

**UNIVERSITY OF NAIROBI
DEPARTMENT OF SOCIOLOGY & SOCIAL WORK**

**THE CONTRIBUTION OF SACCOS IN ENHANCING HOUSEHOLD
LIVELIHOODS AMONG MEMBERS IN BUNGOMA COUNTY,
WESTERN KENYA**

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DECLARATIONS

This project report is my original work and has not been previously presented for the award of a degree in any other institution or University.

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DEDICATION

Dedicated to my Dear Wife, Ruth and our children: Gregory, Maureen and Collins. Your patience above anything else inspired me.

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ABBREVIATIONS AND ACRONYMS

COCK	Co-operative College of Kenya
DCI	Data Collection Instruments
EQMS	Electronic Queue Management System
FOSA	Front Office Savings Activity
FSD Kenya	Financial Sector Deepening Trust of Kenya
GOK	Government of Kenya
ICA	International Co-operative Alliance
KNBS	Kenya National Bureau of Statistics
KPHC	Kenya Population and Housing Census
MOCD	Ministry of Co-operative Development
NACOSTI	National Commission for Science and Technology Innovations
SACCOS	Savings and Credit Co-operative Societies
SASRA	Sacco Societies Regulatory Authority
SCT	Social Capital Theory
SET	Social Exchange Theory
SPSS	Statistical Package for social Sciences
TV	Television
UN-DESA	United Nations department of economic and social affairs
USA	United States of America
WOCCU	World Council of Credit Unions

ABSTRACT

Despite the opportunities offered by Saccos to individuals to participate in economic development, the researcher is not aware of any study that has documented the extent to which Saccos contribute towards enhancing household livelihoods through financial inclusion – a question that the present study sought to answer. The study was guided by four objectives—to identify factors making Saccos attractive savings mobilization vehicles; to establish the contribution of education and training on proper utilization of loans; to examine the forms of utilization of Sacco loans at the household level; and, to assess the extent to which households use Sacco services to enhance livelihoods. The study utilised 196 participants—half of whom were members of Saccos in Bungoma while the other half were non-Sacco Participants to provide an alternative view. The study employed a stratified random sampling strategy to select participants. To answer, the study question, a questionnaire, and an interview schedule were utilized to triangulate the sources of data. Validity of the research instrument was assured by two experts from Nairobi University while reliability was determined through a pilot study using the test-re-test study techniques. A two weeks-interval was given before the second administration of the questionnaire. After fine tuning the instruments, data collection was undertaken between the months of July and August, 2018. Data were analysed mainly using descriptive statistics by the help of statistical package for social sciences (SPSS) version 25. However, qualitative data was analysed thematic. The results of the study showed that both Sacco-member participants and non-Sacco member participants were unanimous that Saccos had three attributes that stood out more than others—accessibility, commitment to savings, and faster loan processing/networks. The study also showed that Saccos were more likely to show seriousness in education and training compared to other financial institutions in an endeavour to improve loan repayment rates. To meet members’ financial needs, Saccos offer basically three loan products but which are used to meet a wide range of economic and social activities. Unlike Saccos, fewer non-Sacco Participants have ever been granted loans from their financial institutions prompting both members and non-members to prefer Saccos over other forms of financial institutions. Lastly, the study results show that participants had a mixed opinion on the monitoring of loan utilization. Although, they would prefer one to provide a loan utilization report prior to being granted the next loan, Sacco participants do not favour Saccos having a supervisory role. These study results are important in assisting authorities to come up with policies that may facilitate Saccos become a tool of mass mobilization in mitigating the negative impacts of poverty. It will enable the formulation of Sacco-related strategies that can be utilized to improve the country’s poverty situation through enhancing livelihoods and the standards of living.

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.0 Introduction

Saccos are established on the premise that they play a supportive role for individuals to fight poverty, hence enhancing livelihoods. However, this belief is not universally embraced as not everyone is a member of a Sacco and some see them as being prone to being mismanaged and therefore not efficient. This raises the question as to whether Saccos play a role in enhancing household livelihoods of their members. Consequently, this present study aims to examine the contribution of Saccos, especially in Bungoma County, in enhancing household livelihoods.

To answer this question, this chapter is broken down into eight parts and discussed in the following order: (i) the study background; (ii) the problem statement; (iii) research questions; (iv) objectives of the study; (v) the investigation scope; (vi) the study confines; (vii) the investigation significance; and, (viii) operational definition of key terminologies used in the investigation.

1.1 Background of the Study

Accessing conventional financial services like a bank account or credit is crucial to managing personal and household financial resources and enabling one to plan for the future. Household Access to financial services yet challenged with inadequate income is crucial to bridging inequality and offering growth prospects for microenterprises (Karla & Murdoch, 2010). A number of studies have exhibited the significance of microfinance

as an important instrument for reducing poverty in rural areas which are highly excluded financially.

A notable example is the Grameen Bank Model, pioneered by Professor Muhammad Yunus in 1976. The Bank practices similar principles like those espoused by Saccos. It advances credit without collateral, but based on trust. Besides, funds for credit programs are generated internally through deposits. No Loans are written off; they can only be rescheduled (Yunus, 2007).

The study focussed on the contribution of Saccos in enhancing household livelihoods. Basically, Saccos are a type of co-operatives which deal with members' financial resources. The International Co-operative alliance (ICA) defines a co-operative as: "An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise" (ICA, 1995). Hence, Saccos are member focused institutions in terms of ownership and management and members normally live in the same locality. Members of saccos mobilise savings, thereby creating a pool of funds out of which loans are extended to qualified members at competitive interest rates. In addition, Saccos are prevalent in areas that do not attract banks or any other mainstream financial institutions. Mostly, they are situated in remote places where communication and poverty are endemic. Statistics from the World Council of Credit Unions (WOCCU), indicate that financial Co-operatives are found in 105 countries of the world (WOCCU, 2015); but,

known either as Credit Unions in USA, Canada and Europe or Saccos as in most African countries.

However, Kenya’s Sacco sector is the strongest—having the highest number of Saccos and occupying position seven and one in the world and Africa respectively, (WOCCU, 2013). The Sacco system in Kenya has experienced phenomenal growth in terms of Sacco numbers, membership; savings and loans portfolio in the last ten years. Table 1.1 shows the growth of Saccos between 2006 and 2016 from a synthesis of reports by various institutions.

Table 1.1: *Period, Number of Saccos, Membership, Savings & Loans Portfolio*

Year	No. of Saccos	Membership (Million)	Saving (Billion Kshs)	Loans (Billion Kshs)
2006	3990	1.4	2.12	2.28
2011	3632	2.3	180	147
2016	5368	5.0	490	420

Sources: Reports: MOCD, 2006; SASRA, 2011 & MIT& C, 2016.

Just like banks, Sacco business capitalise on their members’ trust and confidence. Given the growth of the Saccos, is a clear indication of their importance in provision of affordable financial products and services. Saccos have, in addition enabled households and enterprises to access savings and credit facilities easily. Saccos, have accumulated approximately 35% of the country’s national savings (Soko Directory, 2015). Clearly, therefore, Saccos deserve recognition for the role they play in the Kenyan economy.

SASRA (the Sacco Societies Regulatory Authority)—a statutory body by the government was incorporated in 2009 under an Act of Parliament (Sacco Societies Act, 2008). It plays a crucial role in deposit taking Saccos in terms of licensing, regulation, and supervision hence, the confidence that Saccos enjoy. This has fuelled the growth of Sacco due to the cheap loans they offer their members for various needs such as defraying educational expenses of their children or investing on new ventures to improve their livelihoods. Saccos have helped members not only to mobilize savings but also to borrow for investment, thereby enhancing their social economic stand. Farmers, employees, business men and Jua Kali artisans, living within and even working outside the country, are part of these organizations. Joining the band wagon, the transport sector has also registered sector-unique Saccos popularly known as ‘Matatu Saccos’ They have revolutionized the transport sector by venturing into establishing both fuel stations and insurances.

The phenomenal growth of co-operatives can also be attributed to the specialized training offered by the Co-operative University of Kenya. The Co-operative University of Kenya is the successor of the Co-operative College of Kenya (COCK), which was established in 1967 to offer training to government officers performing supervision and offering technical guidance of the Co-operative movement (COCK, 1983). To this end, the preservation of the uniqueness of the Co-operative Business Model was to be ensured.

The Co-operative University grew from its humble beginnings, offering certificate courses on to diploma and now a fully-fledged University offering higher co-operative training, besides diploma courses for middle cadre technical officers. In addition, the

college has also been involved in the training of the co-operative movement leaders and staff on leadership and governance; as well as doing research on emerging issues affecting the dynamics of the co-operative movement and the aspirations of their members (Gicheru, (2012); Gicheru & M'Imanyara, (2012); Gicheru, Mwangeka, M'Imanyara & Maiyo, (2019)

At first glance the difference between banks and Saccos may seemingly be insignificant, but in reality, there are clear differences between these two types of institutions considering them in terms of business purpose, ownership, regulation, operations and governance. For banks, what matters are business, consumer accounts, and profit making. They are owned by shareholders who may be either persons from the general population or private enterprises and elect a board of directors to govern them. On their part, Saccos place emphasis on member deposits, loan services and the non-profit tenet. They are first and foremost co-operatives and secondly financial institutions which are member owned and governed by a board elected by, and from among the membership (Kenya USA Diaspora Sacco, 2012).

Usually, membership in Saccos depends on some commonly shared bond among persons involved; like belonging to the same organization or living in the same neighbourhood (Olando, Jagongo, & Mbewa, 2013). Unlike banks where ownership depends on shareholding; every member of a Sacco is an equal owner whereas board of directors volunteer their time and effort. They are not paid a salary but are compensated with a sitting allowance, to cover fare and subsistence, to a tune that the Sacco can afford.

However, directors of a bank board are elected by the shareholders and paid fees, binding them to legally make decisions beneficial to shareholders (Sikh Sacco, 2014).

Unlike Banks, Sacco hold elections annually with every member casting a single vote irrespective of the amount of savings held. Bank shareholders cast votes depending on their shareholding. In addition, no single Sacco member can be allowed by statute to own more than 20% of the total shares unlike in Banks where there is no such a restriction or provision. One may own as many shares as they can afford. Since Sacco is committed to service, they always charge affordable fees and interest rates on loans to their members compared to what banks charge their clients. In the Sacco system, just like in the banking industry, net profits earned are shared among members or shareholders in form of either dividends or interest on deposits, on the basis of the proportion of shareholding (Picea Sacco, 2016). Although, these differences and similarities may appear subtle, they have profound implications on their contribution to household livelihoods.

1.2 Statement of the Problem

Mobilization of savings is perhaps, the most crucial and obvious task performed by Saccos. Other functions include loan services, employment creation, skills enhancement and provision of financial literacy. These functions are extremely important especially for persons living in the rural areas where mainstream institutions are rare. For example, majority of Kenyans—approximately 69% live in rural areas (KNBS, 2020) and 56% do not access banking services (Fin access, 2019). Besides, banks have other challenges,

notably mobilizing funds from one locality and end up investing the funds in enterprises located far away from where mobilization took place.

Due to the growing importance of Saccos in social development especially those based in rural areas; there have been efforts by several researchers to generally study Saccos, although from different perspectives ranging from management to operational aspects (Mwangi, 2011; Qin, 2013; Churck, 2015; Kwai & Urasa, 2015). For example, Matumo, Maina and Njoroge, (2013), inquired into FOSA's impact on Sacco performance, while Makori, Munene, and Muturi (2013) researched on the challenges facing deposit taking Saccos in regulatory compliance. On their part, Cheruiyot, Kimeli and Ogendo (2012), looked into the effect of Sacco strategies on savings mobilization in Kenya. But, Osoi (2014) examined the role of increased FOSA activity on member loan demand.

However, the outcome of Sacco services such as saving mobilization, Loan services, and entrepreneurial skills that enable the growth of investments and income, self-employment and improved living standards are not clearly understood. Moreover, knowledge on the outcome of micro-finance initiatives among households remain only partially understood and contestable. Despite the declining importance of Sacco and the function they are able to play in improving the standards of living, there has hardly been any research work examining the extent to which Saccos contribute towards enhancing household livelihoods through financial inclusion – a question that the present study sought to answer.

1.3 Research Questions

The following are the specific questions the study aims at answering

- i. Which factors make Saccos attractive savings mobilization vehicles among households in Bungoma County?
- ii. To what extent do Saccos contribute to education and training on proper utilization of Loans or Credit in Bungoma County?
- iii. What are the forms of utilization of Sacco Loans at the household level by Sacco members in Bungoma County?
- iv. What is the extent to which households use Sacco services to enhance their livelihoods in Bungoma County?

1.4 Study Objectives

In a broad sense, the study objectives are split into two categories—the main and the specific objectives.

1.4.1 Main Objective

The main objective of the study sought to explore the contribution of Saccos in enhancing household livelihoods among Sacco members in Bungoma County.

1.4.2 Specific Objectives

The following specific objectives were utilised to guide the present study -

- i. To identify factors making Saccos attractive savings mobilization vehicles among households in Bungoma County.
- ii. To establish the contribution of education and training on proper utilization of Loans or Credit in Bungoma County.

- iii. To examine the forms of utilization of Sacco Loans at the household level by Sacco members in Bungoma County
- iv. To assess to what the extent households use Sacco services to enhance their livelihoods in Bungoma County

1.5 Significance of the study

Due to poverty affecting most Kenyans, this study endeavoured to assist in determining whether Saccos are an effective tool for mitigating the negative impacts of poverty. The findings shall enable Kenyan authorities to determine suitable strategies to be utilised by Saccos to turn around the country's poverty situation through reduction or elimination of these effects, especially in the rural areas. Besides, the study created a benchmark, which may be used by other researchers in exploring the impact of Saccos in other aspects of the economy.

1.6 The scope and Limitations of the study

The investigation aimed at examining and establishing Saccos' contribution in enhancing household livelihoods among members. In doing so, the study's contextual variables that make Saccos attractive savings destinations, how Saccos contribute to meeting household requirements through provision of loans to its members; and, the estimated proportion of households associated with Saccos.

The investigation was undertaken in Bungoma County situated in the western Kenya with 270,824 households (KPHC, 2009). The study selected 196 household heads, half of

whom operate accounts and the other half do not operate accounts with Saccos. These participants were drawn from the then five Sub-Counties (now nine) that form Bungoma County to respond to a questionnaire. In addition, 40 participants were drawn from 10 Saccos from among management Staff and board members to provide further insights on the role played by Saccos in enhancing livelihoods.

The current investigation had a fair share of limitations. Firstly, was the sampling methodology employed. Although the study employed the random sampling strategy—an excellent method; the choice of Bungoma County may have limited the results due to the scope of representation and its rural positioning. Sacco members from urban areas show significant difference in savings behaviour compared with rural based Sacco members. Therefore, the results may not reflect the true position of majority of the Sacco sin Kenya. However, the limitations were mitigated by selecting members from employment based Saccos which are akin to urban Saccos. The second source of limitation stemmed from the knowledge levels and culture of the people living in Bungoma, mainly, the Bukusus and the Sabaots. Kenya has 42 ethnic communities; all who differ in their access and appreciation of financial services.

Considering that the study findings, conclusions and recommendations are expected to be generalized to represent the Kenyan situation, the composition and development levels of the various counties may not be the same and hence constituting an additional limitation of the study.

1.7 Definition of key terms

Access	an opportunity for individuals or enterprises to be able to use or obtain especially financial services.
Livelihoods	a means of supporting one's existence, especially financial or vocation and the capacity to acquire a means of supporting subsistence
Loan Utilization	refers to the amount of loan used compared with how much loan has been extended to a lender.
Loan Repayment	refers to the act of a borrower paying back money advanced by a lender.
Member-Participant	refers to a person in Sacco membership and a participant in the study
Non-Sacco participant	refers to a person not in Sacco membership and a participant in the study
Once-Sacco Member	refers to a person who previously was a Sacco member but is no longer a member.
Saccos	Organisations formed by people with a common bond for social and economic development. In other parts of the world, they are known as credit unions.
Savings	a portion of an individual's income not spent on consumer goods but accumulated or invested directly in assets such as paying for a home mortgage, or indirectly through purchase

of securities. In this study, the term savings is used interchangeably with the term “deposits”

Mobilization

means the action of harnessing resources into use for a particular purpose, such as to satisfy the demand for products and services

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 Introduction

The World Council of Credit Unions (WOCCU), the world apex for Saccos, defines a Sacco as a cooperative specialised in savings mobilisation and credit provision. Normally, Saccos rely on mobilizing resources from members, thereby establishing a pool of funds for lending activities. Members benefit by getting a return on their deposits and low interest-rate loans. Saccos provide their members with more than financial services, since they seek to enhance their standards of living through owning homes; settlement of education costs for their children and funding micro-business undertakings (WOCCU, 2014).`

This chapter reviews current pertinent issues and findings that prior studies have unearthed on the contribution of Saccos in enhancing household livelihoods among its members. This proved important as the review assisted the researcher not only to understand the current issues on the subject but also to position the present study within the wider context of what is known or not known. Consequently, this chapter aimed to capture the current understanding of the subject, the unresolved debate and the probable methods that can be used in attempting to improve household livelihoods.

To effectively review literature on the contribution of Sacco sin improving household livelihoods, this chapter was organized and discussed the subject in the following order:

- (i) factors making Saccos attractive Savings mobilization;
- (ii) Contribution of Saccos to education and training on the proper utilization of Loans or Credit.
- (iii) Forms of Sacco Loan utilization at household level.
- (iv) The use of Sacco services to enhance household livelihoods;
- (v) the theoretical framework; and,
- (vi) the Conceptual Framework

2.1 Factors making Saccos attractive Savings Mobilization vehicles

Sharma (2009), asserts that there is a very close correlation between bank credit and bank deposits in the sense of whether it is loans that make deposits or it is deposits that make loans. Two arguments have been advanced to explain this seeming paradox. However, the Sacco philosophy seems to suggest that lending activities are enabled through mobilization of savings from members.

Given that banks rely on depositors' funds as a source for credit activities, it therefore implies that their ability to grant credit depends on how well they can mobilize deposits. Thus, banks aim to mobilize funds from areas of surplus and invest them in areas of deficit to spur economic development. However, the efficiency with which banks perform these roles dependent on the level the monetary system is developed. In any case, literature

argues that countries with highly developed financial structures grow more rapidly than those with ineffective financial structures (Kasekende, 2008).

