

**FACTORS INFLUENCING THE FINANCIAL PERFORMANCE OF NYERI  
TEACHERS' SACCO SOCIETY LIMITED, IN NYERI COUNTY, KENYA.**

**BY**  
**MUTHUI CHARLES MUTAHL**

UNIVERSITY OF NAIROBI  
KIKUYU LIBRARY  
P. O. Box 2110  
NAIROBI

**A RESEARCH PROJECT REPORT SUBMITTED IS A PARTIAL  
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE  
DEGREE OF MASTER OF ARTS IN PROJECT PLANNING AND  
MANAGEMENT, OF THE UNIVERSITY OF NAIROBI.**

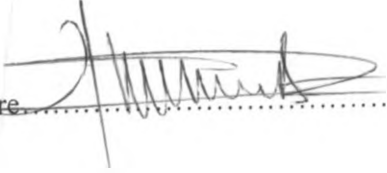
## DECLARATION

This research report is my original work and has not been presented in any University or any other institution of higher learning for the award of any other degree.

Charles M. Muthui

L50/60422/2010

Signature .....



Date .....

06<sup>th</sup> - 08 - 2011

This research report has been submitted for examination with approval, of my University Supervisor.

Dr. Christopher Gakuu

Senior Lecturer, Department of Extra-Mural Studies, University of Nairobi.

Signature .....



Date .....

6/8/2011

## DEDICATION

This work is dedicated with love to the following persons:

My lovely and supportive wife, Mrs. Nancy Mutahi, Our beloved children Jim, Betty, Simon and Damaris and My dear Parents.

## **ACKNOWLEDGEMENT**

Special thanks to my supervisor Dr Christopher Gakuu for the intellectual guidance, encouragement and constructive criticism in a most considerate, organized and timely manner without which this work would not have been a success.

I would like to appreciate my colleagues in the Master of Arts in Project Planning and Management, Nyeri class support, understanding and companionship throughout my studies.

I would also wish to thank the Chief Executive Officer(C.E.O) , the Board of Directors and the staff of Nyeri Teachers' SACCO Society limited for taking time off their very busy schedule to co-operate and provide the information requested in a most sincere and frank manner.

**THANK YOU ALL.**

# TABLE OF CONTENTS

	Page
<b>DECLARATION .....</b>	ii
<b>DEDICATION .....</b>	iii
<b>ACKNOWLEDGEMENT .....</b>	iv
<b>LIST OF FIGURES .....</b>	viii
<b>ABBREVIATIONS AND ACRONYMS .....</b>	ix
<b>CHAPTER ONE .....</b>	1
<b>INTRODUCTION .....</b>	1
1.1 Background of the Study .....	1
1.2 Statement of the Problem .....	3
1.3 Purpose of the Study .....	3
1.4 Objectives of the Study .....	3
1.5 Research Questions .....	3
1.6 Significance of the Study .....	4
1.7 Limitation of the study .....	4
1.8 Delimitation of the study .....	4
1.9 Assumptions Of The Study .....	4
1.10 Definitions of significant Terms .....	5
<b>CHAPTER TWO .....</b>	6
<b>LITERATURE REVIEW .....</b>	6
2.1 Introduction .....	6
2.2 Financial Services In Rural Areas .....	6
2.3 The growth of financial co-operatives sector in Kenya .....	7
2.4 Factors influencing the delivery of financial services in the SACCO .....	8
2.4.1 Influence of the Management Information System (MIS) in relation to provision of financial Services .....	8
2.4.2 Staff motivation in relation to provision of financial Services .....	11
2.4.3 The influence of staff training in provision of financial Services .....	12
2.4.4 Management and Governance in the Provision of financial Services in SACCOs .....	14
2.4.5 Development of new products and services by SACCOs ; .....	15
2.5 Conceptual Framework .....	16
2.6 SUMMARY .....	20
<b>CHAPTER THREE .....</b>	21
<b>RESEARCH METHODOLOGY .....</b>	21
3.1 Introduction .....	21
3.2 Research Design .....	21
3.3 Target Population .....	21
3.4 Sampling Procedure .....	21
3.5 Methods of Data Collection .....	22
3.5.1 Pilot Study .....	22
3.5.2 Instrument Reliability .....	22
3.5.3 Instrument Validity .....	22
3.6 Data Analysis and Presentation .....	23
3.7 Ethical Issues .....	23
<b>CHAPTER FOUR .....</b>	26
<b>DATA PRESENTATION, ANALYSIS AND INTERPRETATION .....</b>	26
4.1 Introduction .....	26
4.2 Questionnaire Return Rate .....	27
4.3 Demographic characteristics of Respondents .....	28
4.4 Financial Performance of Nyeri Teachers' SACCO Society Limited .....	28

4.4.1 Membership of the SACCO .....	28
4.4.2 Loans offered in the SACCO .....	29
4.4.3 The Performance of the SACCO for last 5 years .....	29
4.4.4 SACCO'S Future Prospects. ....	30
4.5 The influence of the use of Management Information System (MIS) on financial performance of Nyeri Teachers' SACCO Society Limited. ....	30
4.5.1 Computer Devices Available in the SACCO .....	30
4.5.2 Revenue set aside for the maintenance and improvement of the ICT in the CCO ;	SA 30
4.5.3 State of the SACCO'S computerized systems. ....	31
4.5.4 Adequacy of the computerized systems.....	31
4.6 Influence of Staff Training on financial performance of the SACCO: .....	31
4.6.1 Attendance of Staff Training .....	32
Table 4.9 Value of Training attended.....	32
4.6.2 Value of Training attended.....	32
4.6.3 Performance rating.....	33
4.7 Influence of staff motivation on financial performance of Nyeri Teachers' SACCO. ....	33
4.7.1 Number of years worked in Nyeri Teachers' SACCO.....	33
4.7.2 Decision making in the SACCO.....	34
4.7.3 Delegation of work and it felt recognized.....	34
4.7.4 Policies for motivating workers and methods used for promotion.....	35
4.8 Influence of development of new products and services on the financial performance of the SACCO.....	36
4.8.1 Number of products and services offered in the FOSA section And their adequacy. ....	36
4.8.2 Performance of the FOSA section for the last five years.....	36
4.8.3 Needs and satisfaction surveys.....	37
4.9 The relationship between the independent variables and dependent variable .....	37
<b>CHAPTER FIVE</b> .....	39
<b>SUMMARY OF FINDINGS, DISCUSSIONS , CONCLUSIONS AND RECOMMENDATIONS.</b> .....	39
5.1 Introduction.....	39
5.2 Summary of the Findings.....	39
5.3 Discussions.....	40
5.4 Conclusion of the study.....	41
5.5 Recommendations.....	42
5.6 Suggested Areas for Further Research.....	43
<b>REFERENCES</b> .....	44
<b>APPENDIX 1: PERMISSION LETTER TO COLLECT DATA</b> .....	47
<b>APPENDIX 2 : INTRODUCTION LETTER</b> .....	48
<b>APPENDIX 3: QUESTIONNAIRE FOR THE CHIEF EXECUTIVE OFFICER [C.E.O ] NYERI TEACHERS' SACCO SOCIETY</b> .....	49
<b>APPENDIX 4 : QUESTIONNAIRE FOR THE EMPLOYEES' OF NYERI TEACHERS' SACCO SOCIETY LIMITED.</b> .....	52
<b>APPENDIX 5 : QUESTIONNAIRE FOR THE BOARD OF DIRECTORS OF NYERI TEACHERS' SACCO SOCIETY LIMITED</b> .....	57
<b>APPENDIX 7</b> .....	62

