the financial performance of SACCOs.

Future studies could also focus on banking sectors.

Future studies should apply different research instruments.
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APPENDICES

Appendix I: Questionnaire

This questionnaire is designed to gather information for a research with the topic FACTORS INFLUENCING GROWTH OF SAVING AND CREDIT COOPERATIVE SOCIETIES IN KENYA: A CASE OF KAJIADO EAST SUB COUNTY. The study is for academic purposes only and information provided will be kept confidential and used for this research only. Please don’t write your name anywhere in the questionnaire. Tick on the box or fill in the black space provided to the best of your knowledge.

SECTION A: DEMOGRAPHIC DETAILS

1. Name of your society..................................

2. Position Held:
   Executive Official ( )
   Staff ( )

3. Type of Sacco Society
   Employee based ( )
   Matatu Based ( )
   Community Based ( )
   Youth Based ( )

4. Number of members ......................

SECTION B: INFLUENCE OF MEMBERS PARTICIPATION ON GROWTH OF SAVING AND CREDIT CO-OPERATIVE SOCIETIES IN KENYA

Tick appropriately where SA means you strongly agree, A you agree, UD neutral, D disagree and SD means you strongly disagree with the statement.
<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>All members of our society are from within our common employer/business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wrangles and leadership struggles increase as more members join the Sacco from outside the other organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would recommend my society to merge with another co-operative to increase membership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowing members from other organizations to join our Sacco increases the default rate in loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraud cases increase in the Sacco as the number of members from other organizations increase.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening the common bond will lead to higher growth of our sacco</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SECTION C: INFLUENCE OF TECHNOLOGY ON THE GROWTH OF SAVING AND CREDIT COOPERATIVE SOCIETIES IN KENYA

1. Do what extent is the Sacco computerized?
2. the sacco have Computer Hardware:
   Yes ( ) No ( )
3. the sacco have Computer Software
   Yes ( ) No ( )
4. the sacco are connected to internet
   Yes ( ) No ( )
5. The sacco have a Sacco website
   Yes ( ) No ( )
6. The Sacco has Mpesa service
Yes ( ) No ( )

7. Sacco members have Sacco Link Card
Yes ( ) No ( )

8. To what extent do you agree with the following statements? Tick appropriately where SA means you strongly agree, A you agree, UD neutral, D disagree and SD means you strongly disagree with the statement

<table>
<thead>
<tr>
<th>statements</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports produced by Sacco information system are accurate and reliable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computerization has improved loans disbursement and loans recovery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology is a challenge to growth of the Sacco</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computerization has reduced fraud in the Sacco</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Errors and differences in records are easily corrected, and reconciliations done on time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Despite computerization the Sacco has had some fraud cases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members issues and statement requests are responded to promptly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION D: INFLUENCE OF MANAGEMENT SKILL ON GROWTH OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN KENYA

Tick appropriately where SA means you strongly agree, A you agree, UD neutral, D disagree and SD means you strongly disagree with the statement

<table>
<thead>
<tr>
<th>statements</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>SACCO often offer management training to the co-operative officials to impact skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>management committee and staff of the society have managerial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
skills

staff training in management helps improve growth in the sacco

SACCO is aware co-operative training providers who offer relevant management skills

Lack of co-operative training in management skills to society officials leads to mismanagement of the Sacco

society through new management skills introduces new products as members’ needs change

the Sacco offers unique and attractive managerial skills to its members compared to other saccos

SACCO often introduce new methods of service delivery as members’ demands change to ensure growth and member retention

the Sacco’s survival will depend on what kind of skills management has

### SECTION E: POLITICAL INTERFERENCE INFLUENCE THE GROWTH OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN KENYA

Tick appropriately where SA means you strongly agree, A you agree, UD neutral, D disagree and SD means you strongly disagree with the statement

<table>
<thead>
<tr>
<th>statements</th>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>the SACCO has members who are politicians</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal politics influence the approval of loans in the SACCO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the annual general meetings are normally chaotic due to internal politics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Election of SACCO officials is rarely transparent in the SACCO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interference of political persons has affected the profitability of the SACCO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members of the SACCO are leaving for other SACCOs due to internal politics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management decisions are rarely objective due to interference by internal conflict</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There are several internal informal groupings in the SACCO which are influenced by their personal group interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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Informal groupings in the SACCO have led to a lot of negative energy in operations

The management committee is hardly independent in their decisions

Voting during SACCO meetings is controlled through severe campaigns by particular members for their own selfish interests

Politics of other SACCOs spill over to the SACCO

SECTION F: GROWTH SACCO IN KENYA

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

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<th>Improved</th>
<th>Constant</th>
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Thank you for participation and for taking your time to fill this questionnaire.
Appendix II

Table showing list of SACCOs in kajiado sub-county

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