Mobilising deposits is an indispensable act for increasing sources of working funds for financial institutions to serve their clientele effectively. In his study, Mohan (2012) points out that deposit mobilization is a significant role that the banking industry plays by providing satisfactory services to various economic segments. Thus, deposit mobilization is the backbone of the banking industry. By and large, bank performance depends on deposits, since they are a cost effective source of operational capital. In a sense, deposit mobilization is as critical to the banking businesses is oxygen to humans. So, the only way banks can be profitable, is to cut down the costs for mobilizing deposits (Opoku, 2011).

Likewise, savings mobilization is the core business for Saccos, thereby creating a pool of funds used to finance credit activities among members; for the reason that Sacco are formed purposely to improve members' welfare through return on deposits and credit facilities at affordable rates besides other services. Literature lists several factors that make Saccos attractive savings destinations. These factors, classified into economic, social, and institutional, can influence both enthusiasm and ability to save. Some of the most important aspects conversed in this section include, interest rates, income levels, social and cultural values, the institution and the strategy adopted; savings schemes, tying savings to lending, and serving the unbanked rural population.

Interest rates affect savings mobilization variously (Khamlichi, & Laaradh, 2012). Whereas, small variations in interest tariffs do not essentially influence savings, high increase in interest rates does provide motivation to save. Also, there is mounting evidence that interest rates do influence people's willingness, especially those from rural areas to save. For example, there is proof that individuals transfer their moneys from lesser interest near cash savings to high interest fixed deposit savings when interest is attractive (Akiwumi, Ngumi, & Muturi, 2016; Frank, Mbabazize, & Shukla, 2015; Sunday, 2012). High interest rates attract new deposits by creating interest rate awareness among individuals –including even those unable to accurately work out rates of interest!

While, most individuals, notably from the rural areas, rarely make informed judgment concerning the actual interest tariffs; yet, in cases of inflation, individuals prefer investing in non-cash ventures because they know that monetary ventures are unprofitable. Rather, people would invest in property, such as land, buildings or jewellery whose value they think would appreciate quickly and in a short time. Consequently, people's willingness to save is influenced by inflation too.

Banks, more than Saccos employ the use of interest rate as a tool for savings mobilization. Unlike banks, Saccos are able to extend credit at lower interest tariffs compared to those levied by other players in the financial sector (Gardeklint, 2012) meaning that the interest paid for savings deposits is also comparatively lower than what financial markets can offer. This is due to the fact that savings are mobilised from members (Owners) who are

also the users. It therefore follows that interest policies must not lose sight of the owner-user principle upon which Saccos are founded.

The income levels and the cost of living is the second factor that influences capacity to save. Depressed earnings, coupled with high cost of living, have the effect of lowering people's capacity to save. Therefore, as Keynes argues, mobilizing savings is essentially dependent on income (Chand, 2014). Savings increase with increased disposable income, but there is no linear relationship between the two, despite empirical evidence showing that there is a marked relationship among them. This is because the amount of savings mobilized is dictated by the level of disposable income. Hence, the amount saved tends to increase with a rise in earnings. There is also evidence to show that well-paying sectors of the economy tend to have increased savings propensity.

Research has demonstrated the significance of Saccos as notable instruments for poverty reduction, particularly in high financially excluded rural areas. Interestingly, Saccos assist low income population to acquire financial knowledge, and gradually become self-reliant, thereby contributing to the economy. Saccos, unlike Banks, provide a chance to rural populations or impoverished areas, hence making them not only more appealing, but also establishing them deeply in the financial industry in several countries (Kariuki, 2009).

Thirdly, availability of consumer durables is the other factor. If the definition of savings can be rendered as an act of deferred or delayed use, then unaffordable end user durables, at existing earning levels may result in individuals putting aside part of their earnings in

order to purchase a consumer durable at a later date. Consequently, in a consumer minded community, owning a radio, TV, refrigerator, sewing machine or motor vehicle, may as well, reduce present spending so as to save to procure such items. Banks as well as Saccos use target savings for school fees, investment and holidays to mobilise term maturity savings which are drawn at expiry of the period agreed.

Fourth, institutional factors are important in the mobilization of savings especially from rural communities. Institutional factors are not merely those related to increasing the branch network but also those that relate to qualitative adjustments appropriate for rural setting, essential for growing savings. Branch networks must be suitable to rural population and that bankers must reach out to, and not expect their rural clientele to look for them. If banks establish branches in the rural areas that resemble those in the urban areas, and use similar business styles and practice, it follows that, such banks would only attract affluent customers instead of the common rural populace.

Unlike Banks Saccos are owned by members from the same community and that members are the ones who elect directors. What is more, their sons and daughters are responsible for managing Saccos (Kenya USA Diaspora Sacco, 2012). Consequently, the many features that Saccos have which the members can identify with have inspired confidence and trust. Another important attribute in understanding savings mobilization, is the realisation that individuals are prepared to defer present consumption in favour of future gains. For example, where a savings plan is connected to the extension of loans and a depositor's credit qualification is assessed number of times one's savings, such a system

tends to attract both savers and savings (Sandarathne, 2017). Unlike Banks, the financial architecture of Saccos is built on this principle. Often, credit to a member is calculated at three times one's savings as long as the customer has adequate income to repay the credit.

In conclusion, savings is not limited to high income earners in society alone. Therefore, conceptualising savings in the way described in this report is critical to savings mobilisation. Although, there are a number of macro-economic conditions that influence willingness and capacity to save; the most important ones are interest rates, inflation, income levels, cost of living, social and cultural values (Sandarathne, 2017). Therefore, savings mobilization can best be promoted through the development of suitable institutions and innovative techniques suited to rural conditions and cultural practices.

Among the most important factors leading to financial exclusion and that affect the volume of savings mobilization, especially in most remote areas and the poor, is lack of access to financial services (Mujeri, 2015). Therefore, members join Saccos with the aim of saving regularly certain amounts to spend for a specific purpose such as procuring a needed item that may not be brought instantly through monthly disposable income. Hence, Savings in this sense is a function of prospective future expenses and mostly for consumer durables or a holiday. An advance obligation and commitment to set aside funds is also a crucial aspect in motivating individuals to save even a little sum. Such savings therefore, seem to be both as a result of advance obligation and commitment for a particular purpose (Lipsey & Harbury, 2004). Having no commitment to a future expenditure, is a recipe for not willing to mobilise savings.

Arising from these observations, it implies that savings can be mobilised even with little and stagnant earnings. Such motivation can result in increased savings, because mobilisation can be achieved in different ways and forms; and as long as they are channelled into the monetary system. Conversion of non-financial into financial savings is possible, if financial institutions are involved to avoid cash hoarding, a common practice in rural areas. The same could be easily directed into the financial system via Saccos and other stable financial institutions.

2.2 Contribution of Saccos to Education and training on the proper utilization of Loans or Credit

Households have many requirements, of which, the basic ones are food, clothing and shelter. However, the hierarchy of human needs according to Maslow can be thought of as being pyramidal with the largest and most basic needs concentration at the base while the desire for self-actualization and self-interest occupy the top (Maslow, 1943; Mittelman, 1991).

Essentially, Maslow termed the four most critical layers of needs "*d-needs or deficiency*" These are respect, companionship and affection, protection, and material needs. When these necessities are unmet –except for the most basic ones (physiological) – the individual may feel anxious despite there being no physical sign. Accordingly, Maslow's theory implies that before a person strongly desires or directs enthusiasm upon the less important or higher level necessities the most indispensable level of needs must be met first (Maslow, 2013). It is with this consideration that the present research sought to establish the Saccos' contribution in meeting household needs.

Looking at Saccos from a historical perspective, it can be seen that their evolution was a response to extreme poverty under unjust trading systems that not only neglected completely the needs for the poor but also took advantage of their weak financial capabilities. Evidence from poverty eradication strategies show that concentrating on credit extension alone results debt overload; thereby depressing the growth of income (Cecchetti, Mohanty & Zampolli, 2011). The best way to empower the poor to save is by providing them with training and skills necessary for developing a savings culture that utilises limited resources wisely.

In an effort to meet members 'financial needs', Saccos have developed products and services that aim at meeting different financial needs within the household. Most Sacco softens offer loan products such as normal, school fees, and emergency loans. Others include top ups and urgent loans. Normal loans are applied from Saccos for development or investment purposes (Stima Sacco, 2017); thereby enabling the member to develop himself or herself and thus improve their welfare and standard of living. Normal loans constitute the bulk of the loan portfolio and are normally payable between 36 and 60 months.

Usually, Saccos grant one normal loan at a time and to qualified members at three times his or her deposits subject to $2/3$ of their salary meeting the monthly repayment – instalment and interest. Saccos expect normal loans to be employed in assisting members provide for themselves decent shelter for their households, purchase of a car, buy land, or start a business.

Another important item that all Saccos apportion funds for is the education of either members or members of their households. Often, school fees is granted either as a loan or mobilized in advance through the offering of a special Savings account. Normally, education loans are disbursed when the year starts and repayable within the calendar year regardless of when approved. In addition, Saccos demand documents to proof the existence of a demand for school fees. To curb misapplication of school fees loans, most Saccos write cheques payable to the school in question.

However, some Saccos offer members a special savings account in which members deposit money without an option of withdrawing until the contracted sum has been met. Such a plan is designed for members who need to access savings for the purpose of paying school fees, especially at the beginning of the year. The member must declare the amount to be placed into the account in a regular basis so that by the end of the year the member would have achieved his or her target. More often than not, a minimum balance of Kshs.500 is maintained in the account unless the member withdraws from membership. At maturity, the balance on the account is transferred to the member's account for which withdrawal transactions are permitted. A member can renew the account by giving new instructions. Such a savings plan is not affected by the 2/3 salary deduction rule, because the plan is flexible and voluntary.

The composition and diverse location of Saccos offers individuals from a wide spectrum of financial and geographical backgrounds; an opportunity to grow Savings. Saccos mostly draw low income members from both the urban and rural areas, thus playing a key role in enhancing not only the standard of living, but also economic activities that support

their livelihood by boosting household incomes. Studies indicate that savings and earnings that result from saving with Saccos have had a positive influence on economic activities and the circulation of money; hence, accelerating production, revenue and expenditure in the national economy (Thornton, 2013). Furthermore, Saccos have assisted many economies shape both the fiscal and monetary policies. They have in addition helped not only mop up surplus liquidity, but also created wealth through savings mobilisation that would otherwise exert inflationary pressures.

Additionally, studies seem to suggest that involving people in co-operatives, especially Saccos, explain the surge in both household income as well as assets (Onafowokan, 2012). However, accesses to Sacco loans do not necessarily translate into additional income at the enterprise level, but rather it translated into increased enterprise assets. Thus, Saccos do contribute to increased standards of living by increasing asset ownership especially for those in rural areas. Given the way Saccos have grown in Kenya, it shows their importance in providing affordable financial services by making access to savings and credit easier, for Sacco members for both household and enterprise development.

Saccos have facilitated users to procure low interest loans plus affording members a chance to mobilise resources through their policy of savings accumulation (Birchall, 2003). Saccos in Kenya have immensely contributed to household and community financial development considering that they are also offering banking services to many clients which, at times is patronised even by non-members. This is because Saccos help members to pool resources together to meet their social and economic needs, such as

education expenses, purchase of assets, benevolence and healthcare expenses (Gweyii & Karanja, 2014). For this reason, this study investigated the contribution of Saccos towards household needs.

2.3 Forms of Sacco loan utilization at Household Level

Many households, particularly those based in the rural areas, face a number of challenges in the utilization and repayment of loans. Some of the problems that studies have observed include, access to financial services (Akpandjar, Quartey, & Abor, 2013), loan diversion (Chan & Lin 2013), over-indebtedness (Beck, Demirguc-Kunt, & Honohan, 2009), inadequate financial knowledge (Cole, Sampson, & Zia 2011), unfavourable loan terms (Mokhtar, Nartea, & Gan, 2012), and lack of supervision in the use of loans (Addae-Korankye, 2014).

The poor just like the rich, need to access various financial services like savings, loans, micro-insurance, and disbursement or funds transfer; since, these services have the effect of smoothening households' consumption (Akpandjar, Quartey, & Abor, 2013). Instead, the bitter reality is that the rich rather than the poor are the ones who can access easily various financial services. For example, in their study Kendall, Mylenko, and Ponce (2010) explored the number of accounts operated by people in industrialized countries against those from developing nations. They found that 81% of the adults in industrialised countries have access to a financial institution and on average operate 3.2 accounts each. However, in developing countries only 28% of the people have access to a bank and on average operate approximately 0.9 accounts each.

Although, research evidence shows that the demand for savings and transactional accounts is overwhelmingly large, it is however, more useful to the rural poor because of accessing loans (Brau & Woller 2004, Nourse, 2001, Beck, Demirguc-Kunt, & Honohan 2009). Yet, borrowers, especially those borrowing micro-loans, often take a loan and use it for other purposes (Chan & Lin 2013). This demonstrates that there is an unmet need for a broad range of loan types, like school fees, burial as well as medical expenses, consumption plus emergency advances.

According to a 2013 study conducted in China, about microenterprise, it was shown that loans were either completely or partly redirected to non-productive purposes (Chan & Lin, 2013). In one situation it was noted that about 47% of the farmers utilised their business loans for consumer needs. In an experiment conducted in South Africa, it was shown that generally, the performance of micro-loans is better if the investment risk passed to family members rather than openly through the earmarked business enterprise (Karlan & Zinman, 2009). Also, various reasons are advanced for this practice, which include meeting education expenses, emergency and daily consumption needs.

Indeed, according to Beck, Demirguc-Kunt, and Honohan (2009), the need to redirect credit to non-productive purposes might reflect a necessity for additional suitable savings products. To meet this demand, Schicks (2014) proposes the introduction of loans with a consumption component such as short-term consumption loans, educational savings accounts, and emergency loans to meet this need.

If the entire loan were used for the intended activities, the repayment would be enhanced. For example, one can generate adequate income by devoting the whole loan in running a business, through enhanced business performance. But, if the loan is used for unintended purposes like home consumption, it tends to hamper repayment through under performance of the business. Although, this is true with conventional loans, usually repayment for Sacco loans is met from salary for employees or agricultural proceeds for farmers which have no relationship with business performance. However, loan repayment can only be affected if an employee's salary stops to flow for whatever reason or if farmer's proceeds are affected by drought or market conditions.

Over-indebtedness is often brought about by external influences like household shocks, lender behaviour, and borrower behaviour is another factor that can affect borrower behaviour. In most cases, over-indebtedness is caused by inappropriate lending procedures, unsuitable loan products, and improper marketing which significantly increases risk in lender behaviour. Using the sub-prime crisis in the United States, as a reference point of the effects of promoting credit for low income households beyond their ability to repay, Beck, Demirguc-Kunt, and Honohan (2009) maintain that accessibility to such services could become universal as economies advance, and make all individuals to qualify for credit.

Initially, institutions that provided micro-loans believed that their entire credit was used as an additional source, thereby escalating the debt burden. Also, there was demand for lenders to provide consumption as well as emergency loans. Despite Moneylenders being

viewed as exploiters, by charging the poor exorbitant interest rates, they actually render an important service to those in need of money to sort out emergency needs (Brau & Woller, 2004). It is against this backdrop that some researchers have still gone ahead to recommend that institutions providing micro-loans enhance their credit allocation for moneylenders (Jain & Mansuri, 2003; Mallick, 2009). In part, this is due to stringent pay back conditions imposed by lenders, so that repayments fall due long before the enterprise realizes any income. In such circumstances, borrowers are likely to choose to borrow from institutions lending micro-loans to fund the project and as well borrow from moneylenders to pay back the initial Loan (Jain & Mansuri, 2003).

Borrowers contend that what contributes to over-indebtedness, significant factors include cognitive and psychological biases as well as sociological pressures leading to unfavourable financial options (Schicks, 2010). Thus the promotion of savings over loans or offering insurance with loans may be the only surest way of preventing over-indebtedness.

Perhaps, one of the most discussed factors leading to over-indebtedness is financial illiteracy. It has been discussed widely because it is believed that limited financial knowledge is a critical impediment barring individuals to demand for financial products and services. This is because demand for the product may be lacking if the product is not familiar. In a survey done in Indonesia and India involving households, Cole, Sampson, and Zia (2011) observed that financial knowledge was the number one indicator of the demand for financial services. Lack of knowledge was the second most reported cause

for not operating a bank account. Majority (74%) of the participants expressed interest in attending free financial literacy training sessions, despite 31% reporting having knowledge of the requirements for opening a bank account.

In their study in Ghana, Akpandjar, Quartey, and Abor (2013) explored financial literacy, by including six relevant questions, out of which a financial literacy score was calculated. The study noted that every unit increase among rural households, it increased the likelihood of demanding financial services by 9%. Another survey in Ghana concluded that the tendency to decrease the risk of over-indebtedness is influenced the borrower's financial knowledge, particularly debt related literacy. The findings indicate that any minor increase in the borrower's debt knowledge tally corresponding with a 0.2% lesser probability of over-indebtedness (Schicks, 2014).

There are many financial training programs in first and third world countries. Their function, especially in the third world countries may be critical to families in accessing to financial products and services that they could not access previously. However, for persons offering training, they should be careful in first understanding the full impact of the proposal before designing programs that align with societal and social norms in their areas of operation. What is more, citizen's training in financial knowledge should by no means be a substitute for sound government strategy associated with finance (Guerin, 2012).

Other variables that influence loan use and loan repayment performance include, application fee – referring to the total amount of money that a household requires to pay as cost for obtaining loans, transport costs, cost of obtaining documents needed to process a loan, opportunity cost of the time spent processing the loan, frequency of loan repayment, the default penalty and lending collateral required

2.4 Extent of households' use of Sacco services

Sacco services have grown in leaps and bounds prompting many households especially from poor backgrounds to increasingly use them. However, households' use of Sacco services is often influenced by both member-related and Sacco-related factors. Member-related factors include indebtedness, financial thrift, and investment opportunities. On the other hand, Sacco-related factors include innovative financial products (Byrne, Power, McCarthy & Ward, 2010); credit rationing (Makori, et al., 2013) and availability of investment funds (Kahoka, 2011; Onchangwa & Memba, 2012; Wilcox, 2011).

To ameliorate some of these shortcomings, many Saccos in Kenya have in the recent past introduced innovative financial products through the Front Office Savings Activity (FOSA) which performs a deposit taking function. The net effect has been the rise in the number of branches opened by Sacco that are aimed at attracting even non-members. In the wake of these innovations, the Kenya government enacted the Sacco Societies Act of 2008 to regulate Saccos undertaking deposit-taking business, separate from those carrying on back-office business.