# LIST OF TABLES

## PAGE

<b>Table 2.1-</b> major providers of training and types of training provided	14
<b>Table 3.2</b> Operationalization Table of Variables	24
<b>Table 4.1</b> Respondents' Questionnaire Return Rate	27
<b>Table 4.2a &amp; b</b> Demographic characteristics of Respondents	28
<b>Table 4.3</b> Types of loans preferred more by members.	29
<b>Table 4.4</b> Number of products and other services offered in the SACCO.	29
<b>Table 4.5</b> Performance of Nyeri Teachers' SACCO for the last 5 years	29
<b>Table 4.6</b> Proportion of the revenue set aside by the SACCO for the Maintenance of the computerized systems.	30
<b>Table 4.7</b> the general state of the computerized systems	31
<b>Table 4.8</b> Adequacy of the Information and Communication Technology (ICT	31
<b>Table 4.9</b> Number of Trainings attended.	32
<b>Table 4.10</b> - Value of the training attended	33
<b>Table 4.11</b> Performance rated latest by the management.	33
<b>Table 4.12</b> Number of years worked in the SACCO.	34
<b>Table 4.13</b> How the decisions are made in the SACCO.	34
<b>Table 4.14</b> Delegation of work by seniors and if felt recognized.	35
<b>Table 4.15</b> specific policies for motivating workers and methods for promotion	35
<b>Table 4.16</b> Number of product and services in FOSA section	36
<b>Table 4.17</b> Adequacy of products and services offered in the FOSA section.	36
<b>Table 4.18</b> the rate of performance of the FOSA section for the last five years.	37
<b>Table 4.19</b> Correlation coefficients for pairs of variables	37

**Figure. 2.1 : Conceptual Framework** on factors influencing the financial performance of Nyeri Teachers' SACCO Society Ltd in Nyeri county.  
.....18



## ABBREVIATIONS AND ACRONYMS

<b>AGM</b>	– Annual General Meeting
<b>AFC</b>	– Agricultural Finance Corporation
<b>ATM</b>	–Automated Teller Machine
<b>BOD</b>	– Board of Directors.
<b>CEO</b>	– Chief Executive Officer.
<b>CB</b>	- Commercial bank
<b>CCS</b>	– Co- operative Credit Scheme
<b>CIC</b>	– Co-operative Insurance Company
<b>ECCS</b>	– Ethics Commission for Co-operative Society
<b>FOSAs</b>	– Front Office Saving Activities
<b>HRM</b>	– Human Resource management
<b>IB</b>	-----Internet Banking
<b>ICT</b>	– Information Coomunicaion Technology
<b>IT</b>	– Information Technology
<b>ICA</b>	– International Co-operative Alliancc.
<b>KUSCCO</b>	– Kenya Union of Savings and credit co-operatives Limited
<b>KERUSSU</b>	– Kenya Rural Saving and credit Co-operative Society
<b>MCIs</b>	-----Micro- Credit Institutions
<b>MFI</b>	– Micro- Finance Institutions
<b>MIS</b>	– Management Information System
<b>MBUs</b>	– Mobile Banking Units
<b>NHIF</b>	--National Hospital Insurance Fund
<b>MoCDM</b>	– Ministry of Co-operative Development and Marketing
<b>PRS</b>	-----Poverty Reduction Strategy
<b>PEAP</b>	– Poverty Eradication Action Plan
<b>PPPs</b>	– Public Private Partnership
<b>SASRA</b>	– Sacco Society Regulatory Authority
<b>SHGs</b>	– Self Help Groups
<b>SACCOs</b>	– Savings And Credit Co-operative Society
<b>SMEs</b>	– Small And Medium enterprises.
<b>TQM</b>	– Total Quality Management
<b>UBSs</b>	– Union Banking Sections
<b>WOCCU</b>	- World Council of credit union

## ABSTRACT

The Kenyan Financial Co-operative (referred to as the savings and credit Co-operatives – SACCO) sector and is by far the largest SACCO sector in Africa. It plays a significant role in Kenya's financial sector. Several of Kenya's largest SACCOs have capital large enough to become banks. In 2005, there were around 2,700 SACCOs with an estimated membership of 2.5 million. The share capital and deposits in SACCOs accounted for over 24% of domestic savings (The World Bank, 2007). By the end of January, 2011 the SACCOs had over 8 million members with an estimated investments of over Kshs. 230 Billion (Daily Nation , Feb- 2011) . In 1990s , most of the SACCOs collapsed due to corruption, infighting for positions and poor management. It was only after the KANU Government was sent home that Some SACCOs started showing up some signs of awakening. The most recent development is the coming up of the Governance and Ethics commission which is already gazetted and its there to ensure that members' contributions are safeguarded.

The study sought to establish the factors that influence the financial performance of Nyeri Teachers' SACCO Society Limited .They are as follows ;To establish how the use of Management information system has enhanced the financial performance of Nyeri Teachers' Sacco Society limited, to assess how staff motivation influence the financial performance of the SACCO , to assess how staff training influence the financial performance of the SACCO , to assess how the development of new products and services influence the financial performance of Nyeri Teachers' SACCO Society limited . The study adopted mixed mode approach. . It targeted one C.E.O , 9 Board of Directors and 25 employees of the SACCO . The data was collected using both open and closed questionnaires and all the 35 respondents targeted responded ( 100%). The collected data was analyzed by the use of Statistical Package for Social Sciences (SPSS) and presented by use of tables and frequencies. The main findings are that the SACCO is growing in terms of membership, the employees performance was rated highly in the latest survey, employees were delegated duties by their seniors and they were found to be motivated and reliable. There was a very strong relationship between the SACCO's performance and the independent variables. The study recommended good accounting and MIS systems, SACCOs still need significant capacity building in different levels , management of SACCOs to make organization flat and the C.E.Os and the top management of the SACCOs should be vetted before they are appointed to their positions .

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

In every economy, both the developed and developing world, various avenues exist for addressing the financial needs or challenges of citizens and households. Banks, for instance have been established with specific aims and objectives (Asiamah, 2007) but ultimately to satisfy the expectations and aspirations of their clients as well as the general public. However, in view of the risks associated with bank finance (Littlefield, 2004) most banks are unable to satisfy these needs of citizens and households in respective countries.

It is for the above reasons that SACCOs (Savings And Credit Co-operative Societies) have been established to reach out to the larger population that could not have access to banking facilities due to lack of requisite collateral security as well as other constraints in spite of the flexible policies operated by SACCOs in an attempt to make funds available to their members with less restrictions most households and Small and Medium Enterprises (SMES) in particular, are unable to access funds adequately for exploitation of their full potentials.