One of the ways often used to influence credit demand is Credit rationing. This is done by way of controlling the cost of, and conditions for getting loans based on assessed rate of defaulting (Kurt, 2004). However, among Saccos, credit demand is determined by the amount loanable deposits available and also taking into account collateral offered as well as willingness of other members to act as guarantors (Makori, et al., 2013).

Using an exploratory study, Byrne, et al., (2010) examined the potential impact of credit Union members in Ireland on financial ability in the spring/ summer of 2009. Four different instruments (i.e., questionnaire, interview schedule, literature review and online data) were used to collect data. The study involved new members of the credit unions and key informants. The results showed that the majority credit unions undertook certain kind of financial training in their localities. Some credit unions plus some associations were found to have embarked on new schemes targeting financially weak community members. The study concluded that credit unions ought to maintain their primary objective of financial inclusivity for all, particularly during recessions which may likely result in pressurising households to take steps to improve their financial capability.

Using a case study, Kushoka (2011) examined the ability of employment based Saccos to action members' concerns in a sustainable manner. Out of 45 members of Dar es Salaam City Council Sacco, a sample size of 15 participants (representing 33% of the population) was selected for the study. Inferential and descriptive statistics were used in data analysis. The results revealed that employee-based Saccos have inadequate resources to meet loan demands, thereby discouraging members greatly. In the circumstances, Saccos resort to giving small loans at exorbitant interest rates. The survey acknowledged that employee-

based Saccos are important economic development vehicles and recommended members to not only save regularly but also increase savings amounts to help in increasing loanable funds.

In yet another study conducted in the USA, Wilcox (2011) examined the “increasing importance of Credit Unions in Small Business Lending” since the number of small business loans (i.e., loans below \$1 million) over time had grown considerably. The study applied approximation approaches, zones, period intervals, and other variables to assist in giving econometric evidence. The research utilized a state-by-state 1989-2009 annual statistics to explore the relationships linking micro enterprise loans at credit unions and other financial players.

The research findings indicated that micro enterprise loans at credit unions tended to partly account for the reduction in micro-enterprise credit seen at banks. Consequently, Credit unions grew their amount of micro business loans and the estimated percentage of their share suggests that credit unions have become major sources of micro business loans compared to banks. Credit unions from all regions were organised according to institution as well as loan size. The study findings imply that borrowers need to be enlightened that credit unions is an alternative source of credit, especially when supervisory bodies gauge the consequences on market focus.

In a study, researchers Onchangwa and Memba (2012) examined the question: “Do Saccos have any effect on members’ investment culture in Kenya?” The survey embraced

descriptive research design, with a population of 25,145 members from 8 registered Saccos in Gucha district of Kenya. By employing a simple random sample of 379 participants with savings accounts in various Saccos; the study employed questionnaire to obtain key information whereas periodicals and journals were also used to get secondary data.

The outcome from this survey indicated that Saccos have an influence on the investment culture of their members since investments by Saccos rose by 69.8 compared to the time of joining Sacco. More outcomes suggest that sound Sacco policy can be used to improve members' investment practice. Hence, Onchangwa and Memba (2012), contend that supporting Saccos in terms of capacity building for the board and management for good policy preparation which ensures that saved funds are accessible when investment opening occurs is imperative.

Lastly, a study conducted by Cheruiyot, Kimeli, and Ogendo (2012) in Nairobi, Kenya on the effect of Sacco strategies as well as the effect of intervening variables (i.e., size of the family, attitude, and level of income) on savings mobilization in Nairobi, Kenya. The study drew a sample of 30 out of 2,500 and 180 out of 150,000 Saccos and members respectively chosen through simple random sampling techniques. The study used a questionnaire to collect data whereas analysis was done using multiple linear regression technique. Findings of the study suggest that on average, training, investment opportunities and intervening variables demonstrated a positive correlation to Savings mobilization. In conclusion, therefore, according to literature, Sacco strategies partly affect members' savings mobilization,

2.5 Theoretical Framework

The present study adopted two theories: the social exchange theory (SET) and the Social Capital theory (SCT) to guide the study, data collection and interpretation of the study findings. This section describes briefly the two theories and how they were employed to frame the findings of the study.

2.5.1 The Social Exchange Theory

SET was the first theory adopted by the study and is a model employed by sociologists to understand interactions between individuals on the basis of rewards and punishments (Hormans, 1974). Based on this perspective, it is the interactions between one person and another that determines the kind of reward or punishment one expects to receive from the other, and is assessed in terms of a cost-benefit analysis model (whether deliberately or accidentally). The basic tenet of this theory is the notion that approved behaviour is more likely to be repeated more than that which elicits the disapproval of others.

Consequently, it is then possible to predict the frequency of performance of a specific interaction by computing the extent of reward (approval) or penalty (disapproval). Where the reward for performing behaviour surpasses the punishment, then the behaviour stands a high chance of being repeated; and the contrary is true. Based on this premise, behaviour performance can be predicted by employing the following formula: Behaviour performance (profits) = Interaction rewards – Interaction costs.

Rewards for performing behaviour (Blau, 1964) can be earned in terms of social appreciation, monetary rewards, and even gestures such as a smile, thumbs up, or tap on the back; while punishments can as well be in the form of public humiliation, beating,

execution, a raised eyebrow or a scowl. Whereas, the SET is mostly applied in economics and psychology, its developer George Homans was however a sociologist. He first developed it in his works titled "Social Behaviour as Exchange" in 1958. Further development of the theory was later undertaken by sociologists Peter Blau and Richard Emerson.

For example, the SET can be looked at in terms of an employee that his hard work is not being appreciated by his superiors in the office; thus, wanting to change assignments to satisfying ones or where he earns more rewards for lesser effort (Adams, 1963). On the other hand, if the employee thinks the office appreciates his or her hard work, he/she is likely to stick to the job

In line with this theory, people look forward to gain from a relationship as much as they contribute to it or more. Simply put, rewards need to be matched with costs. For relationships to be positive, returns should exceed costs, thus, making it likely to have a bright future. However, negative relationships are those that do not yield the desired returns despite the risks or costs incurred. Therefore, actors are likely to terminate such relationships. Other aspects that the SET also considers include options available, the extent of dependence on the relationship and the trustworthiness of those involved in the relationship, making exploitation improbable.

The SET, according to Cook et al., (2013), is built on the following assumptions: -

1. Humans behave rationally and form relationships that are anchored on well considered options.
2. People struggle to avoid risks while aspiring for rewards.
3. Given alternative situations that require same costs, individuals opt for the one likely to yield the best result.
4. Given two situations; both of which attract rewards that are alike, individuals opt for the one requiring the minimal effort.
5. Individuals act in anticipation of rewards where the nature of those rewards in a situation is unclear.
6. Individuals differ from one to the other in the rewards they expect; that which might be insufficient for one, it might be sufficient for the other.
7. Individuals are capable of accessing information on aspects of their relations be they social, economic, or psychological, that enables them to consider other more rewarding options compared to their current situation.
8. The SET is based on the principal of reciprocity and fair exchange
9. Interactions are initiated to gain from exchanges-give and take of value, for example money, emotions and favours
10. Inequality in exchanges leads to unfulfilled exchanges/obligations.
11. Costs and rewards form the fundamental concept of SET since they dictate human decisions and interactions. Costs are negative in nature and include time, money and energy, while rewards depict the positive outcomes of social exchange.
12. Individuals make decisions based on certain outcomes and long term benefits.

13. Individuals expect exchange that results in secure results, social approval and independence.

14. Individuals choose alternatives resulting in the fewest costs, consequences and social disapproval.

Critics of this theory, according to Crossman (2017), argue that individuals often make illogical decisions, and in addition draw attention to the fact that the theoretical model is silent on the role-played by emotions in our own lives and interactions with others. Furthermore, the theory undermines what social structures and forces are capable of doing and which instinctively influence our worldview, thereby playing a key role in determining our relationships with others.

Sacco members know too well that they have a duty to grow their institutions through regular savings, but in return they expect to benefit from loans extended to them at fair and affordable rates of interest. Besides, they expect a fair interest return on their deposits and dividends on share capital. Saccos on the other hand advance loans to the members based on the agreed multiplier index; for example, three times one's savings. In turn, Sacco expect the borrowers (loanees) to repay promptly the interest and principle within the agreed period for them to grow and continue serving members.

SET is based on trust and honesty – which are major values in Saccos, since members trust that the Sacco leadership serve them honestly-taking care of their resources and that the same can be availed back when required at the time of voluntary withdrawal/exit. For members, a Sacco is an investment that must be properly managed and cultivated.

2.5.2 The Social Capital Theory

The second theoretical framework adopted by this study is based on the social capital theory (SCT) credited to three thinkers—Bourdieu, Coleman and Putnam (Smith, 2013). The basic principles of the social capital theory are networks, the attitudes, and norms that govern interactions among people and contribute to economic and social development. According to Basargekar (2010) social capital is the abilities of people to work together towards resolving common issues affecting them, thereby promoting equitable access to benefits of development. Consequently, social capital is considered as a tool to be used for economic development among people because it affects the environment and community in a negative or positive manner.

The social capital theory covers a number of social aspects such as rules, regulations and norms that govern social actions and the trust among members (Anderson, locker and Nugent, 2002). In addition, the theory directs its attention on collective responsibility which enhances loan repayment for example (Basargekar, 2010). The theory hypothesizes that when people act or function together in a group such as a Sacco, the group develops economically and socially, as well as individuals within the group and the community. The theory therefore is instrumental in defining the role of social capital in wealth creation and social cohesion. For example, Saccos with more Social capital will perform better in loan repayment compared to Saccos with less social capital.

If an individual does not obtain a loan from a Sacco which is comparatively cheaper than one gotten from the bank, wealth creation remains a mirage. By pooling resources, members are expected to attain cohesion through guaranteeing loans to each other, and

taking responsibility in pursuing defaulters. Since this research sought to find out the extent to which Saccos contribute towards enhancing household livelihoods among members, its greatest concern is to demonstrate as to whether Saccos actually assists members to grow financially or whether it has contributed to their financial improvement.

The primary purpose and activity of a Sacco is to set the direction of corporate development for the foreseeable future. To fight for survival in the global market, the Sacco should innovatively design its products so as to address the changes in members' needs effectively. It should focus on how to provide solutions to members' needs. Consequently, organizations enhance their competitiveness by cost reduction through the effect of learning curves. Hence, Saccos enjoy superior financial performance compared to banks but face declining learning capabilities.

2.6 Conceptual Framework

Researchers appreciate the problem under investigation by having their own worldview of how the variables work together to cause or provide an answer to the problem (Grant & Osanloo, 2014). The conceptualization may be one's own new model or an adaptation of one used previously in other studies. The model can be adapted with or without modifications. Besides providing researchers with the direction of the study, the model in addition show different variables under investigation are related through the conceptual framework. The conceptual framework shows specifically how the dependent variable (i.e., enhanced livelihood) and the independent variables (income levels, interest rates, Loan utilization, Sacco aided Loan management, and, education and Training) act together.

This study investigated Savings mobilisation and utilization of Sacco Loans in order to generate resources for purchasing assets leading to enhanced livelihood. Savings mobilization depends on the level of an individual's income, as well as the compensation for choosing the pathway of investment (interest rate). Other factors that enhance livelihoods include, Sacco aided Loan management, education and training. However, this relationship is influenced by intervening variables grouped into household or farm production and financial profitability which the study did not investigate.

The amount clients can save with their Saccos in a given period depends on their disposable income; while, easy accessibility influences the regularity with which the client or depositor can make transactions. In contrast, money to be lent out is dictated by deposits, interest income, and security. Conceptual frameworks can 'graphical or in a narrative form showing the key variables or constructs to be studied and the presumed relationship between them' (Miles and Huberman, 1994, p18).Figure 2.1 shows the schematic conceptual framework of the issues raised by the study.

Figure 2.1:A Conceptual Framework—Saccos enhancing household Livelihoods.

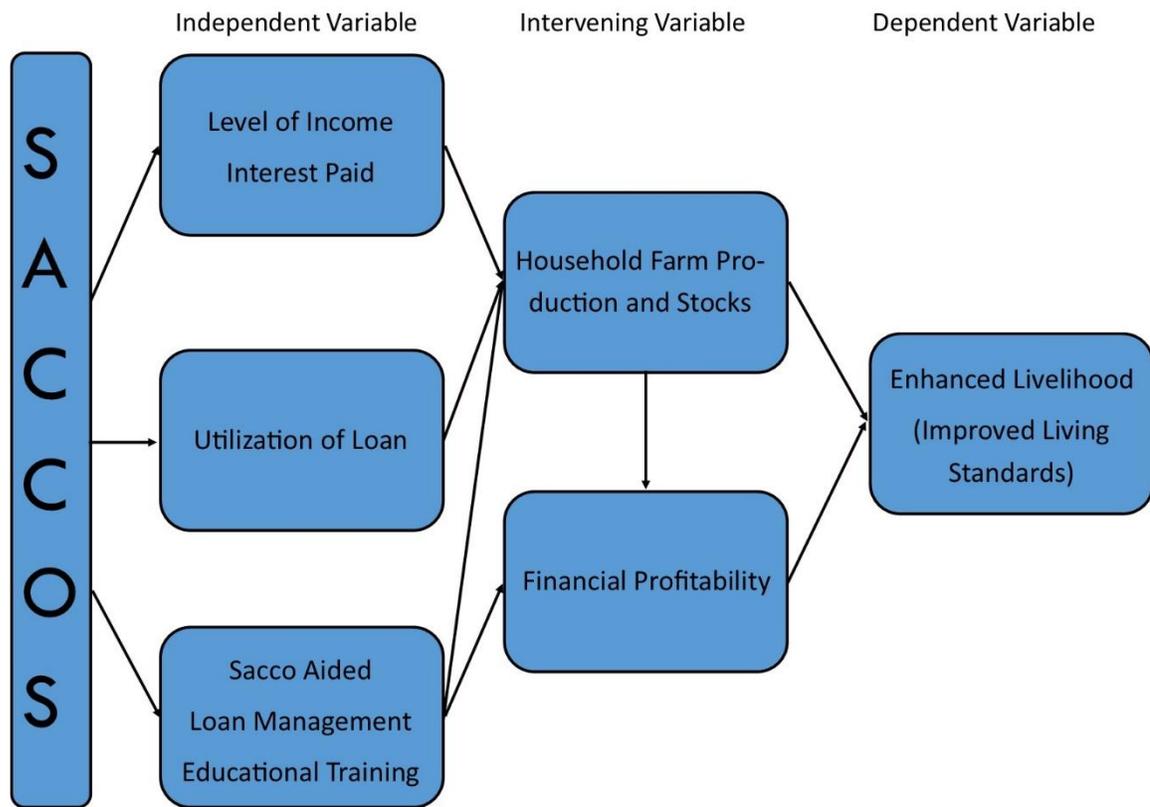


Figure 2.1 depicts that income levels and interest rates paid by financial institutions other than Saccos, play a pivotal part in the mobilization of savings. Indeed, the financial capacity of majority of the Sacco members especially those located in rural areas are usually associated with low level income and therefore have a limited capacity to mobilize savings. Sometimes, this leaves Saccos with the challenge of seeking alternative sources to satisfy the ever increasing loan demands (Kibui & Moronge, 2014). However, these sources are sometimes costly. Another problem that affects savings mobilisation is non-remittance and delayed remittance by employers. In this context, non-remittance is the act of deducting Sacco dues but failing to remit the total amount to the concerned Sacco. The net effect seems to cause Saccos inconveniences and loss of income (Wanyama,

2012). However, the behaviour has attracted stiff penalties for errant employers in the newly enacted rules. For example, section 35 of the Co-operative Societies Act, CAP 490, Laws of Kenya provides for a penalty of a minimum of 5% compound interest per month of Sacco dues not remitted within seven (7) days from the date they were deducted (GOK, 2005).

Asharaf and Gons, (2011), assert that savings is about deferring present expenditure to a future date. In addition, they indicate that theories concerning savings ordinarily predict that present expenditure is tied to not only present earnings but also to assessment of future earnings. It is for this reason that the life cycle hypothesis (Modigliani, 1986) predicts that consumption is never held constant over an individual's lifetime; but rather Savings are mobilised during the working period while point at which to drawdown is done is during the retirement.

In contrast, Loans are the engine that drive Sacco business aimed at charging an economic interest in accordance with the owner/ user principle. Members own the Sacco, they exclusively patronise its services and are responsible for electing a management board. Therefore, Saccos are not particularly concerned with profit; their major concern is to make sufficient money to defray running expenses and cost of mobilised funds. The success of Saccos is dependent upon their ability to earn income through the granting of loans. It is interest income on loans that provide most of funds used to defray expenses for running a Sacco.

Finally, other areas that the study did not investigate include the profitability of Saccos, household farm production and stocks. Profitability is excess income between interest on Loans and interest on savings plus running expenses.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter explains the overall approach used in the present study. It describes the research design, location of the study, the target population, sampling procedures and sample size, data collection instruments, validity and reliability of the research instruments, data collection procedures, data analysis procedures and Ethical considerations.

3.1 Location of the Study

The study was conducted in Bungoma – a County located in the western part of Kenya. Three reasons prompted the selection of this location: first, the county can be classified as mainly rural and therefore not served with many banks; despite being expansive. In fact, banks can only be found in three locations – Bungoma town, Webuye and Kimilili. Second, the county is served with four cash crops: Sugar-cane, coffee, cotton and tobacco whose earnings exhibit different characteristics that can be classified as seasonal, delayed and irregular. Lastly, its climatic and economic features easily provide a basis for using different strategies to obtain livelihoods within the same county; thus, making it possible to compare and contrast different strategies within a compact area. In addition, there are pockets of upcoming town centres where a lot of infrastructural facilities are being concentrated, provision of social services, and employment opportunities leading to more concentration of people with different activities. These are the areas where activities for Saccos are growing fast compared to areas that rely purely on farming activities.

Bungoma County covers an area of 3,032.4 km² and is divided into nine (9) Sub-counties, namely; Kanduyi, Kimilili, Mt Elgon, Bumula, Sirisia, Kabuchai, Tongaren, Webuye East and Webuye West (Ministry of Devolution and Planning, 2013).

3.2 Research Design

Simply put, the phrase *research design* means a tool that assists the researcher to figure out the most appropriate and economical plan that can be employed to complete various study tasks. Thus, the present study employed a descriptive survey design to conduct the study by utilising an interview schedule and a questionnaire to collect both qualitative and quantitative data to answer the study problem because despite some variables under investigation being amenable to manipulation, others may not.

3.3 The Target Population

Bungoma County is served by several financial institutions, such as Banks, micro-finance institutions (MFIs), and Saccos. Among the key Banks that serve the people of Bungoma include, Kenya Commercial, Barclays, Standard, Co-operative, National, Equity, and Family banks; but, the major MFIs in the county are K-Rep and Kenya Women. For Saccos, there are 304 active ones with a membership of 25,302 members, who have accumulated share capital to the tune of KShs. 82.9 Million and deposits amounting to KShs. 1.2 Billion. The Saccos have advanced loans amounting to KShs. 1.4 Billion (Ministry of Devolution and Planning, 2013; Bungoma County Co-operative Department

Annual Report, 2016). Table 3.1 shows a comparison between the County population in terms of households and the Sacco membership.

Table 3.1: Households versus Sacco membership in Bungoma County

S/No.	Sub-County	Households	Sacco Members
1.	Bungoma South (Bumula and Kanduyi)	83,295	5,032
2.	Bungoma North (Kimilili and Tongaren)	61,486	5,401
3.	Bungoma East (Webuye East and Webuye West)	45,934	4,650
4.	Bungoma West (Sirisia and Kabuchai)	47,648	5,736
5.	Mt. Elgon	32,461	4,483
	Total	270,824	25,302

Table 3.1 shows that the population of Sacco members, does not depend on the household population. In fact, the population depends on the occupation and whether that occupation forms a part of the activities that Saccos associate with. In terms of Sacco membership, the leading Sub-counties are Bungoma West, followed by Bungoma North. The selection of the study participants was proportionate to the number of Sacco members in the sub-county.

3.4 Sample Size and Sampling Procedure

The accuracy of any research findings depends largely upon the size of the sample and the procedures employed in sampling the participants. The purpose is to ensure that the gap between the characteristics in the sample and those found among the population from which the sample was drawn (Kumar, 2010) is insignificant. Therefore, the underlying basis upon which sampling is undertaken involves selecting a relatively small number of

subjects that can provide with a sufficiently high degree of probability and a fairly true representation of the traits inherent in the population under inquiry. Obviously bigger samples are expected to yield more accurate and precise results than small samples (Stangor, 2014).

3.4.1 Sample Size

The term ‘sample’ is used to refer to a portion of the whole; while the term size refers to the magnitude of the population. Therefore, the phrase ‘sample size’ is used to mean the proportion by which the sample represents the population. For this reason, Orodho (2009) asserts that the size of the sample is chosen depending both on the nature of the population as well as the purpose of the study. Therefore, it is important to select an appropriate size of the population expected to yield results that reflect the characteristics of the entire population. To determine the size of the sample, the present study employed the following formula proposed by Frankfort-Nachmias and Leon-Guerrero (2010): -

$$\text{Sample size} = [(z\text{-score})^2 \times p(1-p)] \div (\text{margin of error})^2$$

Where

Z-score refers to the number of standard deviations a data point is away from the mean.

Alternatively, it may refer to the number of standard deviations a raw score is below or above the population mean.

P-the likely estimated proportion.

The z-score, also called the z value or standard score, can be easily found in the statistical tables and the value is dependent on the chosen confidence interval. For this present study

the Z-score values were obtained from the tables, the Z-score value was 1.96. The most commonly used confidence interval values are 90%, 95% and 99%. For this study a confidence interval level of 95% was utilised. More often than not, P is estimated from previous research, but, if no studies are available, then 0.5 can be used. For this present study, a value of 0.5 was used for p and 0.7 as the margin of error. By substituting these values into the formula, the sample size was determined as 196, i.e.,

$$\begin{aligned}\text{Sample size} &= [(1.96)^2 \times 0.5(1-0.5)] / (0.7)^2 \\ &= 3.8416 \times 0.25 / 0.49 \\ &= 196\end{aligned}$$

Since the study design required the pairing of participants having Sacco Account with those without; it therefore implies that half of the sample population were recruited Sacco members while the other half was non-Sacco Members. This means that each category constituted of 98 households.

3.4.2 Sampling Procedures

Names of members from 304 Saccos (Appendix C, p.118) were arranged using member numbers. Out of the names, 98 Sacco-members were selected in proportion to the total members per sub-county using the systematic random sampling approach. An equal number of non-Sacco members identified by Sacco-members were nominated to participate in the study. Table 3.2 shows the number of Sacco and non-members selected for the study against the Target population of Sacco members.

Table 3.2: Target Population and the Study Sample Selection

S/No.	Sub-County	Target Population (Sacco Membership)	Sample Selection		
			With (Members)	A/cs n th position	Without A/cs (Non-Members)
1	Bungoma South	5,032	20	252	20
2	Bungoma North	5,401	21	257	21
3	Bungoma East	4,650	18	258	18
4	Bungoma West	5,736	22	261	22
5	Mt. Elgon	4,483	17	264	17
	Total	25,302	98		98

Table 3.2 shows that the study selected participants—those with and those without Sacco accounts on a 50-50 percentage basis. During administration of the questionnaire, the researcher asked Sacco-member participants to identify non-Sacco member neighbours and one of them selected to participate in the study. In this way there was a pairing of a Sacco member and a non-Sacco member from the same locality.

3.5 Data Collection Methods and Instruments

The use of a relevant and applicable method to collect data, as well as a suitable instrument that can elicit data for the intended purpose is an imperative. In addition, different methods and instruments are used to collect quantitative and qualitative data. For this reasons therefore, this section describes the data collection methods and the instruments employed by the study to collect data that was analysed to provide answers to the research questions. The section was divided into two sub-sections: (i) collection of quantitative data, and (ii) collection of qualitative data.

3.5.1 Collection of Quantitative Data

For this present study, quantitative data was collected at two levels: personal data and organizational data. For personal data, the study utilized a specially designed questionnaire to collect data from study participants. A specially designed questionnaire (Appendix A, pp.109) consisting of five sections was administered to study participants.

The first section basically assists in collecting participants' demographics which include gender, age, and level of education, member of Sacco, household position and occupation. The second to the fifth sections consisted of items that probe the factors making Saccos attractive savings destinations, extent to which Saccos contribute to the mobilization of savings and granting of loans, challenges households experience in the utilization and repayment of loans, and, extent to which households use Sacco services to enhance their livelihoods. The items have been structured variously (Likert like, multiple choice and open ended questions).

3.5.2 Collection of Qualitative Data

Lastly, collection of qualitative data was done through the use of an interview schedule. The study randomly selected ten Saccos whose top management we resurveyed. The chairman and the chief executive officer from each Sacco were interviewed having been purposively identified. From each participating Sacco, a board member and one senior staff were randomly selected and surveyed using an interview schedule (Appendix B, p. 116). The interview was held at the society offices and took approximately 45 minutes per interviewee.

3.6 Validity of Data Collection Instruments

For the instrument to provide valid data for the research question, the study sought to ensure its validity by subjecting it to two experts from University of Nairobi in livelihood studies. The experts assessed both content and criterion related validities and determined that the instrument measured what it purports to measure.

3.7 Reliability of Data Collection Instruments

Reliability of data is as important as validity, especially in behavioural sciences as it allows for generalization from one particular use of the method to a wide variety of unrelated circumstances. Where a questionnaire is employed to collect data, as in the present case, often reliability is under threat from several sources. The most important ones are ambiguity in the construction of items in the questionnaire and inter-rater unreliability due to inaccurate coding and scoring. To minimise or eliminate ambiguity; the researcher subjected the questionnaire to evaluation by a language expert aimed to determine the clarity of items, instructions, and whether the items were easily understood and executed. In addition, the experts determined the meaningfulness of items. Out of this process, ambiguous, inconsistent, illogical, unclear and invalid items in the questionnaire were identified and worked on.

Secondly, the instrument was pretested to determine its reliability estimated using the test-re-test method. Two measurements were taken and their correlation established. Pretesting of the questionnaire was conducted in the neighbouring Kakamega County which has features similar to Bungoma County by employing about 20 participants.

3.8 Data Collection Procedures

Before undertaking the actual data collection, the study undertook the following preliminary activities: 1) construction of the Data Collection instruments (DCI); 2) secured a research permit; 3) carried out pretesting of the DCIs; 4) selected participants; and 5) trained research assistants. In training the research assistants, the researcher took them through the DCI (the questionnaire) to every fine detail. Specifically, they were taken through the techniques of creating rapport with the participants to ensure a friendly atmosphere. They were also asked to ensure that they obtained participants' consent before administering the questionnaire. After completion of the activities the study embarked on collecting data from the participants, by administering questionnaires and carrying out interviews. Data collection from participants was carried out by the research assistants while interviewing of key informants was done by the researcher with strict adherence to the ethical considerations.

3.9 Data Analysis Procedure

The study used several techniques in the analysis of data. Even before analysis began, the study undertook a rigorous procedure of inspecting, cleaning, correcting, transforming, ordering and modelling of data purely aimed at identifying valuable information, proposing conclusions, and supporting decision making (Bhatt, 2013). Next, the study proceeded to analyse data by use of descriptive statistics. Descriptive statistics consist of techniques for organizing and summarizing data in an effective and meaningful way (Frankfort-Nachmias & Leon-Guerrero, 2010). They provide ways and means of interpreting data and condensing information using numeric and graphical techniques of presenting data.

Frequency tables, graphs, charts and other simple statistical analytic techniques were utilised to analyse data. For the present study all completed questionnaires were serialised for ease of identification.

Data extracted from the questionnaires were entered into the Statistical Package for Social Sciences (SPSS) version 25 and a cleansing procedure performed in which data were inspected to identify incomplete, incorrect, inaccurate, irrelevant data or outliers, misposting and other errors introduced when entering data into the SPSS programme. After analysis, descriptive statistics were used to report the results.

3.10 Ethical Considerations

The study adhered to all ethical considerations applicable to social science studies as per the American Psychological Association (APA) Ethics Code (Rogerson, Gottlieb, Handelsman, Knapp, & Younggren, 2011). Among the most important standards that the study adhered to, included obtaining participants' informed consent on their willingness to take part in the study, keeping confidential the information provided by participants as well as reporting it anonymously to protect their identity, re-assuring participants that the information given to the study ,be used strictly for educational purposes, and that participation was voluntary and having the right not to answer a question that might compromise his or her integrity or even withdraw from participation at any stage of the study. Finally, the study started after receiving authorisation from Nairobi University academic board and the National Commission for Science, Technology and Innovation (NACOSTI).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter seeks to present and analyse data, as well as report and discuss the study findings. The chapter is arranged and discussed in the following order: Response rate, Social and demographic characteristics, factors making Saccos attractive savings mobilization vehicles, Saccos' contribution to education and training on Loan utilization, forms of Sacco Loans utilization, and household use of Sacco services.

4.1 Response Rate

The study selected 196 individuals, of whom, 98 were Sacco members and another 98 non-Sacco members. Research assistants administered the questionnaires to the selected participants, which was collected soon after completing their responses. Out of 196 selected participants, 194 returned the questionnaires having responded. This implies that the study achieved approximately 99.0% response rate. This result was unexpected considering the observations in literature which indicate that the use of questionnaires is associated with low response rate. For example, literature observes that one should expect a return rate of as low as 20% (Wilkinson and Birmingham, 2003), while the average is estimated at 57% (Linderman, 2019).

The study is likely to have achieved such a response, probably due to the strategy that was employed to collect data. Research assistants were instructed to administer the questionnaire, accord participants enough time to complete it, and then collect. That

aimed to ensure that no participant has a chance of putting the questionnaire aside with the intention of completing it later. More often than not, postponing questionnaire completion is a sure recipe for creating circumstances to misplace or forget to complete the questionnaire altogether.

4.2.Social and Demographic Characteristics

The study drew participants who may be broadly classified as Sacco and non-Sacco participants. However, to gain a better understanding as to their social and demographic characteristics; the study analysed participants in terms of their gender, age, educational level, occupation, whether household head, duration in membership or as once a Sacco member.

4.2.1 Distribution by Gender

The study analysed participants according to their gender. Table 4.1 presents the results of the analysis on the basis of the broad groupings

Table 4.1: *Distribution by Gender*

Gender	Sacco Member Participants		Non-Sacco Participants	
	Frequency	Percentage	Frequency	Percentage
Male	55	57.3	55	56.1
Female	41	42.7	43	43.9
Total	96	100.0	98	100.0

Table 4.1 shows that approximately 57% of the member participants were males compared to 43% females while approximately 56% of non-Sacco Participants were males compared to 44% females. Slightly more males (56.7%) compared to females (43.3%) were selected to participate in the study. Although, participants seem to be biased in terms of gender distribution, that will have no impact on the study findings because

there are more men in the membership of Saccos compared to women. In any case, the gender that is involved in productive economic activities are the ones that matter and in the context of Saccos, males are considered to be more economically productive compared to females who are involved more in consumption activities.

4.2.2 Distribution by Age

Age is an important demographic characteristic in that it provides a basis for determining the legal standing of a participant. Table 4.2 displays the distribution of participants based on their age-range.

Table 4.2: *Distribution by Age*

Age	Sacco Members		Non-Sacco Participants	
	Frequency	Percentage	Frequency	Percentage
18 – 49	56	58.3	67	68.4
50 – 60	38	39.6	27	27.5
Over 60	2	2.1	4	4.1
Total	96	100.0	98	100.0

Table 4.2, shows that majority (58.3%) of the Sacco-member participants were aged between 18 years, (the age of majority) and 49 years. The analysis also shows that 2 or 2.1% of the member participants were aged over 60 years; meaning that Saccos offer retirees a chance to remain in membership beyond their retirement. Furthermore, it is clear from Table 4.2 that majority (94 or 98.0%) of the Sacco-member participants were aged between 18 and 60 years, which corresponds to the most economically active age. Seemingly, it appears that as Sacco members approach 60 (the current retirement age), most of them withdraw from membership.

4.2.3 Distribution by Education Level

Participants' level of education is important as it makes a difference in the way participants understand and provide data. The importance of level of education is enhanced even more when it comes to the use of a questionnaire. It is for those reasons that the study explored participants' education level. The results of the analysis are presented in Table 4.3.

Table 4.3: Distribution by Level of Education

Level of Education	Sacco-Member Participants		Non-Sacco Member Participants	
	Frequency	Percentage	Frequency	Percentage
Not Indicated	1	1.0	1	1.0
Primary	11	11.5	8	8.2
Secondary	49	51.0	45	45.9
Tertiary	35	36.5	44	44.9
Total	96	100.0	98	100.0

Table 4.3 shows that the study used participants who were educated to different levels; some were of primary, secondary, and of tertiary levels. Also, Table 4.3 shows that majority (87.5%, member participants and 90.8% non-Sacco Participants) had attained at least secondary level of education. Of course, the higher one is on the education ladder, the more desirable, he or she is in understanding questionnaires.

4.2.4 Distribution by Occupation

Usually, Saccos admit individuals into membership depending on their engagement in a specific economic activity as well as physical location. The ideal situation is where an individual earns a predictable amount of income on a regular basis. Based on that

background, the study sought to analyse the distribution of participants by occupation.

Table 4.4 presents the outcome of the study regarding participant occupation:

Table 4.4: Distribution by Occupation

Occupation	Member Participants		Non-Sacco Participants	
	Frequency	Percentage	Frequency	Percentage
Formal Employment	68	70.8	36	36.7
Self-Employed	14	14.6	34	34.7
Farming	12	12.5	23	23.5
Others	2	2.1	5	5.1
Total	96	100.0	98	100.0

Table 4.4 reveals that all participants (both Sacco and non-Sacco Participants) were engaged in some gainful employment despite the spectrum ranging from formal, self-employed, farming and others. Approximately 71% of Sacco-members were in formal employment compared to 37% of non-Sacco Participants. On the contrary, more non-Sacco Participants were self-employed (35%) compared to Member Participants (15%) and the proportion declines for those in farming and other occupations.

4.2.5 Distribution by Household Heads

A household head is an important characteristic especially in the provision of resources as well as giving leadership in the distribution and use of resources. For instance, efficient utilization of Sacco loans may depend on guidance given by the household head. For that reason, the study sought to understand distribution of participants according to household heads. The results of the analysis are displayed in Table 4.5.

Table 4.5: Distribution by Household Heads

Household Head	Member Participants		Non-Sacco Participants	
	Frequency	Percentage	Frequency	Percentage
Yes	75	78.1	59	60.2
No	21	21.9	39	39.8
Total	96	100.0	98	100.0

Table 4.5 indicates that majority (75 or 78.1%) of the member participants compared to 59 or 60.2% of the non-Sacco Participants were household heads. This result is not surprising since household heads are normally breadwinners.

4.2.6 Distribution by Duration in Membership

Generally, the amount of resources a member can access from his or her Sacco depends on the duration one has been in membership and the amount of savings they make per month. This is because of the cumulative effect of mobilizing savings that will determine the size of loan one can secure. Table 4.6 presents participant distribution according to duration in membership.

Table 4.6: Distribution by Duration in Membership

Duration in membership	Sacco Members	
	Frequency	Percentage
Less than 5 years	15	15.6
5-20 years	56	58.3
20-40 years	24	25.0
Over 40 years	1	1.1
Total	96	100.0

It is clear from Table 4.6 that majority (58.3%) of Sacco-member participants had been in membership for a total of between 5-20 years. The number of members, who have been in membership beyond 20 years, starts to drop with the fewest being those over 40 years. This implies that Saccos are particularly useful during an individual’s formal working life. In any case this forms the most useful part of life when one needs to build resources that one will depend on during retirement.

4.2.7 Distribution by Once Sacco member

One way to determine that Saccos are important Savings mobilization vehicles is to show whether non-Sacco participants have been once Sacco members. Table 4.7 presents the distribution of non-Sacco participants in terms of having been once a member.

Table 4.7: *Distribution by having been once member*

Once Member	Non-Sacco Participants	
	Frequency	Percentage
Yes	13	13.3
No	85	86.7
Total	98	100.0

Table 4.7 indicates that 13.3% of the non-Sacco Participants compared to 86.7% had once been Sacco members. This finding is significant in showing that Saccos are useful development vehicles for present and past members.

4.2.8 Distribution by Period Once Sacco Member

Even better evidence to show that Saccos are important vehicles for development is to determine the duration non-Sacco Participants had been Sacco members. Thus the longer they were in membership, the better the evidence. Table 4.8 presents the distribution of non-Sacco Participants in terms of the duration they once been in membership.