In Uganda, co-operative societies were the beneficiaries of the co-operative credit scheme (CCS). Under this project co-operative societies would borrow from the scheme and pay back a loan after a specified period of time. It should be noted that the performance of the scheme was adversely affected by very poor loan recovery, inefficiency and high management costs which consequently led to under performance or collapse. It was agreed that micro- borrowers were too poor to pay back their loans. It was agreed that more was needed to be done to ensure that all Ugandans move and stay out of poverty.

By then, the current Poverty Eradication Action Plan ( 2004 / 5- 2007/ 8 ) had one of its major strategic points as instituting a micro - finance delivery system relying on savings and credit co-operative organizations made up of individuals.

Kenya also has a large number of informal savings and credit groups with primarily women as members. These are known as, in Kenya, as 'merry-go-rounds'. These groups are primarily self-regulated each group has its own rules on mobilizing, accumulating and using money. As in most countries, Kenya has the ubiquitous money lenders. Interestingly, but they are called shilocks and are very common in rural areas (Argwings, 2004).

The result of the above is due to poverty, unemployment, illiteracy and other social vices. In Kenya, the Government has either instituted or promoted Micro-Credit Institutions (MCIs), as a Poverty Reduction Strategy. The Co-operative Movement has also been identified as a potential means of mobilizing funds for personal, as well as, business development. Over the last decade, several reforms have taken place to enable SACCOS to impact on their members positively (UNICEF, 2001).

Nyeri Teachers' SACCO Limited was registered in 1976 by the Kenya government with a membership of 857 drawn from all teachers of primary, secondary and tertiary institutions within the former greater Nyeri District.

The membership has continued to grow to above 7000. The Nyeri Teachers SACCO Limited was started with an aim of providing members with normal and emergency loans but today it is offering a wide range of financial products and services. The study sought to identify the factors that influence the financial performance of Nyeri Teachers SACCO Society limited in Nyeri County.

## **1.2 Statement of the Problem**

One of the fastest growing sectors of the Kenyan economy over the last decade has been the financial sector. As a result, many new banks have entered the market offering very competitive terms of credit retailing (Graham,2007) . The Micro-Finance Institutions (MFIs) have also adopted very innovative strategies of financial intermediation (Chavez and Jesus, 2006). Despite the stiff competition ,the SACCO movement also continues to record a phenomenal growth in both the number of primary societies as well as membership. This study, therefore , sought to asses the factors that influence the financial performance of Nyeri Teachers' SACCO Society Limited .

## **1.3 Purpose of the Study**

*The purpose of this study was to establish factors that influenced the financial performance of Nyeri Teachers' SACCO Society limited in Nyeri county, Kenya.*

## **1.4 Objectives of the Study**

- 1 To establish how the use of Management Information System (MIS) has enhanced the financial performance of Nyeri Teachers' SACCO Society Limited
- 2 To assess how staff training influenced the financial performance of Nyeri Teachers' SACCO Society Limited
- 3 To establish to what extent staff motivation has influenced the financial performance of Nyeri Teachers' SACCO Society limited
- 4 To assess how the development of new products and services influenced the financial performance of Nyeri Teachers' SACCO Society Limited

## **1.5 Research Questions**

*The study sought to answer the following questions ;*

1. To what extent does the use of Management Information System influence the financial performance of Nyeri Teachers' SACCO Society limited?
2. How does staff training influence the financial performance of Nyeri Teachers' SACCO Society Limited ?
- 3 . How does staff motivation influence the financial performance of Nyeri Teachers' SACCO Society Limited ?
4. To what extent does the new products and services influence the financial performance of Nyeri Teachers' SACCO Society Limited ?

## **1.6 Significance of the Study**

The study is intended to emphasize the view of the researcher that:

SACCOs have tremendous impact on the quality of life of members.

SACCOs are capable and dynamic institutions dedicated to the economic well-being of members.

The habit of thrift Savings and investment could be encouraged in the country.

Government and policy makers on SACCOs will find the study very useful.

Knowledge on savings mobilization and wealth creation will be enhanced.

## **1.7 Limitation of the study**

Some respondents delayed returning questionnaires but fortunately they brought all of them. This was made possible by the researcher who left all the questionnaires with the Chief Executive Officer (C.E.O.) of the SACCO in order to distribute to the Board Of Directors (B.O.D) and the staff and then the researcher to collect them later at an agreed time. All the sections of the questionnaires were duly completed.

Due to C.E.O.s' assistance, the researcher was able to save time and to get information from all the SACCO staff, Board of Directors and the Chief Executive Officer himself.

## **1.8 Delimitation of the study**

This study only covered Nyeri County, since it was the main area of operation of Nyeri Teachers' SACCO Society limited. It concentrated on the use of management information systems(MIS), staff training, staff motivation and development of new products and services that influenced Nyeri Teachers' SACCO Society on financial performance. These factors were likely to be the key factors influencing the provision of financial services in the SACCO.

## **1.9 Assumptions Of The Study**

The study assumed, that the variables used were the key factors influencing operations of Nyeri Teachers' SACCO society limited and they were not to change in the course of the research period. The study also assumed that the respondents would give correct and valid information that would assist in getting valid data. It was also assumed that the questionnaires to be issued would be returned on time and duly completed.

## **1.10 Definitions of significant Terms**

**Collaterals** - some form of property or assets such as equipment, used as a means of securing a loan.

**Financial Performance** –The growth of the SACCO in terms of membership, amount of loans given , dividends/ interests given out to members and SACCO projects .

**Management Information System-** An arrangement that uses the resources of people, hardware ,software, data resources and communication technology in the management of information in the SACCO .

**Human Resource management** – the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization.

**Micro- borrowers** - a potential small micro entrepreneurs and corporate client of the future.

**Micro-finance-** the provision of financial services to low income poor and very poor self employed people

**Staff Training** –The SACCOS utilize other bodies in capacity building among their staff .

**Staff Motivation**-The staff is looking for better ways of doing their jobs .

# CHAPTER TWO

## LITERATURE REVIEW

### 2.1 Introduction

This chapter discussed literature related to the study. It provided a background for understanding current knowledge on the significance of this study through identifying knowledge gaps. It focused on financial services in rural areas. The growth of financial co-operative sector in Kenya. Factors influencing the delivery of financial services in the SACCO and the conceptual framework .

### 2.2 Financial Services In Rural Areas

In 2002 and 2004, two rural household surveys were conducted and they both provided extensive information on credit use in rural Kenya (Kibaara & Betty, 2006). It was noted that only 39% of rural households sought credit in 2004 the demand was mainly for farming (71%) followed by school fees (12% ) and consumption needs (10% ). In the same year, the market share for agricultural credit was dominated by commodity - based credit providers (63 %) followed by SACCO (21%). Money lenders (10%). local traders/input stockist (4 %) and Agricultural Finance Corporation (1% ) , commercial banks and micro finance institutions had less than (1%) of market share each (www.Faulu Kenya .com).

Membership in cooperative and savings and credit groups is very common. Almost 79% of households in Kenya had at least one member in such entities as follows:-

- a) The majority were members in self- help groups (50% )
- b) Followed by producer cooperatives (34% )
- c) SACCOs (13%) and
- d) Multipurpose co-operatives (2.5%)

Savings and credit groups were highly concentrated (over 70%) in low income zones which are generally less attractive to non- bank and bank financial institutions have generally ignored the importance of the SHGs in their own membership strategies (Central Bank of Kenya, 2005).