Table 4.8: Duration in membership for Once Sacco member

Duration membership	in	Once-Sacco members	
		Frequency	Percentage
Less than 5 years		3	23.1
5-20 years		4	30.7
20-40 years		6	46.2
Over 40 years		0	0.0
Total		13	100.0

Table 4.8 shows that ten (10) or 76.9% out of thirteen (13) non-Sacco Participants had once been Sacco members for a span ranging between 5 and 40 years; majority (6 or 46.2%) of whom had been Sacco members for over 20 years. It seems difficult to imagine that one can spend such a long time in membership, if Saccos were not important vehicles for development.

4.3 Factors Making Saccos Attractive Savings Mobilisation Vehicles

The aim of Saccos, like any other financial vehicle, is to enable members (i.e., customers) mobilise resources mainly through Savings and Loans. Unlike most financial organizations, Saccos use a strategy that ties Savings with the provision of Loans. Thus, higher savings amounts attract higher loan amounts for a member. Usually, members

continue to accumulate savings throughout their entire life in membership. Members cannot withdraw these savings under any circumstance except when exiting the Sacco. However, resources are accessed through loans secured against a member's savings and that of other members who stand surety (Guarantors).

Consequently, this study sought to determine the factors that make Saccos attractive savings mobilization vehicles by rating a number of Sacco attributes. To do so, both Member and Once-Sacco Participants were asked to provide their opinions by rating 12 factors perceived to contribute to making Saccos attractive savings mobilization vehicles, using a 5-point rating scale.

The analysis therefore, presents participant-responses on the basis of a rating/scoring scale of 1-5, where Strongly Agree was scored the highest (5); Agree (4); Neutral (3); Disagree (2); and Strongly Disagree (1), being the lowest. Only Sacco members and those non-Sacco Participants who had once been members were asked to participate. Their response was measured based on the extent to which they agreed or disagreed on the importance of the factors listed in contributing to making Saccos attractive savings mobilization vehicles. Thus, in total 109 participants were involved and the results of the analysis are displayed in Table 4.9

Table 4.9: Factors Making Saccos Attractive Savings Mobilization vehicles–Sacco and once Sacco members

S/No	Attribute	S/A	Agree	Neut	D/A	S/D	Total	
							Freq	%
1	Accessible	62.4	30.3	5.5	1.8	0.0	109	100.
2	Savings commitments	64.2	33.0	2.8	0.0	0.0	106	100.
3	Credit by savings	49.5	40.0	9.5	1.0	0.0	105	100.
4	Fast loan processing	54.6	28.7	7.4	9.3	0.0	108	100.
5	Networks	48.6	42.8	4.7	2.9	1.0	105	100.
6	Efficient Loan recovery	43.0	43.9	8.4	2.8	1.9	107	100.
7	Innov. Loan products	31.2	51.4	11.9	5.5	0.0	109	100.
8	Economic interest	43.0	39.3	6.5	8.4	2.8	107	100.
9	Outreach	42.2	34	11.0	7.3	5.5	109	100.
10	Alternative security	42.7	36.9	6.8	3.9	9.7	103	100.
11	Saving opportunities	30.5	40.0	9.5	17.1	2.9	105	100.
12	Demo. Member control	40.2	23.3	8.4	15.0	13.1	107	100.

KEY: S/A-Strongly Agree; A-Agree; NEUT-Neutral; D/A-Disagree; S/D-Strongly Disagree

Table 4.9 shows that all participants (109) provided a rating for three attributes. However, the rest of the attributes were assessed variously; between 103 and 108 participants provided a rating. In addition, the table shows that majority of the participants (ranging between 64-97%) agreed that all factors made Saccos attractive savings mobilization vehicles. Lastly, the table shows that among the factors thought to be making Saccos attractive savings mobilization vehicles, the three leading are savings commitment, accessibility, and networks. Equally, majority of the participants ranked democratic member control as the least important. However, it is worth noting that about 64% of the

participants agreed that democratic member control is important. Therefore, the narrow range with which the factors were ranked goes a long way to show that all factors analysed were important nevertheless.

4.3.1 Saccos' Commitment to savings

Participants ranked Saccos' commitment to savings as the leading factor making Saccos attractive savings mobilization vehicles. Saccos are fundamentally structured to attract savings on the one part while offering credit on the other. Therefore, Saccos offer credit on the basis of the savings an individual has accumulated. Such policies encourage members to commit themselves to save regardless of their income. For instance, where Saccos practice target savings, members save because of wanting to ultimately attain their object (e.g., acquiring a TV or paying of School fees). Therefore, mobilization of such savings seems to emanate from an advance obligation and commitment for a particular purpose in mind (Lipsev & Harbury, 2004). If such a commitment to an impending payment never existed, no savings may have been mobilised.

All key informants (i.e., Sacco CEOs and board members), confirmed that monthly deposits, Christmas, holiday, FOSA, and fixed savings are the most common and popular savings products offered by Saccos. One of the CEOs was categorical on this and said, *“Due to many savings and loan products (most of them short-term) offered by the Sacco, members have made the Sacco a one stop shop for all their financial needs”* “However, all interviewees were quick to point out that *“savings capacity is mostly affected by low salaries or income, low financial literacy, fear of possible loss of their savings occasioned by negative attitude on Saccos, and family commitments”*. While the chairman and a CEO

from one Sacco plainly put it that *“although Saccos offer excellent opportunities for savings mobilization, savings is sometimes affected by irregular income owing to financial problems facing the employer”*

4.3.2 Accessibility

Accessibility was identified as the second factor. In this context, accessibility is used to refer to joining and exit conditions, procurement of services and control of the management of the organization. Saccos seem to have adopted a structure that gives members wide access because they play a threefold role in the organization of Saccos: owners, managers, and clients—at the same time. These roles are well expounded by the co-operative principles. Principle number one deals with open and voluntary membership, denoting free entry and exit. In addition, accessibility means conditions that are not foreign to the members. Usually, and especially farmer based Saccos, render services to the members nearer where they live, thus; saving members valuable time and cost. This attribute was rated by both Sacco and Once-Sacco members that it tops also in making Sacco societies attractive savings destination. This finding agrees with findings by Shama (2009).

Access also implies that majority of the potential users can easily meet the conditions pertaining to obtaining Sacco services. For example, potential users should be able to operate a savings account in addition to securing loans. In addition, Saccos should be able to offer financial services to especially customers who cannot be able to open accounts with commercial banks that require high minimum operating balances and some level of

sophistication such as ability to operate automated services like automated teller machines (ATMs), mobile services, and electronic queue management system (EQMS).

Philosophically, Sacco members occupy a unique position in that they are owners, users and managers of the enterprise. As owners, members are obligated to contribute to the capital required to operate the enterprise, while as users, members have the right to equal and equitable services, meaning that every member is entitled to an opportunity to not only save but also secure loans. Finally, as managers/Supreme Authority, members are responsible to ask the managers/elected officials of the enterprise to account for the performance of the enterprise. Consequently, in trying to balance all these obligations, providing for access is important.

Accessibility as a factor that make Saccos attractive savings mobilization vehicles was well illustrated by the chair of one Sacco, who said *“as a result of the conducive legal environment, members elect board members annually to run the affairs of the Sacco and give direction son the path to be followed, hence their ability to hold board members to account”*

4.3.3 Sacco Networks

The third factor making Saccos attractive savings mobilization vehicles is that Saccos operate their networks such that they take minimum time to get services, making Saccos among the principal sources of credit, especially in rural areas. Here, Saccos are probably the only financial services provider. They are established by members, driven by a need to

optimize their economic, social, and cultural needs and in so doing, strengthen the communities in which they operate.

The International Co-operative Alliance (ICA), defines a co-operative as an organization where individuals join together to satisfy their economic, social and cultural needs. The organizations themselves are expected to care less about profits but lean more towards services. They are expected to aim at supplying essential goods as close as to what they cost as possible. This is why Selvaraj (2000) asserts that Other than providing essential goods at economic terms, co-operatives are conceived as social organizations which educate the people in economic management.

Unlike banks with lengthy and expensive loan processing procedures, Saccos can approve loans within hours because they use a flexible system—tied to both individual borrower earnings as well as guarantees by fellow members and rarely ask for chargeable securities. The borrower alone or two to three guarantors may suffice, if their savings can cover the risk. Plus, loan application process is less complicated and therefore does not require a lawyer to draw an agreement.

4.3.4 Democratic member Control

Lastly, democratic member control was ranked as having the least influence in making Saccos attractive savings mobilization vehicles. Seemingly, this evaluation is meritorious as democratic member control can be both an advantage as well as a limitation. The merits of democratic member control seem to depend on the fact that no business affecting the Sacco can be transacted without a resolution by members who are the owners. However,

the principle of democratic member control can be limiting especially if membership is illiterate or when issues need to be resolved quickly. A membership that is illiterate can be manipulated easily by those in authority for their selfish interests, thus increasing the risk of Sacco failure. However, for business transactions that require quick resolutions, the process of calling for general meetings is lengthy and tedious and therefore not suitable for transactions that require quick resolutions.

4.4 Contribution to Education and Training on Loan Utilization.

The key to the survival of Saccos in terms of loan repayments is proper loan utilisation. Improper utilisation can negatively impact repayment due to defaulting. This has an effect of causing illiquidity, hence inability to meet not only loans but also savings withdrawal demands. A major challenge facing financial institutions is loan repayment which is capable of making the institution to become illiquid and unable to provide service to her members. Part of the solution to this problem is carrying out education and training to borrowers in an attempt to improve loan utilization as well as the rate of repayment. For this reason, the study sought to explore the degree to which Saccos carry out education and training to borrowers

Table 4.10 shows a summary of responses by Sacco-member participants on education and training as well as frequency of training.

Table 4.10: Members Education and Training

Response	Frequency	Percentage
Yes	89	93.7
No	6	6.3
Total	95	100.0

Table 4.10 indicates that majority(93.7%) of responders, reported that Saccos carry out more education and training sessions compared to those with a contrary opinion. This result implies that majority of the Saccos are keen in training their members on the utilization of Loans as a means of increasing loan repayment.

4.4.1 Frequency of member Training

The more frequent trainings are conducted, the more knowledgeable members become. Therefore, the study sought to find out how frequent Saccos conduct members training. The results of the analysis are presented in Table 4:11.

Table 4.11: Frequency of Member Training

Frequency of training	Frequency	Percentage
Yearly	75	84.3
Half yearly	11	12.4
Quarterly	2	2.2
Monthly	1	1.1
Total	89	100.0

Table 4.11 indicates that the bulk (84.3%) of the participants, said that Saccos conducted member training at least once every year. This fact was confirmed by the Sacco Chief Executive Officers/Managers and chairmen of Education sub-committees who were the key informants. They further indicated that most of the trainings are in form of member information days or delegate training seminars. Given the critical role that education and training plays, nearly all Saccos always factor these activities in the annual budgets.

This was well illustrated by a CEO, who, said *“Education and training plays a critical role in loan utilization especially because being produce based, many members would easily divert farm inputs which would affect production, hence inability to repay loans. However, due to training, they have come to appreciate the importance of proper loan utilization to enhance production. It is for this reason that the Sacco allocates adequate funds in its annual budgets for education and training”*.

4.4.2: Borrower Training

Although, majority (93.7%) of Saccos carry out training, according to Table 4.10, more so to borrowers; opinion is divided as to the extent. In order to get a picture of the extent of training, the study analysed the responses by Sacco-member participants on whether trainings take place or not. Table 4.12 shows a summary of participant responses.

Table 4.12: Borrower Training Per sub-county

S/No	Sub-county	Yes	No	Total	
				Frequency	Percentage
1	Bungoma South	25.0%	75.0%	20	100.0%
2	Bungoma North	65.0%	35.0%	20	100.0%
3	Mt. Elgon	60.0%	40.0%	15	100.0%
4	Bungoma West	40.9%	59.1%	22	100.0%
5	Bungoma East	33.3%	66.7	18	100.0%
Total		44.2%	55.8%	95	100.0%

From the results displayed under It is clear from Table 4.12 that slightly less than half (44.2%) of the participants affirmed that borrowers are trained compared with the majority (55.8%) who disagreed. This finding casts doubt as to whether indeed, borrower training is being carried out. If that were true, then, outreach must be inadequate. Saccos risk experiencing high defaulting rates considering that their best option of mitigating against defaulting is to train borrowers and guarantors as they may help the Saccos to increase recoveries.

4.4.3 Extent of Training

Further, the study sought to find out the extent of training by Saccos. Table 4.13 presents a summary of responses by Sacco member on strength of agreement in various training aspects, using a scale of 1-5, where Strongly Agree=5; Agree=4; Neutral=3; Disagree=2 and Strongly Disagree=1

Table 4.13: Strength of Agreement by various aspects of training

S/No	Aspects of training	Strength of agreement on extent of training					Total	
		S/A	A	NT	D/A	S/D	F	%
1	Loan utilization/level of training	3.1	7.1	12.2	37.8	39.8	43	100.0
2	Training before loan disbursement	0	0	1.0	93.7	5.3	43	100.0
3	Monitoring loan utilization	2.1	8.3	20.8	41.7	27.1	43	100.0
4	Filing regular utilization report	13.2	9.2	29.6	33.7	14.3	43	100.0
5	Subsequent loan approval report	20.9	30.2	27.9	7.0	14.0	43	100.0

KEY: S/A-Strongly Agree; A-Agree; NT-Neutral; D/A-Disagree; SD-Strongly Disagree

Table 4.13, shows that 22.4% of the participants agreed that borrowers should file loan utilisation reports regularly. Besides, majority (51.1%) agree that no borrower should get a subsequent loan without production of prior loan utilisation report. But, participants were unanimous that it is not necessary to train borrowers on loan utilisation prior to disbursement. These results imply that participants exhibited contradictory behaviour. While majority think borrowers should file loan utilisation reports, none feels it is necessity to train borrowers on how to utilise loans. How then are borrowers expected to file loan utilisation reports without being trained?

From these results Sacco members seem to lack a clear understanding of the role of training, especially in the utilization and repayment of loans. This is because borrowers hold the key to the very existence of financial institutions and training is necessary to mitigate against rampant default. Whereas participants recognise the importance of training on loan utilization; they are nonetheless opposed to being supervised on loan utilisation.

4.4.4 Distribution of Non-Sacco Participants by Bank Accounts

The need to operate a Bank account to help in financial management is great amongst most individuals, considering that they offer safety and simplicity of making financial transactions. It is for that reason that the study sought to find out whether non-Sacco participants operate bank accounts. Table 4:14 presents the analysis of responses by participants.

Table 4.14: Distribution by Bank Accounts (Non-Sacco Participants)

Response	Frequency	Percentage
Yes	79	80.6%
No	19	19.4%
Total	98	100.0

Table 4.14 indicates that majority (80.6%) of non-Sacco participants operated accounts with financial institutions. This is because bank accounts offer safety and simple payment and withdrawal services. In addition, the account holder is paid for the time value for money (interest) if one operates a savings or investment account.

4.4.5 Types of Accounts Operated by Non-Sacco Participants

Individuals operate accounts not only to keep safe their funds but also to invest any excess funds they may be having seasonally. Most individuals begin with a savings account before moving to a current or an investment account. For this reason, the study sought to find out the type of accounts non-Sacco participants operate with their financial institutions. Table 4.15 presents the results of the analysis.

Table 4.15: Types of Accounts operated by Non-Sacco Participants

Type of Account	Frequency	Percentage
Savings Accounts	44	55.7
Current Account	26	32.9
Both Savings and current Account	9	11.4
Total	79	100.0%

Table 4.15 indicates that the bulk (55.7%) of the non-Sacco participants operated savings accounts, while the rest operated either a current account or both savings and current accounts respectively. A savings account helps an individual to access money immediately a need arises and any balance on the account continues to earn interest. But, it also keeps one in check for careless spending since it limits withdrawal of large sums of money. However, one can still withdraw large sums of money during emergencies without incurring penalty fees, except perhaps for the loss of interest.

On the other hand, a current account usually places balances held at the disposal of the account holder. Instead, the financial entity charges the holder for maintaining the money. That is why a current account is suitable for persons who withdraw large sums of money, especially for business.

4.4.6 Savings Interest Earned

Since, the basic reason for maintaining a savings account is to help in keeping safe excess funds, the motivation for doing so is usually looking forward to earning some interest. For this reason, the study sought to explore the number of participants who had earned interest from their institutions. Table 4.16 presents the result of the analysis.

Table 4.16: Distribution by Interest Earned (Non-Sacco Participants)

Response	Frequency	Percentage
Yes	23	47.9%
No	25	52.1%
Total	48	100.0

Table 4.16 shows that a majority of the non-Sacco participants (52.1%) do not earn interest although nearly 55.7% (per Table 4.15) of them operate savings bank accounts, implying that their accounts act as current accounts. The accounts may be maintained as a conduit through which they receive their salaries or retirement benefits.

4.4.7 Members Training

Training of Sacco-members is important for a number of reasons, to improve Sacco governance, empower members through increased savings mobilization, disbursement of credit and adoption of prudent financial practices. It is for this reasons that the survey endeavoured to establish to which level study participants have been trained. Table 4:17 presents the analysis of responses by the participants

Table 4.17: Distribution of Participants by Training

Category	Yes	No	Total	
			Frequency	Percentage
Member Participants	91.7%	8.3%	96	100.0
Non-Sacco Participants	25.9%	74.1%	81	100.0
Average Percentage	58.8%	41.2%	177	100.0

Table 4:17 shows that majority (91.7%) of the member participants compared with about 25.9% of the non-Sacco participants had been trained by their financial institutions. This shows that Saccos seem to take the responsibility of training members seriously compared to other financial institutions. As already, discussed, it might be due to the philosophy that underpins their formation. Education and training is part and parcel of their guiding principles. Also, Saccos are people centred rather than capital centred.

4.4.8 Prevalence of Training between Borrowers and Savers

Financial institutions usually maintain two key types of clients—borrowers and savers. However, Savers double up as borrowers in case of Saccos. Borrowers hold the key to how liquid and solvent a financial institution stays because their payment or non-payment of loans is critical to the operations of the institution. For this reason, the study sought to explore who between borrowers and savers gets preference in terms of frequency of training. Table 4.18 displays a summary of the analysis of responses.

Table 4.18: Training preference between *Borrowers and Savers*

S/No	Training	Member participants		Non-Sacco Participants	
		Freq	%	Freq	%
1	Far more often than they do for savers	1	1.1	12	38.7
2	More often than they do for savers	5	5.2	5	16.1
3	As often as they do for savers	8	8.3	3	9.7
4	Less often than they do for savers	39	40.6	0	0
5	Far less often than they do for savers	43	44.8	11	35.5
Total		96	100.0	31	100.0

Table 4.18 reveals that majority (85.4%) of the Sacco-member participants were of the view that Saccos have not prioritized education to borrowers. However, majority (54.8%) of the non-Sacco participants held the view that financial institutions have prioritized education and training for borrowers. These results show that participants lack a clear understanding as to the function of education and training.

On their part, board members explained that training for borrowers is indeed carried out but the challenge could be the extent of coverage. To this, one board member said that “*it is true that training of borrowers is carried out, but due to the large number of members involved, it is not possible to reach out to all once*”

4.4.9 Training Methods

Key among the reasons for participants lacking a clear understanding as to the function of education and training may be due to the methods used for training. Training methods can help enhance or even hamper understanding. It is for this reason that the study sought

to find out the methods used for training participants. Table 4.19 presents the training methods that were employed by financial institutions in training participants.

Table 4.19: Training Methods

S/No	Method	Sacco-Member Participants		Non-Sacco Participants	
		Freq	Percentage	Freq	Percentage
1	Lecture method	79	87.8	12	63.2
2	Group Discussion	10	11.1	7	36.8
3	Others	1	1.1	0	0
Total		90	100.0	19	100.0

Table 4.19 shows that majority (87.8% and 63.2%) of the study participants who responded, indicated that the Lecture method is more often used for education and training compared to alternative ones. Furthermore, only one participant indicated that Saccos used other methods apart from the Lecture method and group discussion.

4.4.10 Effectiveness of Training Methods

The use of a particular training method is influenced by a number of factors that include the content being presented, and the ease with which the method can be adopted. However, the method may not be the most effective in making the material understood. It is for this reason that the study sought to find out which method, between Lecture method and group discussion was effective. Therefore, participants were asked to rank the most effective methods between the two employed often in training, using a five-point scale. Table 4:20 presents the results of the analysed responses.

Table 4.20: *Effectiveness of training Methods*

		VG	G	Fair	Poor	Freq	%
Lecture	Sacco Members	16.7	42.2	31.1	10.0	90	100
	Non-Sacco Part.	23.8	47.6	23.8	4.8	21	100
Group Discussion	Sacco members	38.6	40.0	14.3	7.1	70	100
	Non-Sacco Part.	61.1	33.3	5.6	0	18	100

KEY: VG-Very Good; G-Good; F-Fair; P- Poor

Table 4.20 shows that both Sacco and non-Sacco Participants thought group discussion was a more effective method than the Lecture method. Probably, this is because group discussion is an interactive method.

4.5 Utilization of Loans

To meet members' financial needs, Saccos often offer various loan products, tailored towards alleviating the most pressing household needs. Such needs include, purchase of land, construction of a living house, purchase of a car to ease travelling; loans to defray educational expenses, and carter for emergency needs such as hospitalization, funeral expenses and replacement of damaged or destroyed property. Because financial needs vary from one individual to another, Saccos offer loans depending on their financial strength. Based on this background, the survey endeavoured to establish how many loan products that Saccos offer their members. Table 4.21 shows a synopsis of the analysis of participant responses.

Table 4.21: Sacco Loan Products

No. of Loan Products	No of Responses	Percentage
2	10	10.4
3	14	14.6
4	10	10.4
5	21	21.9
6 and More	41	42.7
Total	96	100.0

Table 4.21 shows that majority (42.7%) of the respondents indicated that their Saccos offer at least six or more products—implying that Sacco members enjoy a wide range of loan products to choose from. However, according to this analysis, Saccos that offer less than six loan products, (57.3%) are more compared to those that offer six and more. This is probably due to the membership size and income levels; commitment and return on savings. Therefore, the analysis suggests that more loan products are introduced as savings increase, giving Saccos an opportunity to formulate a variety of loan products for members to choose from.

From the interviews, Sacco CEOs were unanimous that while, Saccos offer a variety of loan products, development loans are the most popular. They said, “*these loans are meant to assist borrowers undertake projects of a developmental nature*”. Even then, they were quick to add, “*Sometimes, loan utilization is negatively impacted by diversion of funds to unintended purposes*”.

In addition, they indicated that at times, Saccos face increased loan demand that surpasses available funds. This may force Saccos to source funds externally or stop the lending activities for a while. To ensure fair distribution of the funds, Saccos employ the first come, first served strategy in addition to applying stringent loan appraisal measures. Other strategies employed include prioritizing smaller loans, and first time applicants to serve a wider membership.

4.5.1 Uses of Sacco Loans

Sacco loans are employed variously to finance a variety of activities. Therefore, the study sought to find out the activities that Sacco loans finance most. Each participant was asked to name three activities financed by Sacco loans. Table 4.22 indicates the result of the responses.

Table 4.22: Activities for Normal Loans: Ordered Responses

S/No	Activity	Responses	%
1	Building rental houses	70	24.3
2	Purchase of plots/land	59	20.5
3	Starting a business	38	13.2
4	Housing	33	11.4
5	Purchase of vehicles	31	10.8
6	School fees	20	6.9
7	Purchase of other assets	11	3.8
8	Agribusiness	10	3.5
9	Investment	8	2.8
10	Medical bills	6	2.1
11	Pride price/wedding	2	0.7
	Total	288	100

Table 4.22 shows that majority of members acquire normal Sacco loans to finance economic activities that include, building of rental houses, purchase of plots, starting a business, and building a living house. Also, normal loans are acquired to purchase assets, pay school fees, finance agribusiness, and pay medical bills as well as pride-price or wedding expenses. Definitely, this list is not exhaustive because Saccos differ in regard to loan products, location of the Sacco—urban versus rural, culture of majority of the members, and level of sophistication.

Lastly, members acquire emergency loans to finance unforeseen or unexpected happenings such as illnesses, activities that one may not have prepared for their occurrence. Figure 4.1 presents a summary of the activities emergency loans finance.

Fig. 4.1: Activities for Emergency Loans: Ordered Responses

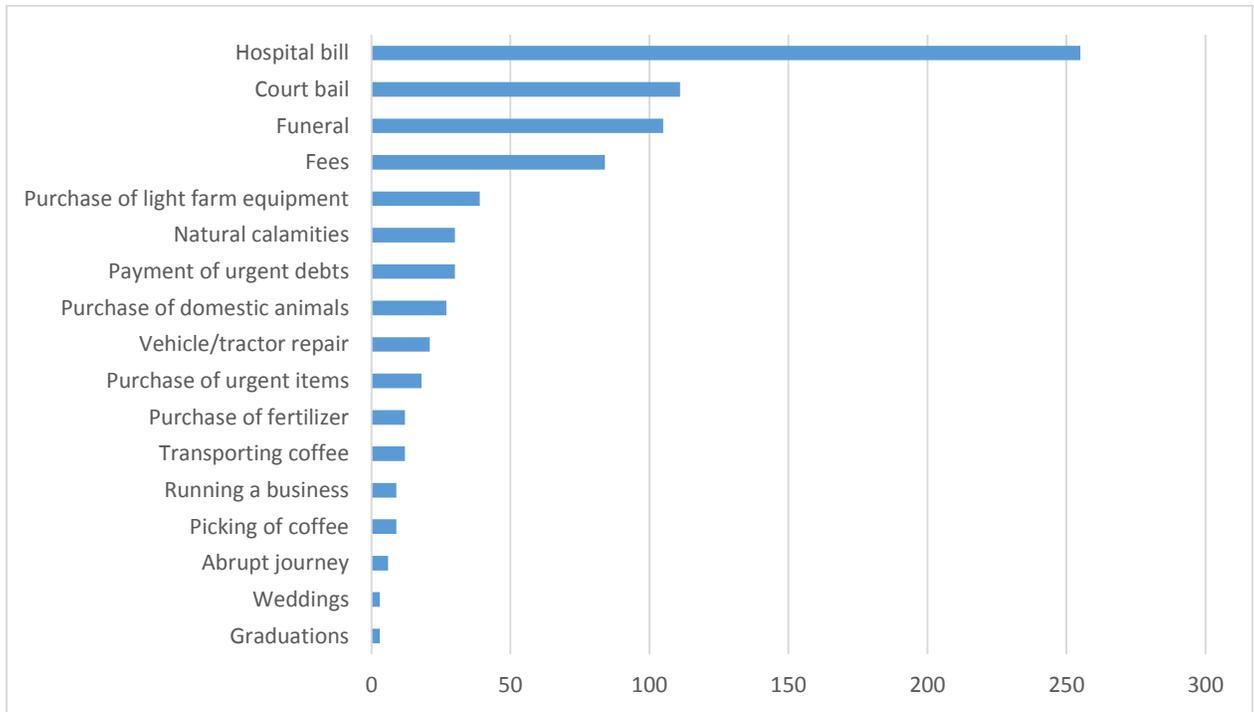


Figure 4.1 represents a list of activities financed by emergency loans. The figure lists 17 activities, four (i.e., Medical bills, school fees, running of a business, and purchase of assets) of which are listed in Table 4.19. This means that some activities are more important than others requiring to be financed through both normal and emergency loans. Usually, emergency loans have a repayment period of 12 months while normal loans can stretch to 36 months or more. For members who are lowly paid, they find it convenient to borrow normal loans because the repayment period is longer and enables them to

qualify for higher amounts of loans than when the repayment is short like in emergency cases. Analysing responses using a scale of 1 to 3 shows that most emergency member loans are majorly employed for hospitalization, litigations and funerals, among a host of other activities.

It is interesting that despite Saccos issuing loans specifically for School fees, some members still acquire emergency loans for school fees purposes as if it is an unforeseen eventuality. This might imply that members hold the view that each item has a specific amount set aside per specific time. Therefore, they do not want to risk missing loans for school fees. Simply put, Sacco-member participants came out clearly that they are so much into Saccos as their main source of financing virtually all their economic and social activities. The social activities include activities such journeys, graduations and weddings.

In an interview, one CEO said, *“our members now own rental buildings and engage in Matatu businesses among others due to development loans”*. He was however, quick to add that *“in the months of November and December, issuance of these loans is suspended to enable the Sacco accumulate funds for school fees loans as its demand is high at the beginning of the year”*. Further, a board member retorted *“even me as a person, I would not have managed to educate my children up to University level considering my meagre salary without the Sacco”*. Another board member of a producer based Sacco, said, *‘provision of short-term loans, especially for emergencies assist members greatly in harvesting produce which would go to waste as the activity is labour intensive.’*

4.5.2 Loans for Non-Sacco Participants

This study seems to suggest that Sacco members enjoy a wide selection of loans. What about non-Sacco participants? For that reason, the study sought to find out the number of non-Sacco participants who have ever been granted loans. The study found that out of the 86 who answered this question, only 37 or 43.0% of the participants indicated having ever been granted a loan compared virtually to all members in Saccos. These findings were supported by the Sacco CEOs and Loans officers, For instance, a CEO and a Loans’ officer stated thus, *“every member enjoys at least three loan products at any given time’, and have really lived to the true meaning of the word ‘Sacco’ for they really save and borrow”*

Further, non-Sacco participants were asked to indicate the activities that loans from financial institutions are used to finance. Table 4.23 summarises their responses.

Table 4.23: Type of Loan and Purpose: Non-Sacco participants

S/No.	Type of Loan	Purpose	Responses	%
1	Business	Trading	17	46.0
2	Normal	Farming	4	10.8
3	Personal	Farming /School Fees	2	5.4
4.	Development	Farming /Building rental houses	5	13,5
5	School Fees	Education Expenses	3	8.1
6	Micro-finance Loans	Trading	1	2.7
7	Long Term Loans	Land Purchase	1	2.7
8	Soft Loan	Business/Construction	2	5.4
9	Emergency	Education expenses/ emergency	2	5.4
Total			37	100

Table 4.23 shows that financial institutions offer loans for a variety of purposes to finance several economic activities. It seems, the line of demarcation between type of loans by Saccos and those by financial institutions is blurred and the two seem to merge. May be, this is because each institution is trying to copy from the other. However, the business model is very different. While Saccos are people centred, financial institutions are capital intensive.

4.6 Extent of household use of Sacco Services

The study sought to understand participants' extent of financial services utilization. Issues considered include, preferred savings destinations, sources of Loans, influence of indebtedness on lender behaviour, and reasons for utilisation of loan diversion.

4.6.1 Savings Destination Preferences by Members

Further, Sacco-member participants were asked to indicate the preference of their Savings destinations. Figure 4.2 indicates a summary of Sacco-member participants' savings destinations preferences.

Figure: 4.2: Savings Destination Preferences by Members.

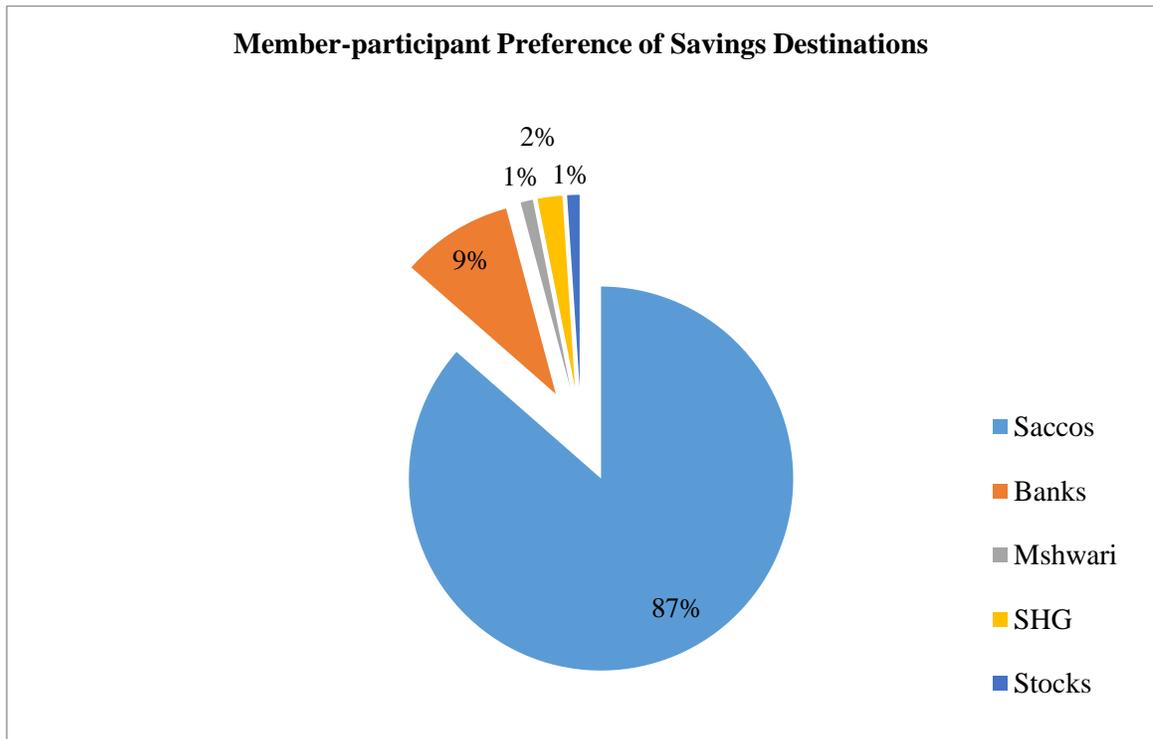


Figure 4.2 shows that majority (83 members or 87%) of the Sacco-member participants prefer Saccos as their savings destination. Banks come a distant second (9 or 9%). However, a negligible number of members (2 or 2%, 1 or 1% and 1 or 1%) prefer saving with Self Help Groups, Mshwari and in stocks respectively. This was corroborated by the Sacco CEOs and chairmen who were the key informants who confirmed that majority of the Sacco members (at least 95%) live within the Saccos' area of operation and obtain services therefrom. A board member said *“Sacco members prefer saving with Saccos as they feel their money is safer in Saccos than any other savings destination for they are the owners, clients and managers of these institutions”*

4.6.2 Savings Destination Preference by Non-Sacco Participants

Just like the Sacco-member participants, non-Sacco member participants, were called upon to show their preferred savings destination. Figure 4.3 summarises their preferred savings destinations.

Fig. 4.3 Savings Destination Preferences by Non-Sacco Participants.

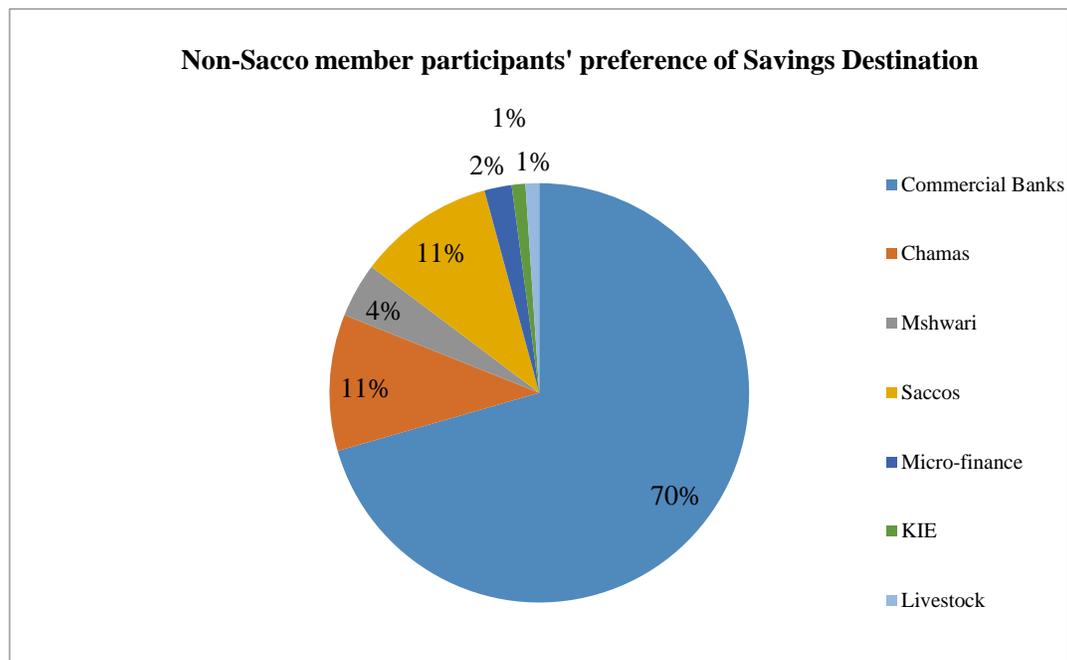


Figure 4.3 shows that majority (67 non-members or 70%) of the non-Sacco member participants prefer commercial banks as their savings destination. Chamas and Saccos (10 or 11%) both come a distant second. However, a negligible number of non-Sacco member participants (4 or 4%, 2 or 2%; 1 or 1%; and 1 or 1%) prefer saving with Mshwari, Micro-finance, KIE and Livestock respectively.