It is common knowledge that banks and MFIs don't go beyond the district towns. It has been estimated that MFIs do not go beyond or more than twenty five (25) kilometres of the paved road network (hence the term "tarmac MFIs").

When we come to rural SACCOs they are mostly concentrated in the provinces with large areas of major cash crops ( Coffee, Tea, Pyrethrum and Cashew) some of these SACCOs have several branches and Mobile Banking Units ( MBUs ) and serve large areas and clientele ( Kimuyu & Omiti, 2000).

Of late, banks are increasingly re-entering rural areas. The co-operative Bank, in particular is linking up with SACCOs with rural FOSAs, to extend their outreach without the costs of "Brick and Mortar" (Muchungi & Associates, 2004).

These banks are providing them with services which include:-

- 1 Credit lines .
- 2 Saving services.
- 3 ATMs
- 3 Bankers' cheques.
- 4 Money transfer and
- 5 Training.

Another notable financial institution that has of late developed significant outreach in rural areas is the Equity Bank. It uses MBUs to increase outreach in rural areas while it needs 1500 clients to break- even on a MBU most have upto 3000 customers. MBUs contribute 15% of equity bank's overall revenues (The world Bank , 2007) .

## **2.3 The growth of financial co-operatives sector in Kenya**

The first SACCOs were registered in Kenya in 1964 after the country became independent in 1963. In the coming years, several SACCOs based upon common bonds linked to residence occupation and churches were formed. However in 1969 the government required that SACCOs to be strictly based on a secure crop or employment relationship. In this "check- off system". SACCOs received payments directly from employers, processors (co-operatives, parastatals or private companies ) or marketing organization (Mudibo, 2006).

This system ensured that a member's income would have automatic deductions to repay loans and was a significant factor in the development of SACCOs.

In the case of rural SACCOs, the exclusive right to trade for certain crops conferred market co-operatives (monopoly) helped this arrangement.

However urban SACCOs grew at much faster rate than rural SACCOs (Verhagen et al, 1998).

Liberalization of co-operative sector in the 1990's had several impacts as follows:-

- 1) Separation of the union banking sections (UBSs ) and permitting primary societies to obtain services from the market led to serious weakening of the majority of the District Unions.
- 2) Similarly following the removal of exclusive marketing rights (monopoly ), the national commodity co-operatives were seriously weakened because they could not effectively compete in the market.
- 3) Not having their assured "check off system" adversely affected repayment in the rural SACCOs.
- 4) Once the co-operatives society were allowed to obtain services from the market, secondary institutions such as the co-operative bank and the co-operative insurance company which initially exclusively served primary co-operative societies opened up their clientele to individual and businesses.
- 5) Although market liberalization strained the SACCOs structures, it also offered them an opportunity as there were widespread bank failures and banks generally withdrew from rural areas. Several rural SACCOs significantly expanded their networks ( Tegemeo Working Paper, 2006).

## **2.4 Factors influencing the delivery of financial services in the SACCO .**

Under this heading, past knowledge on factors influencing service delivery in the SACCO is discussed with special reference to financial services.

### **2.4.1 Influence of the Management Information System (MIS) in relation to provision of financial Services .**

Management information systems comprise of information system where it is an arrangement that uses the resources of people, hardware, software, data resources and communication technology to perform input processing output, storage and control activities that convert data resources into information products ( Kotler et al, 2006 ), the key components of MIS include:-

1. People resources – specialist and users.

2. hardware – computer and network devices
3. softwares – programmes and procedures
4. Data resources – databases model bases and knowledge bases
5. Information products – management reports, business documents etc

Information system should be considered in terms of their purpose in the organization.

### **Management information systems (MIS )**

These systems provide information in the form of prespecified report and displays to managers and many business professionals. For example, sale managers may use their networked computer and web browsers to get instantaneous displays about the sale result of their products and access their corporate intranet for daily analysis reports that evaluate sales made by salesperson (O'Brien, 2002). Other examples include production performance and cost trend reporting systems:

**Periodic scheduled reports** - This traditional form of providing information to managers uses a prespecified format designed to provide managers with information on a regular basis .Typical examples of such periodic scheduled reports are daily or weekly sales analysis reports and monthly financial statements.

**Exception Reports** - In some cases, reports are produced only when exceptional conditions occurs. In other cases, reports are produced periodically but contain information only about these exceptional conditions. For example, a credit manager can be provided with a report that contains only information on customers who exceed their credit limits exception reporting reduces information overload, instead of overwhelming decision makers with periodic detailed reports of business activity .

**Demand Reports and Responses** - Information is available whenever a manager demands it. For example, Web browser and DBMS query languages and report generators enable managers at PC workstations to get immediate responses or find and obtain customized reports as a result of their requests for the information they need. Thus, managers do not have to wait for periodic reports to arrive as scheduled .

**Push reporting** - Information is pushed to a manager's net worked workstation. Many companies are using web casting software to selectively broadcast reports and specialist over their corporate internets (Landon & Landon, 2006).

## **How information technology can be used to support a firm's competitive Strategies**

Several key strategies that are also implemented with information technology. They are;

- a) Locking in customers, or suppliers,
- b) building switching costs,
- c) raising barriers to entry, and
- d) leveraging investment in information technology.

Investment in information technology can allow a business to lock in customers and suppliers (and lock out competitors) by building valuable new relationships with them. This can deter both customers and suppliers from abandoning a firm for its competitors or intimidating a firm into accepting less- profitable relationship. Early attempts to use information systems technology in these relationships focused on significantly improving the quality of service to customers and suppliers in a firm's distribution, marketing, sales, and service activities. Then businesses moved to more innovative uses of information technology (Williams et al, 2003)

A major emphasis in strategic information system has to find ways to build switching costs into the relationships between a firm and its customers or suppliers. There is dependent on the continued use of innovative, mutually beneficial inter – enterprise information systems. Then, they become reluctant to pay the costs in time, money, effort and inconvenience that it would take to change to company's competitors.

By making investment in information technology to improve its operations or promote innovation, a firm could also erect barriers to entry that would discourage or delay other companies from entering a market. Typically, this happens by increasing the amount of investment or the complexity of the technology required to compete in an industry or a market segment. Such actions would tend to discourage firms already in the industry and deter external firms from entering the industry (Turban et al, 2004).

Investing in information technology enables a firm to build strategic IT capabilities that allow it to take advantage of strategic opportunities when they arise. In many cases, this results when a company invest in advanced computer – based information systems to improve the efficiency of its own business processes. Then, armed with this strategic technology platform, the firm can leverage investment in information technology by developing new products and services that would not be possible without a strong IT capability. An important current example is the development of corporate intranets and extranets by many companies, which enables them to leverage their previous investments in internet browsers, PCs, service and client – server networks. (Tsai, 2003)

Management Information Systems (MIS) are not well developed in most SACCOs. This one is a significant challenge for the sector given that large SACCOs have several thousand customers and a wide variety of products. New products such as microfinance loan and withdrawable savings products require sophisticated cash flow and maturity management. Micro finance loan require staff who can assess credit worthiness of loan applicant and monitor closely repayment of loans issued. They also require loan management systems that allow staff and managers to generate the necessary types of report for proper loan monitoring and recovery management. Most SACCOs have manual or simple spreadsheet- based accounting and MIS system even in the SACCO which have computerized systems, these are not integrated between front and back office ( Central Bureau of Statistics, 2006).

#### **2.4.2 Staff motivation in relation to provision of financial Services**

Human Resource Management (HRM) is a planned approach to managing people effectively for performance. It aims to establish a more open flexible and saving management style so that staff will be motivated, developed and managed in a way that they can and will give their best to support organization's mission ( Sze. 1995). The Human Resource Management Practice is also instrumental in influencing the performance of Nyeri Teachers' SACCO society limited in offering financial services.

Motivation is a process that starts with a physiological or psychological deficiency or a need that activates behaviour or a drive that is aimed at a goal or incentive (Okumbe, 1998). It is an internal process that energizes, direct and sustains behaviour. It is the personal force that causes one to behave in a particular way. Motivation can also be defined as the willingness to exert highly levels of effort to achieve organizational goals conditioned by the ability to satisfy some individual needs.

According to, (Hony and Miskel, 1978), motivation involves the complex forces, incentive, needs, tensions and other mechanisms that start and maintain voluntary activity for the attainment of personal aims from the foregoing conclusion there are three key elements in motivation ie effort, organizational goals and needs. There are three motivation components that benefit both the individual and the organization. These components are that motivated staff is always looking for better ways of doing

their jobs they are concerned about quality and; they are more productive than apathetic employees.

The working environment should have clear, modern and adequate tools and equipment. Studies have also shown that there is an increase in workers jobs motivation when they have friendly and supportive co- workers and an immediate supervisor who understands , friendly and showing personal interests in the employees ( Koontz et al, 2004).

The study sought to find out the nature of work conditions in Nyeri Tachers SACCO Society Limited and if the conditions contribute to employees' motivation or not.

### **2.4.3 The influence of staff training in provision of financial Services:**

We have the two SACCO Unions, ie KUSCCO and KERUSSU, both provide training and consulting services department. KERUSSU relies heavily on managers from well - functioning SACCOs for most of its training. Both unions , offer international training opportunities through their international partners. SACCOs usually have to pay market price or at least payments that cover the costs of trainings. KUSCCO has very limited access to donor funds for training. This however results in only the small proportion of large SACCOs affording most training.

The progressive SACCOs are using partnerships with service providers, including the co-operative Bank to strengthen their technical capacity in areas such as international remittances, ATMs, internet banking, loans and accounts management systems (Central Bank of Kenya, 2006).

SACCO boards and staff also learn from each other by visiting more progressive SACCOs who already pioneered a new product or service such as microfinance loans or new loan management software. For example, a number of progressive SACCOs are planning to use the same loan management system developed on a software company for Baringo Teachers SACCO.

One source of training that the SACCOs seem to be underutilizing is the training institutions in the microfinance sector micro- save Kenya ([www.microsave.com](http://www.microsave.com)), is a good example of such institutions.

There are also some donor funded training activities. WOCCU is planning to work directly with a small group of progressive SACCOs to help them modernize their management systems. The Swedish co-operative center is also supporting a training project through the co-op Bank to provide training .

The table below lists other major providers of training and the types of training provided by them.

**Table 2.1- major providers of training and types of training provided**

<b>Resources Organization</b>	<b>Type of training</b>
Co-operative college of Kenya	Medium and long term training for the co-operative sector and the ministry of co-operative personnel. Typically, short term (one week ) courses
Co-operative bank of Kenya	The coop bank has a subsidiary company that conducts trainings focused on banking services, including setting up <i>of front office operations.</i>
Co-operative insurance company (CIC) of Kenya	CIC provides education and training to board member and members of co-operatives on insurance matters.
Co-operative development information centre	Provides training to co-operatives on information technology.
Kenya national federation of co-operatives	The apex national co-operative provides general training on co-operatives matters.
Strathmore college	The college has courses for board members and staff of co-operatives.
Consultancy firms and service providers	Several consultancy firms and service providers provide trainings on area useful to co-operatives such as <i>information technology, money transfer, etc.</i>
Ministry of Co-operative Development.	The ministry conducts training on and ad-hoc basis due to government budgetary constraints.
MicroSave	Provide a variety of courses on microfinance

Source: Author's compilation.

#### **2.4.4 Management and Governance in the Provision of financial Services in SACCOs.**

Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected organizational aims (Koontz et al, 2004). According to Peter Drucker (1999), management is the art and science of co-ordinating the work of people, equipment, materials, cost and time to complete a project on time and within budget. This implies that putting the appropriate resources together and in the right combinations in order to accomplish tasks and projects in respect of time, budget and scope.

According to Mintzberg (1971), managers perform the basic roles which fall into three categories namely information, interpersonal and decisional. Mintzberg's classification of the role of management describes the managers as a monitor, disseminator, spokesperson, figurehead leader, liaison entrepreneur, disturbance handler, resource allocator and negotiator.

The AGM is a SACCOs highest decision making body while in the smaller SACCOs all members are expected to attend the AGM. Larger ones use a delegate system. In the delegated system the geographic area is specified by the SACCO it maybe the province, district or county or smaller geographic area. The AGM elects the management board, approving interests and dividend rates and reviews the audit reports. However most of the decisions are made by management boards. The management boards are elected during the SACCOs AGM. The typical number of members in the management boards is nine, while most SACCO boards are voluntary, some provide honoraria to board members to participate in board meetings.

Governance in Kenyan SACCOs is typically weak because of the management board system and the general lack of policies and procedures. As was previously discussed the management boards system result in the absence of clear division between the role of the board and management needed for effective functioning of organizations. It results in decision making particularly in credit approvals and often are the causes for corruption. The skyscrapers in Nairobi and even some districts, which have rocked significant amount of SACCO resources in non-earning assets are also typical example of poor decision making by the management boards (GOK, 1997).



Lastly, board membership in SACCOs being seen as a stepping stone into politics this causes membership often being occupied by individuals not necessarily interested in enhancing Members' interests. This is particularly in the large rural and urban SACCOs (The World Bank, 2007).

This study sought to find out how Nyeri Teachers' SACCO society limited embraces the application and influence of the management practice in the provision of financial services as outlined by (Mintzerberg, 1971), the type of organization structure in place. It will also try to establish the extent to which Nyeri Teachers SACCO limited embraces the principles of Total Quality Management (TQM) ( AusAID, 2000).

#### **2.4.5 Development of new products and services by SACCOs ;**

SACCOs with FOSAs offer much broader range of services to broader clientele. Deposit services offered typically include business accounts, savings account and fixed deposits. Loan services include school fees loans, advances and personal loans to salaried members advances (for example, to dairy farmers and tea outgrowers) and loans to farmers and revolving credit to business clients microfinance loans (often through groups), and development loans to buy equipment, land, building etc. An innovative loan product offered by some SACCOs (Cent SACCO, Kisumu is one of the main pioneers in the market day loan. These loans are for just a couple of days to allow market women to purchase and sell items. Some SACCOs also provide housing loans to members through KUSCCO Housing Fund and loans for solar panels, Water tanks and bio gas, (Muhota, 2008).