4.6.3 Sources of Loans for Non-Sacco Participants

Non-Sacco participants, just like the Sacco-member participants, were asked to indicate their preferred sources of Loans. Figure 4.4 summarises their preferred sources of loans.

Fig. 4.4: Sources of Loans for Non-Sacco Participants

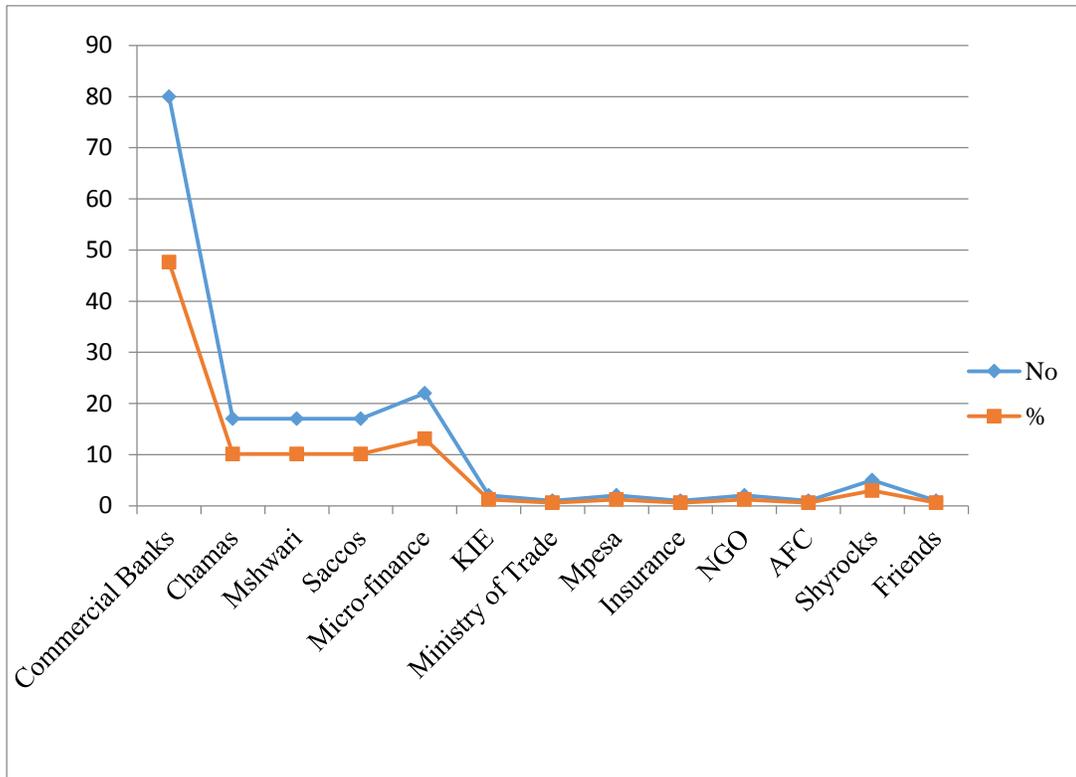


Figure 4.4 shows that majority of non-members prefer borrowing from commercial Banks; Microfinance institutions; and, Chamas, saccos, and Mshwari, in that order. In addition, the use of other sources is minimal. But, interestingly, some participants source their credit from Shylocks—a source that can be exploitative. This shows the desperation of individuals for credit.

4.6.4 Influence of Over-indebtedness on Lender behaviour

The study investigated how over-indebtedness influences lender behaviour between member and non-Sacco Participants. Table 4.24 summarises participants' opinion.

Table 4.24: Influence of over-indebtedness on Lender behaviour

S/No	Attribute	Participants			
		Sacco		Non-Sacco	
		Freq	%	Freq	%
1	Increases amount lent to a borrower	3	3.2	17	17.7
2	Increases chances of consolidating lending	15	15.8	7	7.3
3	Driving borrowers to more expensive lenders	73	76.8	68	70.8
4	Others	4	4.2	4	4.2
Total		95	100.0	96	100.0

Table 4.24 shows that majority of the Sacco-member participants hold the view that over-indebtedness influences lender behaviour by driving borrowers to more expensive money lenders charging high interest rates and offering short-term repayment frequencies with default penalties. Also majority of the non-Sacco member participants held a similar view with Sacco-member participants on the influence of indebtedness on lender behaviour.

However, non-Sacco Participants differ with Sacco-member participants on which reason occupy position two and three for they hold that indebtedness influences lender behaviour by increasing amounts lent to borrowers while member participants hold that indebtedness influence lender behaviour by increasing chances of consolidating lending through purchase of outstanding loans. This was supported by some key informants. For instance, one board member said, “*when members find themselves overwhelmed with*

loans, they often opt for refinancing/top-ups/re-scheduling by consolidating the running loans with fresh repayment terms to avoid defaulting”. However, he was quick to add “but where loanees realise that the net take home after refinancing/top-up is so little, they instead opt to go for more expensive loans from other sources like microfinance institutions, and even shylocks”

4.6.5 Diversion of Loan Funds from Intended Utilisation

One problem that affects lending institutions is the utilization of the acquired loans by the borrowers. Borrowers hardly adhere to the purpose for which they borrow loans, making households to use those funds in unintended activities which have little relevance as to why the money was borrowed in the first instance. For that reason, the study sought to understand reasons for not utilizing Loan funds for the intended purpose. Table 4.25 presents a comparative analysis of the reasons causing difficulties for households to utilize loans properly and repay them promptly between member and non-Sacco Participants.

Table 4.25: Difficulties in Utilizing and Repaying Loans

S/No	Difficulties	Participants			
		Sacco		Non-Sacco	
		Freq	%	Freq	%
1	Lack of financial literacy	51	58.0	46	51.1
2	Lack of knowledge on workings of FIs	18	20.5	28	31.1
3	Emerging problems	15	17.0	15	16.7
4	Others	4	4.5	1	1.1
Total		88	100.0	90	100.0

Table 4.25 shows that majority of the Sacco-member participants (51 respondents or 58%) held that households find difficulties in the utilization and repayment of loans due to lack of financial literacy. Other reasons include lack of knowledge on how financial institutions work or due to emerging problems. Though with different numbers, non-Sacco Participants follow the same trend with Sacco-member participants on reasons for difficulties in loan utilization and repayment.

In an interview, a chair of a Sacco concurred that financial illiteracy was the biggest challenge facing members when it comes to utilization of the loans borrowed, adding *“that is why as a Sacco, we have embarked on deliberate members training with special emphasis on personal financial management, and ensuring that adequate finances are allocated for the same in our annual budget estimates”*

CHAPTER FIVE
SUMMARY OF STUDY FINDINGS, CONCLUSIONS AND
RECOMMENDATIONS

5.0 Introduction

This chapter aims to provide a summary of the study findings, conclusions and recommendations. The chapter presents the following subjects—summary of the study findings, the conclusions of the study, recommendations of the study, and suggested areas for further study.

5.1 Summary of the study findings

This study was conducted in Bungoma County, western Kenya and aimed to assess the contribution of Saccos in enhancing household livelihoods among Sacco members. The study utilised 196 participants—half of whom were Sacco members while the other half were non-Sacco Participants. A questionnaire and an interview schedule were used to collect data in triangulating sources. Briefly, the study findings were as follows:

5.1.1 Factors Making Saccos Attractive Savings Mobilisation Vehicles

The study found that all factors examined were important in making Saccos attractive savings mobilization vehicles but some were more important than the others. Among the three leading factors that make Saccos attractive savings mobilization vehicles include commitment, accessibility, and networks. Equally, participants ranked democratic member control as the least important with a score of 64%. Therefore, the narrow range with which the factors were assessed goes a long way to show that all factors analysed

were important nevertheless. For instance, majority of the participants, (97.2% - commitment, 92.7% - accessibility, and 91.4% - networks) were the leading attributes that made Saccos attractive Savings mobilization vehicles.

5.1.2 Contribution to Education and Training on Loan Utilization.

Education and training of members on proper loan utilization is critical for the survival of the Sacco given that improper utilisation can negatively impact repayment of loans due to defaulting. If the situation deteriorates severely, its can affect Sacco liquidity, hence inability to meet immediate withdrawal demands. Majority (93.7%) of the participants reported that Saccos are keen to train their members on loan utilization as a means of increasing repayment. In addition, majority (84.3%) of the participants reported that Saccos are keen in conducting member training on a yearly basis and that most of the trainings are in form of member information days or seminars for delegates.

Although, majority (92.7%) of the Saccos carry out training, more so to borrowers; opinion is divided as to the extent. Less than half (44.2%) of the participants affirmed that borrowers are trained while the majority (55.8%) disagreed. This finding casts doubt as to whether indeed, borrower training is being carried out. If training were carried out, then, outreach must be inadequate and saccos risk experiencing high defaulting rates considering that their best option of mitigating against defaulting is training borrowers and guarantors, since, they can help in increasing recoveries.

Further, the study found that Sacco members may be lacking a clear understanding of the role of training, especially in the utilization and repayment of loans. This is because borrower training is necessary to mitigate against rampant default. Whereas participants recognise the importance of training on loan utilization; they are nonetheless opposed to being supervised on loan utilisation.

Furthermore, majority (91.7%) of the participants indicated having been trained. This shows that Saccos seem to take training responsibility seriously compared to other financial institutions. This might be due to the fact that education and training is part and parcel of the philosophy that underpins the formation of Saccos. Also, Saccos are people centred rather than capital centred. Mostly, the most common method used for training is the lecture and group discussion methods

5.1.3 Forms of Utilization Sacco Loans

The study found that majority of the borrowers borrow to finance economic activities that include, building of rental houses, purchase of plots, starting a business, and building a living house. Also, normal loans are acquired to purchase assets, pay school fees, finance agribusiness, and pay medical bills as well as pride-price or wedding expenses. Lastly, members acquire emergency loans to finance unforeseen or unexpected happenings such as illnesses, activities that one may not have prepared for their occurrence. On their part, non-Sacco participants indicated majority of them have never acquired a loan from their financial institutions, although, they too offer a wide range of products and services.

5.1.4 Extent of households' use of Sacco Services

The study found that majority of Sacco members prefer Saccos as their savings destination while, banks come a distant second. On their part, majority of the non-Sacco Participants, prefer commercial banks as their savings destination, while Saccos and Chamas both come a distant second. Members source loans from their preferred destination of savings. However, indebtedness, especially when unmanageable, drives borrowers to seek for alternative and more expensive sources.

The problem of indebtedness is exasperated by diversion of loans from the intended purposes. Other reasons include lack of knowledge on how financial institutions work or due to emerging problems. Though with different numbers, non-Sacco member participants follow the same trend with Sacco-member participants on account of difficulties in loan utilization and repayment.

5.2 Conclusions

The findings of this study provide participants' assessment regarding the contribution of Saccos in enhancing household livelihoods among Sacco members in Bungoma, western Kenya. The conclusions were drawn according to the study objectives as follows: -

5.2.1 Factors Making Saccos Attractive Savings Mobilisation Vehicles

The study came to the conclusion that each factor assessed contributes variously to the attractiveness of Saccos as savings mobilisation vehicles. Among the factors assessed, the

study established that commitment, accessibility, and networks were the leading contributors.

5.2.2 Contribution to Education and Training on Loan Utilization.

Member education and training on proper utilization of loans is key to the survival of the Saccos since improper utilisation affects Saccos negatively. The fact that majority of the Saccos are keen to train their members on loan utilization, implies that they are protecting themselves against failure. However, undertaking training on a yearly basis is considered a long duration with a low coverage extent.

Despite Saccos training most members, especially in the utilization and repayment of loans, many have no clear understanding of the role played by training. This is because borrower training is necessary to mitigate against rampant default. Whereas participants recognise the importance of training on loan utilization; they are nonetheless opposed to being supervised on loan utilisation. However, majority of the participants indicated having been trained, evidencing that Saccos are philosophically different from financial institutions seriously in that they are people and not capital based.

5.2.3 Forms of Utilization Sacco Loans

From the outcomes, it is clear that the bulk of the members of the Sacco borrow to finance both economic and social activities in terms of development, normal, and emergency loans. The categories of loans are meant to finance different economic and social activities. On their part, majority of the non-Sacco participants have never acquired a loan

from their financial institutions, although, they too offer a wide range of products and services.

5.2.4 Extent of households' use of Sacco Services

Households of Sacco members utilise Saccos, first as their savings destinations and secondly as their primary source of loans. A similar trend is equally followed by non-members, except that they utilise financial institutions. However, two of the most prominent reasons why members default are over-indebtedness and diversion of loan utilization from the intended purpose. Other reasons for defaulting include lack of knowledge on how financial institutions work or due to emerging problems.

5.3 Recommendations of the study

Arising from the findings and the conclusions reached, the study makes the following recommendations:

5.3.1 Factors Making Saccos Attractive Savings Mobilisation Vehicles

Given that the leading factors making Saccos attractive savings mobilization vehicles were commitment, accessibility, and networks; Sacco leaders and the government should encourage programmes and policies that improve these factors while endeavouring to minimise factors that make Saccos less attractive for savings mobilization.

5.3.2 Contribution to Education and Training on Loan Utilization.

Considering that education and training on proper utilization of loans increases the chances of loanees improving both loan recoveries as well as survival of the Saccos; it is therefore imperative to strengthen education and training by increasing the training frequency to at least half yearly and ensure wide coverage.

The Co-operative University of Kenya, being a premier institution in Co-operative training, should develop a tailor made curricular on members training and develop relevant training materials for the purpose. This will help equip members with basic skills in the governance process, especially in the election of Directors and proper utilization of loans.

5.3.3 Forms of Utilization Sacco Loans

Considering the role played by Saccos, in terms of financing short and long term economic activities; it is therefore, critical to mobilise communities to form Saccos as vehicles for capital formation as well as sources of loans for development.

5.3.4 Extent of households' use of Sacco Services

Although, households use Saccos primarily as savings destinations and their source of loans; the management need to ensure that there is no over-indebtedness and diversion of loan utilization from the intended purpose by designing strategies meant to address such ills.

5.4 Areas for further study

This project assessed the contribution of Saccos in enhancing household livelihoods among Sacco members in Bungoma County. The study results have brought to the fore useful ideas for implementation while at the same time they have highlighted areas that can form the basis of future research. Areas that could be explored for future research could include:

- (a) What is the impact of securing loan repayment on the Saccos liquidity?
- (b) What is the best way of securing loans to mitigate against the impact of non-repayment of loans?
- (c) Does loan utilization superintendence improve repayment?
- (d) How does over-indebtedness influence borrowers' behaviour?

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LIST OF APPENDICES

Appendix A: Study-Questionnaire

Instructions

- a. *Kindly provide accurate and truthful information on the questions below. The researcher promises to treat the information confidentially.*
- b. *Do not write your name or cell phone number anywhere on this questionnaire.*
- c. *Here below please place a tick (✓) against one of the alternative responses provided to indicate your personal information.*

SECTION A: RESPONDENT'S BIO DATA

1. Please indicate your gender: Male() Female()
2. Please indicate your age range
Up to 18 Yrs. () 18-49 () 50-60 () Above 60 Yrs ()
3. Please indicate the highest educational attainment you have achieved
None (...) Primary() secondary () university ()
4. a) Are you currently a member of a Sacco Society?
Yes (...) No (...)
- b) If yes, for how long? _____
- c) What is your membership number? _____
5. If No; have you ever been a member of a Sacco Society
Yes (...) No (...)
6. (a) If yes; what is the name of your Sacco Society?

(b) For how long have you been or were a member? _____

(c) What is/was your membership number? _____
7. How many years have you been a Sacco member?
Less than 5 Yrs () 5-20 () 21-40 () More than 40 Yrs ()

8. Please indicate whether you are the head of your household or not
 Yes (...) No (...)
9. Please indicate what you do for a living
 Employee (...) Self-employed (.....) Farmer (.....)

SECTION B: FACTORS MAKING SACCOS ATTRACTIVE IN SAVINGS MOBILIZATION.

10. If you are currently a member of a Sacco society or you have ever been a member, please indicate the extent to which you agree with the following statements on a scale of 1 – 5; where: - 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; and 1 = Strongly Disagree. [if you are not a Sacco member, please answer questions 11, 12, & 13].

S/No	Factor	1	2	3	4	5
a.	Saccos are more accessible compared to other financial institutions					
b.	Saccos process Loans more easily than other financial institutions					
c.	Sacco require favourable Loan securities that individuals who lack assets to mortgage can afford					
d.	Saccos charge interest on Loans and pay interest on Savings at an economic rate					
e.	Saccos are able to reach out to financially excluded clientele in a country					
f.	Saccos offer simple savings opportunities to people to delay their consumption					
g.	Saccos have networks in close proximity to where their users live					
h.	Saccos are owned, managed, and run by members from the same community.					
i.	Saccos are formed by members who have a commitment to save					
j.	Saccos link the granting of credit to the savings activity					
k.	Saccos have an efficient loan recovery system					
l.	Saccos have innovative products					

18. How would you rate the effectiveness of each method? Please tick
Lecture: Very good;(.....) Good; (...) Fair; Poor (...).

Group discussion: Very good;(.....) Good; (...) Fair; Poor (...).

19. Do you find such trainings useful?

Yes(.....) No(.....)

If yes, briefly state three benefits derived from such trainings

.....

20. In your view, to what level do you concur with the following statements? Indicate the degree of agreement or disagreement with the statements below. (Strongly agree(SA)=5; Agree(A)=4; Neutral(N)=3; Disagree(D)=2; Strongly disagree(SD)=1

Statement	SA	A	N	D	SD
Loan utilization largely depend on the level of Sacco training					
Sacco training should always precede loan approval and disbursement					
Monitoring and evaluation by the Sacco (follow-up) should be part of loan approval and disbursement conditions					
Members should regularly file loan utilization reports with the Sacco					
The next loan should depend on the previous loan utilization report					

21. If currently you are not a member of a Sacco, do you hold a savings account in a financial institution?

Yes (.....) No (....)

22. a) If yes; does the institution organize education and training for clients?

Yes (.....) No (....)

b) Do you participate in such education and training activities?