Other services offered typically by SACCO with FOSAs are sale of bankers cheques, cheque cashing services, money transfer, safe custody of documents and pay point where members can receive their salary, pensions, or crop payments. Some SACCOs operate ATMs and mobile banking services. For example, Kericho Tea Growers Sacco offers mobile banking services in nine different localities. ATMs are either owned by the SACCOs or operated in partnership with banks such as co-operative bank.

Some rural SACCOs also make payments on behalf of the Government programs such as the Poverty Eradication Commission (PEC) and National Hospital Insurance Fund (NHIF).

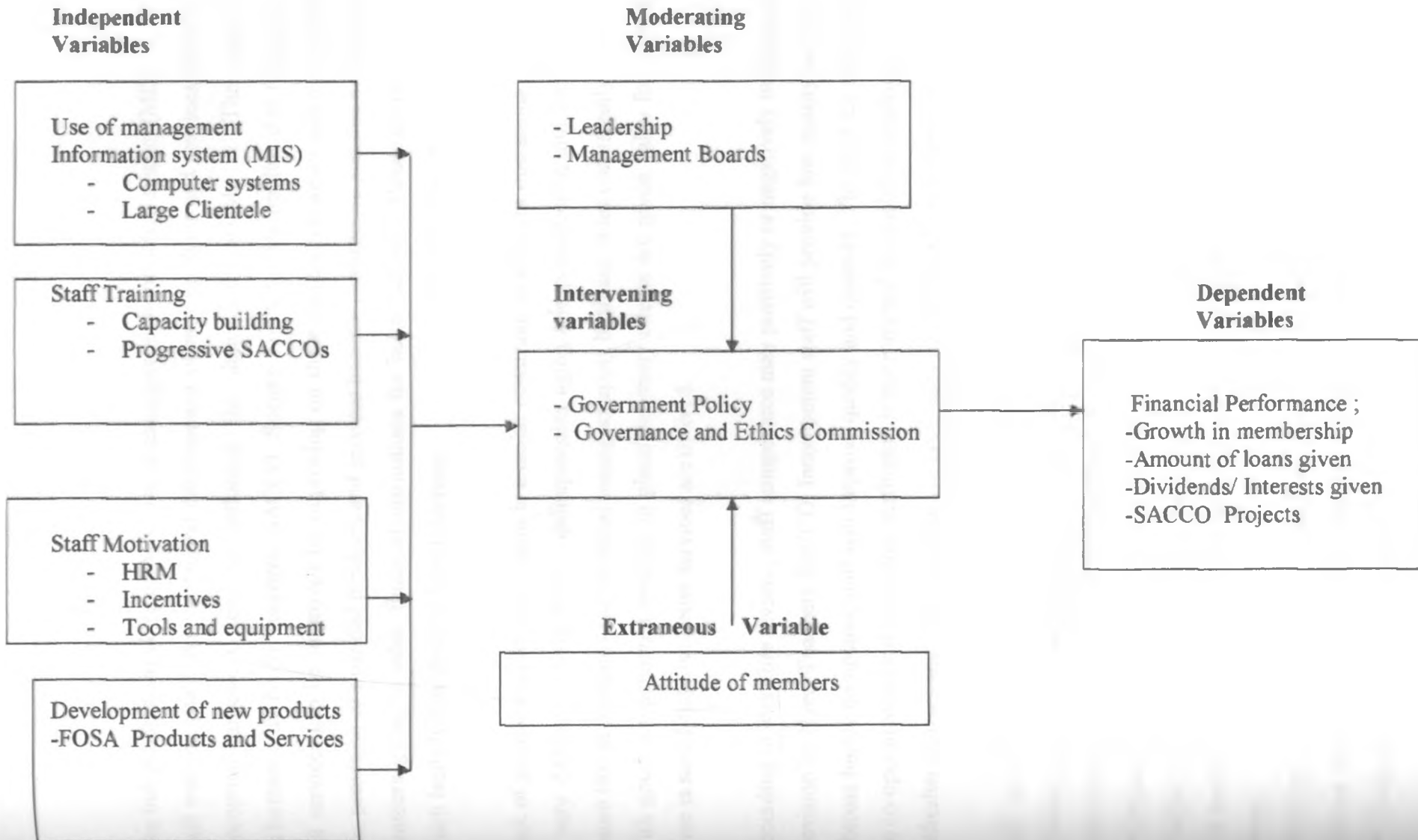
Progressive SACCOs have a customer care staff members responsible for explaining products and services to members, and for resolving minor problems (Graham, 2007).

The study ought to find how FOSAs influence the performance of Nyeri Teachers SACCO Society in provision of financial services.

## **2.5 Conceptual Framework**

The following is a conceptual framework for factors that influence the financial performance of Nyeri Teachers' SACCO Society Limited , Nyeri County-Kenya .

**Fig 2.1 A Conceptual Framework on factors influencing the financial performance of Nyeri Teachers' SACCO Society Limited.**



The independent variables namely, use of management information system (MIS) staff training ,staff motivation and development of new products and services according to the conceptual framework tend to influence the dependent variable ie. The good financial performance by Nyeri Teachers' SACCO Society Limited. This implies that financial products and services can be improved by improving on these factors. However when these factors are low, provision of financial products and services become unattractive and this may result to some members going to other financial institutions for better services .Hence,decreased investments which leads to low dividends and interests .

Lack of good computerized system is a major constraint in efficient operations. In its absence, it is very difficult to track loan – delinquencies aging and provisioning and loan write-offs, and ensure that accountants and financial managers apply business rules consistently. With good computerized systems in place the many clients are given value for their money ie. Time is saved and also better services are offered.

According to literature review , staff competence may positively or negatively influence service provision by Nyeri Teachers SACCO. Incompetent staff will provide low quality services whereas highly competent staff will improve quality and quantity. The need for staff training by the co-operative bank or any other institution is instrumental in moulding employees competence. Refresher courses and excursion tours to progressive SACCOs can also come in handy.

Staff motivation may positively or negatively influence the financial performance of Nyeri Teachers SACCO. Lowly motivated staff will provide poor services whereas highly motivated ones will improve or offer valuable services.

Sometimes ago most SACCOs used to offer only services to its members. For instance Nyeri Teachers' SACCO used to cater or serve its members who were only teachers .

The teachers, who were members, had their main savings product being only non- withdrawable shares .

SACCOs with FOSAs offer a much broader range of services to broader clientele and such services include: deposit services which typically include business accounts, savings accounts and fixed deposit and many others.

## 2.6 SUMMARY

According to the conceptual framework, there were other factors that the researcher captured such as attitude of members , leadership and government policy.

On the government policy, the government has established The Governance and Ethics Commission to ensure that the members' contributions are safeguarded. The formation of this commission was necessitated by the fact that some SACCOs collapsed due to corruption, infighting for positions and poor management. The government came up with this commission due to the critical role that is played by the co-operative movement which has registered membership of more than eight million people who have more than Kshs 230 billion in form of Savings ( Muchungi & Associates , 2004 ) .

# CHAPTER THREE

## RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter presents the research design and methodology that was used in gathering information for purpose of completing the study. This is done in terms of introduction, research design, target population, sampling procedure, methods of data collection, methods of data analysis and presentations and the operationalization of variables .

### 3.2 Research Design

The study adopted a mixed mode approach , using descriptive survey design, which comprised of both qualitative and quantitative, to assess factors influencing the financial performance of Nyeri Teachers SACCO Society Limited.

This type of design was quite appropriate for gathering information, summarizing, presenting and interpreting it for the purpose of clarification (Orodho, 2002). The descriptive survey design was one of the most commonly used methods of descriptive research in behavioural Sciences. It enabled the researcher to gather data from a relatively large number of cases at a particular time (Mugenda and Mugenda 1999). The method was quite appropriate for the study because it assisted the researcher to collect information on factors influencing Nyeri Teachers' SACCO performance in provision of financial services to its members.

### 3.3 Target Population

The target population for the study comprised of the Chief Executive Officer (C.E.O.) , the 9 Board of Directors , and 25 employees of Nyeri Teachers' SACCO Society Limited who work in the Head Office -Nyeri and Karatina Branch .

### 3.4 Sampling Procedure

Since the target population was small ,then compiling a sampling frame was meaningless .The researcher took the whole population to be put under study .The target population comprised of one C.E.O , 9 Board Of Directors and 25 employees of Nyeri Teachers' SACCO Society Ltd. (Mugenda and Mugenda ,2003 ) .

## **3.5 Methods of Data Collection**

The researcher collected data using closed and open-ended questionnaires. These questionnaires were administered by the researcher to the respondents on a drop and collect later basis. Because of its descriptive nature, the use of the technique was more economical and providing a safe basis for generalization (Kothari, 2004). There were two sets of questionnaires whereby one was administered to the C.E.O. and Board members while the other to the staff.

### **3.5.1 Pilot Study**

A pilot study was carried out to test the reliability and validity of the questionnaire. This was done to ensure that any irrelevant question items in the instrument were removed. 10 respondents of the target population were given questionnaire so that the right information was obtained. This helped to rectify any inadequacies on time before actual collection of data, thus reduced biases. The questionnaire was tested by administering it to a sub sample of 10 respondents. It was pre-tested by administering another sub sample of 10 respondents ..

### **3.5.2 Instrument Reliability**

Important items of the questionnaire were selected and administered to a group of individuals with similar characteristics as the actual sample. The test was repeated after one week. The Pearson's Product Moment Formula of Correlation was used to compute the correlation of the results of the two tests. A correlation coefficient of 0.7 was acceptable. This was because it had indicated 70% effective and therefore acceptable. The objective was to establish if the instrument was consistent and stable in measuring what was intended to measure. It was also used to establish the appropriateness and meaningfulness of inferences, conclusions and decisions made on the basis of the tests scores to what the study intended to achieve.

### **3.5.3 Instrument Validity**

The instrument validity was measured by content validity. This ensured that the measures include an adequate and representative set of items that tap the dimension and elements of concepts under study. The researcher gave to the supervisor and requested him to assess what concept the instrument was trying to measure and determine whether the set of items accurately represents the concept under study.

### **3.6 Data Analysis and Presentation**

The raw data collected was first processed. This included editing of data to detect errors and omissions and correct where possible. This involved a careful scrutiny of the completed questionnaires to ensure that the data is accurate, consistent with all facts gathered and uniformly entered.

Secondly, the researcher coded the data for efficiency and in order to reduce the several replies to a small number of classes.

Thirdly, the data was classified on the basis of common characteristics and attributes. After the mass of raw data had been assembled, it was tabulated in form of statistical tables in order to allow further analysis. This in turn facilitated the summation and detection of errors and omissions. The data was then analyzed by use of descriptive statistics, which included measures of normal distribution. This was facilitated by use of computer software for statistical analysis which is Statistical Package for Social Sciences (SPSS). For qualitative data, use of content analysis to identify patterns, themes and biases was applied.

Finally, the data was stored in soft and hard copies and presented by use of frequency tables.

### **3.7 Ethical Issues**

Before undertaking the research in the field an informal concept was obtained from the respondents, this allowed the subjects to participate on voluntary basis. The aims and objectives of the research was explained and expounded properly by the researcher, before and after undertaking the research as this would help in attaining an informed consent from the subjects (respondents). The researcher assured the respondents that he would maintain confidentiality at all times .



**Table 3.2 Operationalization Table of Variables**

VARIABLES	INDICATORS	MEASUREMENT SCALE	ANALYSIS
<u><b>INDEPENDENT VARIABLES</b></u>  1. To establish how the use of Management Information System (MIS) has enhanced the financial performance of Nyeri Teachers SACCO.	-Number of computers available. -Amount of money allocated	-Ratio  -Nominal	Descriptive use of measure of central tendency(Mean, Mode and Median).
2. To assess the role of training among the Staff in Provision of financial services by Nyeri Teachers SACCO Society Limited.	-Employment grades . -Number of refresher courses attended.	-Ordinal  -Odinal	-Descriptive
3 To establish the extent to which staff motivation influences the financial performance of Nyeri Teachers SACCO Society Limited .	-Number of leaves given.  -Amount of money allocated	-Nominal  -Ratio	-Descriptive
4 To assess how the development of new products and services influence the financial performance of Nyeri Teachers' SACCO Society Limited .	-Types of accounts offered  -Amount of money loaned .	-Nominal  -Ratio	Descriptive

<p><b><u>DEPENDENT VARIABLE</u></b></p> <p>Financial Performance</p>	<p>-Number of members -Dividend / Interest rates given. -Number of SACCO Projects</p>	<p>-Nominal  -Ratio</p>	<p>-Descriptive</p>
<p><b><u>Moderating</u></b> Leadership and Governance</p> <p><b><u>Intervening</u></b> Government Policy</p> <p><b><u>Extraneous Variable</u></b> Attitude of members</p>			

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

This chapter presents findings from the data collected from the chief Executive officer (C.E.O), Board of Directors and the employees of Nyeri Teachers' SACCO, Society Limited. The data was interpreted according to the research questions. The analysis was done through descriptive statistics and the findings of the study were presented in form of tables and their implications discussed. The relationship between dependent and independent variables is discussed.

The Chief Executive Officer's and the Board of Directors' questionnaires were used to collect data on the financial performance of Nyeri Teachers SACCO Society Limited while employees' questionnaires were used to collect data on use of management information systems (MIS) , staff training, staff motivation and development of new products and services.

The sections that follow in this chapter contains the following sub-headings:

1. Questionnaire return rate.
2. Demographic characteristics of respondents.
3. The financial performance of Nyeri Teachers' SACCO Society Limited.
4. Management information system. (MIS)
5. Employees' Training.
6. Staff motivation and
7. Development of new products and services.