Yes (.....) No (....)

c) If yes, which method of training is used? Please tick
 Lecture (.....) Group discussion (.....) Other (specify)

23. How would you rate the effectiveness of each of the methods (please tick)

Lecture: Very good (....); Good (....); Fair (....); Poor (....)

Group discussion: Very good (....); Good (....); Fair (....); Poor (....)

24. If yes; how often do financial institutions organize education and training for borrowers?

- (a) Far more often than they do for savers
- (b) More often than they do for Savers
- (c) As often as they do for Savers
- (d) Less often than they do for Savers
- (e) Far less often than they do for Savers

SECTION D: FORMS OF SACCO LOANS'UTILIZATION AT THE HOUSEHOLD LEVEL

[If you are currently a Sacco member, answer questions 25 – 28. However, if you are not a Sacco member, answer questions 29 – 31].

25. (a)How many loan products are offered by your Sacco?

b) Which three loan products do you normally patronise?

(i).....

(ii).....

(iii).....

c) If you are currently a Sacco member, please indicate the type and purpose of the Loan you have received from your Sacco.

S/No	Loan Type	Purpose
1	Normal	
2	School Fees	
3	Emergency	

26. Name three important activities that normal loans fund

(i).....

(ii).....

(iii).....

27. Name three important activities that emergency loans fund

(i).....

(ii).....

(iii).....

28. If you are currently not a Sacco member, please indicate whether you operate an account with a financial institution

Yes (.....) No (....)

29. If yes, indicate whether you have ever been granted a loan by your financial institution

Yes (.....) No (....)

30. If yes, please indicate the type of Loan and purpose for which the Loan was utilised.

No.	Type of Loan	Purpose
(a)		
(b)		
(c)		

SECTION E: EXTENT TO WHICH HOUSEHOLDS USE SACCO SERVICES

31. Which is your most preferred institution for saving your money?

32. Indicate three institutions in order of preference from where you borrow money.

(a) _____

(b) _____

(c) _____

33. How does over-indebtedness influence lender behaviour?

(a) Increases the amounts lent to a borrower

(b) Increases the chances of consolidating lending to a single lender through purchase of outstanding loan

(c) Driving borrowers to more expensive money lenders charging high interest rates and offering short term repayment frequencies with high default penalty.

(d) Others (specify)_____

34. Why do households find it difficult to properly utilise and repay loans?

(a) Lack of financial literacy

(b) Lack of knowledge on how financial institutions work

(c) Due to emerging problems, such as

(d) Others (specify)_____

Appendix B: INTERVIEW SCHEDULE

For Key informants - Sacco managers & Board members

A Factors making Saccos better savings mobilization vehicles

(i) What savings products does your Sacco offer members?

.....
.....
.....

(ii) Which one is the most popular?

.....

(iii) Why is it popular?

.....
.....

(iv) What factors affect savings mobilization?

.....
.....
.....

B Extent to which Saccos contribute to Loans or Credit education and training

(i) Does your Sacco engage in member education and training?

Yes (.....) No ()

(ii) What format does it take?

.....
.....

(iii) How often do you organise member education?

Yearly () Half yearly () Quarterly () Monthly ()

(iv) How do you fund it?

.....
.....

C Forms of Sacco Loans utilization

(i) What Loan products does your Sacco offer members?

.....
.....
(ii) Which one is the most popular?

.....
(iii) Why is it popular?
.....
.....

(iv) What factors affect Loan utilization?
.....
.....
.....

(v) Are there times when loan applications (demand) exceed available funds?

Yes () No ()

(v) If so, how do you bridge the gap?
.....
.....

(vi) What strategy do you employ to ensure that the available funds are distributed fairly to most if not all applicants?
.....
.....
.....

D. Extent to which Households use Sacco services

(i) Which is the predominant occupation do members of your Sacco belong to?
.....

(ii) Approximately how many members of the predominant preoccupation that your Sacco serves live in Bungoma County?

(iii) Out of ten members of the preoccupation, how many obtain services from your Sacco?.....

Appendix C: LIST OF SACCOS IN BUNGOMA COUNTY

S/NO.	NAME OF SACCO
1	2KB SACCO
2	3KM SACCO
3	ACK TONGAREN SACCO
4	ACTIONAID SACCO
5	AGPE MINISTRIES SACCO
6	AKILI NI MALI SACCO
7	ALLIED SMALL SCALE TRADERS SACCO
8	ARISE AND SHINE SACCO
9	B P BUNGOMA SACCO
10	BAKORA TRAVELLERS SACCO
11	BALLON SACCO
12	BASALE SACCO
13	BAWAN SACCO
14	BETHSEDA SACCO
15	BOKOLI CANEROOT RURAL SACCO
16	BOKOLI GIANT SACCO
17	BSR SACCO
18	BUCOCO SACCO
19	BUCOGES SACCO
20	BUKEMBE RURAL SACCO
21	BUMUCO SACCO
22	BUMULA BODABODA SACCO
23	BUMULA CANE GROWERS SACCO
24	BUMULA HUDUMA SACCO
25	BUMULA MAENDELEO YA WANAWAKE SACCO
26	BUMULA MALIGATE RURAL SACCO
27	BUMULA PIKIPIKI SACCO
28	BUMULA SACCO
29	BUNGOM RURAL WORKERS SACCO
30	BUNGOMA AGRIBUSINESS SACCO
31	BUNGOMA BUCOMOT SACCO
32	BUNGOMA BUTCHERS SACCO
33	BUNGOMA CENTURY SACCO
34	BUNGOMA COUNTY ASSEMBLY SACCO
35	BUNGOMA DEFOCA SACCO
36	BUNGOMA GLORY SACCO
37	BUNGOMA HERBAL DOCTORS SACCO
38	BUNGOMA JUA KALI SACCO
39	BUNGOMA MANAMBA SACCO
40	BUNGOMA MATATU OWNERS SACCO
41	BUNGOMA MULTISKILL SACCO
42	BUNGOMA NORTH SACCO
43	BUNGOMA NORTH YOUTH SACCO
44	BUNGOMA PARISH SACCO
45	BUNGOMA PENSIONERS SACCO
46	BUNGOMA RURAL SACCO
47	BUNGOMA SHUTTLE SACCO

48	BUNGOMA SMART PHOTOGRAPHERS SACCO
49	BUNGOMA SUGARCANE OUTGROWERS SACCO
50	BUNGOMA TAX SACCO
51	BUNGOMA TOWN SERVICE SACCO
52	BUNGOMA TOWNSHIP WORKER SACCO
53	BUNGOMA TRANSPORTERS SACCO
54	BUNGOMALINE SACCO
55	BUNOTEST SACCO
56	BUPPTESA SACCO
57	BUSINESS TALK SACCO
58	BUSTAN SACCO
59	BUTOKO SACCO
60	BUYOPOLY SACCO
61	CBCs SACCO
62	CBSM SACCO
63	CHEBTERE SACCO
64	CHEPSCHEKA NYS SACCO
65	CHEPSICHEKA SACCO
66	CHEPYUK POULTRY SACCO
67	CHESAMISI SACCO
68	CHESIKAKI WOMEN SACCO
69	CHETAMBE SACCO
70	CHRISTIAN COMMUNITY SERVICES SACCO
71	CHURCH OF GOD SACCO
72	CHWELE VISION SACCO
73	DI-EM SACCO
74	EKABUCHAI EMPOWERMENT SACCO
75	EKITALE TRAVELLERS SACCO
76	ELGON RURAL SACCO
77	ELGON TEA GROWERS SACCO
78	ELGON UNION STAFF SACCO
79	ELGON WOMEN SACCO
80	ELGON YOUNG PROFESSIONALS SACCO
81	ENGO SACCO
82	FAIRVIEW SACCO
83	FLYING EAGLES SACCO
84	FRIENDS CHURCH SACCO
85	FWABENE RURAL SACCO
86	FWESI SACCO
87	GLORY SACCO
88	GOSSIWA SACCO
89	GRACE COMMUNITY FELLOWSHIP SACCO
90	GUPAG SACCO
91	HAPEX SACCO
92	HEAVY CHEMICALS SACCO
93	HIHGWAY SACCO
94	ICFEM SACCO
95	INTERNATIONAL CHRISTIAN BUNGOMA CHAPTER SACCO
96	IVORY TOWER SACCO
97	IVORY TRAVELLERS SACCO

98	JIVUNIE SACCO
99	JOY WOMEN SACCO
100	KABUCHAI BODA BODA SACCO
101	KABUCHAI HUDUMA SACCO
102	KABUCHAI RURAL DEVELOPMENT SACCO
103	KABULA SACCO
104	KAKAAPPO WOMEN SACCO
105	KAMUKUYWA BODA BODA SACCO
106	KAMUKUYWA WARD MAENDELEO YA WANAKE SACCO
107	KAMUKUYWA WIDOWS SACCO
108	KANDUYI BODA BODA SACCO
109	KANDUYI CORRIDOW SACCO
110	KANDUYI HUDUM SACCO
111	KANDUYI SHUTTLE SACCO
112	KANDUYI WOMEN SACCO
113	KANDUYI YOUNG TRADERS SACCO
114	KAPKAP HUDUMA SACCO
115	KAPKAP NYS SACCO
116	KAPSOKWONY BODA BODA SACCO
117	KAPSOKWONY BUSINESS WOMEN SACCO
118	KAPTAMA HUDUMA SACCO
119	KAPTAMA WOMEN SACCO
120	KATEWO SACCO
121	KHALABA BODA BODA SACCO
122	KHAMULATI RURAL SACCO
123	KHASOKO BODA BODA SACCO
124	KIBABII TRADERS SACCO
125	KIBABII UNIVERSTY SACCO
126	KIBINGEI WARD MAENDELEO YA WANAWAKE SACCO
127	KIBISI RURAL SACCO
128	KIBUK STAFF SACCO
129	KIBUK WARD MAENDELEO YA WANAWAKE SACCO
130	KIDA SACCO
131	KIKAI RURAL SACCO
132	KIMAETI PIKIPIKI SACCO
133	KIMILILI BODA BODA SACCO
134	KIMILILI BUNGOMA DISTRICT YOUTH SACCO
135	KIMILILI BUS PARK SACCO
136	KIMILILI DISTRICT WOMEN SACCO
137	KIMILILI HUDUMA SACCO
138	KIMILILI JUA KALI SACCO
139	KIMILILI LUXURY TRAVELLERS SACCO
140	KIMILILI PAZURI SACCO
141	KIMILILI SEVEN SACCO
142	KIMILILI SUB-COUNTY BODABODA SACCO
143	KIMILILI SUB-COUNTY MUUNGANO SACCO
144	KIMILILI SUB-COUNTY MYWO SACCO
145	KIMILILI SUB-COUNTY UWEZO SACCO
146	KIMILILI SUGARCANE FARMERS RURAL SACCO
147	KIMILILI TRADERS SACCO

148	KIMILILI WARD MAENDELEO YA WANAWAKE SACCO
149	KIMILILI WOMEN SACCO
150	KIMILILI/BUNGOMA TRAVELLERS SACCO
151	KIMISEMBE SKYLIMIT RURAL SACCO
152	KIMUCO SACCO
153	KIMUKHOKO SACCO
154	KIMUNGUMI SACCO
155	KINYIKEWI SACCO
156	KITUNI FIBS SACCO
157	KOPSIRO BODA BODA SACCO
158	KOPSIRO WOMEN SACCO
159	LIBELE SACCO
160	LUCHENDI SACCO
161	LUCHO SACCO
162	LUGULU URAFIKI SACCO
163	LUMACO SACCO
164	LUNAKWE MAMA MBOGA SACCO
165	LUNAO SACCO
166	LUNYU SACCO
167	LUSALWA SACCO
168	LWANDANYI HUDUMA ACCO
169	MACCO SACCO
170	MAENI BODA BODA SACCO
171	MAENI VISIONARY SACCO
172	MAENI WARD MAENDELEO YA WANAWAKE SACCO
173	MAGHARIBI SACCO
174	MAHARAWE SACCO
175	MAKHANGA COFFEE GROWERS RURAL SACCO
176	MAKUNGA BLESSED RURAL SACCO
177	MALABA MALAKISI STAFF SACCO
178	MALAKISI HUDUMA SACCO
179	MALIFINDER RURAL SACCO
180	MALIKI JAWABU RURAL SACCO
181	MASOKO SIRISIA HUDUMA SACCO
182	MATOKO SACCO
183	MATULO BODA BODA SACCO
184	MAVUNO SACCO
185	MAYANJA RURAL SACCO
186	MBAKALO DIVISION WOMEN SACCO
187	MBANATO TRADER SSACCO
188	MBEGU SACCO
189	MILIMA BODA BODA SACCO
190	MILIMA JASHO LAKO SACCO
191	MILO CANE GROWERS SACCO
192	MILUKI RURAL SACCO
193	MINTOH SACCO
194	MISCO SACCO
195	MISIKHU CANE CROP RURAL SACCO
196	MISIKHU RUNDAS SACCO
197	MISIKHU WARD SACCO

198	MT ELGON POULTRY SACCO
199	MT. ELGON HORTICULTURAL SACCO
200	MUGAMBO SACCO
201	MUHOI SACCO
202	MUKUYUNI BODA BODA SACCO
203	MUNGORE SACCO
204	MUSIKOMA BODABODA SACCO
205	MUSIKOMA RURAL SACCO
206	MUUNGANO SACCO
207	MWA RURAL SACCO
208	MYWO BUMULA SACCO
209	MYWO KABUCHAI SACCO
210	MYWO KANDUYI SACCO
211	MYWO KIMILILI SACCO
212	MYWO MT ELGON SACCO
213	MYWO SIRISIA SACCO
214	MYWO TONGAREN SACCO
215	MYWO WEBUYE EAST SACCO
216	MYWO WEBUYE WEST SACCO
217	NACHANGO SACCO
218	NAITIRI DIVISION WOMEN SACCO
219	NAMARAMBII WOMEN SACCO
220	NAMBAMI HORTICULTURAL SACCO
221	NAMILUKWIMA SACCO
222	NAMONO SACCO
223	NAMULUKHWIMA SACCO
224	NAMWELA JUA KALI SACCO
225	NAMWELA WORKERS SACCO
226	NANDAKHAOLA SACCO
227	NASIANDA SACCO
228	NASILWA SACCO
229	NCWK SACCO
230	NDALU DIVISION WOMEN SACCO
231	NDALU TABAN BODABODA SACCO
232	NDIVISI RISE UP
233	NDOANI SACCO
234	NEGEKA SACCO
235	NENYA SACCO
236	NEW CHESIKAKI RURAL SACCO
237	NEW MARIDADI SACCO
238	NEW PANPAPER SACCO
239	NG'ARISHA SACCO
240	NGOZI SACCO
241	NOCCO RURAL SACCO
242	NOCCO STAFF SACCO
243	N-RTUST SACCO
244	NZOIA SACCO
245	ONE ACRE FUND SACCO
246	PAMI SACCO
247	PEFA WEBUYE ELDERS SACCO

248	POTTERS SACCO
249	RADIO SASA SACCO
250	REMUCOS SACCO
251	RISE UP SACCO
252	ROADSTAR SACCO
253	RUANDA SACCO
254	SANG'ALO SACCO
255	SANG'ALO THRIFT SACCO
256	SASURI RURAL SACCO
257	SDACHURCH WESTERN KENYA SACCO
258	SHANGILIA SACCO
259	SIBOTI ENTREPRENUERS SACCO
260	SIBUMBA STAGE BODABODA SACCO
261	SICHEI BODA BODA SACCO
262	SIMANA SACCO
263	SIRISIA BODABODA SACCO
264	SITIKHO RURAL SACCO
265	SOCOFFO SACCO
266	STAWISHA SACCO
267	TANAKA STAFF SACCO
268	TARATIBU SACCO
269	TEAM NAITIRI SACCO
270	TONGAKIM SACCO
271	TONGAREN ANIMAL TRADERS SACCO
272	TONGAREN HUDUMA SACCO
273	TONGAREN MAENDELEO YA WANAWAKE SACCO
274	TONGAREN YOUTH SACCO
275	TRANSCOUNTY WOMEN SACCO
276	UFUNDI JUA KALI SACCO
277	UMALESIA SACCO
278	UMBRELA SACCO
279	UMOJA JUA KALI SACCO
280	VILA SACCO
281	WAMONO JUA KALI SACCO
282	WASHAURI SACCO
283	WEBULINE SACCO
284	WEBUNUME SACCO
285	WEBUYE AMALGAMATED FRIENDS SACCO
286	WEBUYE CANE FARMERS RURAL SACCO
287	WEBUYE EAST BUNGE SACCO
288	WEBUYE SHUTTLE SACCO
289	WEBUYE UFANISHI CHRISTIAN SACCO
290	WEMA SACCO
291	WESKOL EMPLOYEES SACCO
292	WESCO SACCO
293	WEST FARMERS RURAL SACCO
294	WEST TOUR SACCO
295	WESTCANE RURAL SACCO
296	WESTERN INTERLINK SACCO
297	WESTERN LUXURY TRAVELLERS SACCO

298	WESTERN SHARKS SACCO
299	WESTERN TREE GROWERS RURAL SACCO
300	WESTLINE TRAVELLERS SACCO
301	YABOME SACCO
302	ZACO SACCO
303	ZAKSTAR SACCO
304	ZOVENCO SACCO

Appendix D: Research Permit

CONDITIONS

1. The License is valid for the proposed research, research site specified period.
2. Both the Licence and any rights thereunder are non-transferable.
3. Upon request of the Commission, the Licensee shall submit a progress report.
4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.
5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.
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7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.
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REPUBLIC OF KENYA



National Commission for Science,
Technology and Innovation

RESEARCH CLEARANCE
PERMIT

Serial No.A 19703

CONDITIONS: see back page

THIS IS TO CERTIFY THAT:
MR. ANDREW OSORO MAOSA
of UNIVERSITY OF NAIROBI, 0-50204
Kimillili, has been permitted to conduct
research in *Bungoma County*

on the topic: **THE CONTRIBUTION OF
SACCOS IN ENHANCING HOUSEHOLD
LIVELIHOODS AMONG MEMBERS IN
BUNGOMA COUNTY, WESTERN KENYA**

for the period ending:
24th July, 2019

Permit No : NACOSTI/P/18/13093/24070
Date Of Issue : 24th July, 2018
Fee Received : Ksh 1000




.....
Applicant's
Signature


.....
Director General
National Commission for Science,
Technology & Innovation

Appendix E: Map of the Location of Study

BUNGOMA COUNTY