## 4.2 Questionnaire Return Rate.

**Table 4.1 Respondents' Questionnaire Return Rate**

Category of Respondents	Questionnaires issued	Questionnaires Returned	Percentages (%)
Chief Executive Officer	1	1	100
Board of Directors	9	9	100
SACCO employees	25	25	100
TOTAL	35	35	100

Table 4.1 shows the questionnaire return rate. The various respondents were 35 and all the questionnaires were returned. All the questions in the questionnaires were answered giving a response rate of 100%. The rate was attributed to the fact that the questionnaires were constructed in a method that was easy to understand and respond.

On the other hand, the researcher used the Chief Executive Officer (C.E.O) of Nyeri Teachers' SACCO Society Limited to distribute and collect questionnaires on his behalf which were then collected at an agreed date.

## 4.3 Demographic characteristics of Respondents

Table 4.2a

Age	Gender		Percent
	male	female	
18-29	2	0	5.7
30-39	4	8	34.2
40-49	11	7	51.4
50-60	3	0	8.6
Total	20	15	100

Table 4.2 shows that 20 of the respondents were males while 15 were females. In terms of age 51.4% were aged between 40 and 49 years and 39.9% were aged between 18 and 39 years while 8.6% of the respondents were aged between 50 and 60 years.

Table 4.2b

Education	Gender		percent
	male	female	
Primary	0	0	0
Secondary	0	0	0
Tertiary/College	19	13	91.4
University	2	1	8.6
Total	21	14	100

Table 4.2b shows that 91.4% of the respondents attended Tertiary/Colleges while 8.6% went up to the University. This implies that they could easily comprehend the questionnaire and respond appropriately.

## 4.4 Financial Performance of Nyeri Teachers' SACCO Society Limited.

The financial performance of the SACCO was determined by administering some questionnaires to the Chief Executive officer(C.E.O), Board of Directors of Nyeri Teachers' SACCO to fill.

The indicators used by the researcher to measure the financial performance were; Types of loans offered, membership of the SACCO, dividend or interest rates offered and the SACCO projects.

### 4.4.1 Membership of the SACCO

All the respondents (100%) concluded that the SACCO has been recruiting members even from other sectors of the economy apart from teaching.

The other people from other sectors (who are not teachers) These members include health members private sectors workers and NGO workers. As at 31<sup>st</sup> December 2010 the SACCO had a total number of members registered as 7213. The teachers who were members of the SACCO were 6510 while other member from the Health, private and NGO sectors comprise of 703. This is a clear indication that is to why the membership of the SACCO is rising every year. For instance in the year 2008, there were 6231 members, in the year 2009 there were 6907 members and in the year 2010 there were 7213 members.

#### 4.4.2 Loans offered in the SACCO

**Table 4.3 Types of loans preferred more by members.**

	Frequency	Percent
Normal loans	9	90
School Fees loans	1	10
Total	10	100

Table 4.3 shows that 90% of the respondents pointed out that Normal loans are most preferred loans by members while school fees loans follow with only 10 %. This indicates that members can obtain more funds and pay them at a longer period through normal loans while school fees are obtained and paid within or less than one year.

**Table 4.4 Number of products and other services offered in the SACCO.**

	Frequency	Percent
12	7	70
13	3	30
	10	100

Table 4.4 shows that the respondents (70%) indicated that there are other products & services offered by the SACCO apart from normal loans and school fees loans . The mean number of products and services offered by the SACCO are 12.

#### 4.4.3 The Performance of the SACCO for last 5 years .

**Table 4.5 Performance of Nyeri Teachers' SACCO for the last 5 years**

	Frequency	Percent	Cummulative
Very Good	10	100	100

Table 4.6 shows that all the respondents, 100% rated Nyeri Teachers' SACCO performance as very good.

**4.4.4 SACCO'S Future Prospects.**

All the respondents (100%) said that the SACCO has some future prospects that include; constructing their own office block to ease congestion, to enhance security and install Automated Teller Machines (A.T.M.).  
The respondents (100%) also strongly agreed that the future projects will be sustainable.

**4.5 The influence of the use of Management Information System (MIS) on financial performance of Nyeri Teachers' SACCO Society Limited.**

The researcher used the following variables such as: the availability of computer devices, revenue set aside for the improvement and maintenance of the Information and Communication Technology (ICT), the general state of ICT infrastructure in the SACCO and their adequacy in offering financial services.

**4.5.1 Computer Devices Available in the SACCO ;**

All the respondents (100%) who comprised of the SACCO's employees concurred that there were 25 computers which have facilitated effective and efficient financial services to the SACCO members and customers

**4.5.2 Revenue set aside for the maintenance and improvement of the ICT in the SACCO ;**

**Table 4.6 Proportion of the revenue set aside by the SACCO for the maintenance of the computerized systems.**

	Frequency	Percent
0-20%	22	88
21-40%	2	8
No response	1	4
TOTAL	25	100

Table 4.6 shows that 88% of the respondents (SACCO employers) said that the SACCO set aside revenue of between (0-20%) while 8% said that the SACCO sets aside

revenue of between (21-40%) for the maintenance of the computerized systems in the SACCO.

### 4.5.3 State of the SACCO'S computerized systems.

**Table 4.7 The general state of the computerized systems**

	Frequency	Percent
Excellent	8	32
Good	15	60
Average	2	8
TOTAL	25	100

Table 4.7 indicates that 92% of the respondents (SACCO employees) did agree that the computerized systems in the SACCO are generally in good condition to offer financial services and also to do other online businesses.

### 4.5.4 Adequacy of the computerized systems

**Table 4.8 Adequacy of the Information and Communication Technology (ICT)**

	Frequency	percent
Strongly agree	8	40
Agree	15	56
Disagree	2	4
TOTAL	25	100

Table 4.8 indicates that 96% of the respondents(SACCO employees) did agree that the information and Communication Technology infrastructure was adequate in offering financial services to the SACCO'S clients while 4% of the respondents said that they were inadequate.

## 4.6 Influence of Staff Training on financial performance of the SACCO:

The researcher used the following variables to gauge the extent to which staff training influences the financial performance of the SACCO ; in attendance of the training, value of the trainings and how performance was rated after training.



## 4.6.1 Attendance of Staff Training

**Table 4.9 Value of Training attended**

Table 4.9 indicates that 48% of the respondents(SACCO employees) have had attended 3 trainings while 4% of the respondents had attended the least i.e 2 trainings.

Frequency	Percent	
2	1	4
3	12	48
4	2	8
5	2	8
No response	8	32
TOTAL	25	100

## 4.6.2 Value of Training attended

**Table 4.10 - Value of the training attended**

Table 4.10 shows that 68% of the respondents said that the trainings they had attended were good for the day to day running of the SACCO.

	Frequency	Percent
Excellent	10	40
Good	7	28
Fairly Good	3	12
No response	5	20
Total	25	100

### 4.6.3 Performance rating.

**Table 4.11 Performance rated latest by the management.**

Table 4.11 indicates that 100% of the respondents were rated highly in the latest survey by the management after attending several or more trainings and workshops

	Frequency	Percent
Very High	12	48
High	13	52
Total	25	100

## 4.7 Influence of staff motivation on financial performance of Nyeri Teachers' SACCO.

The researcher used the following variables to establish the extent to which staff Motivation influenced the financial performance of Nyeri Teachers' SACCO ; in number of years worked, how decisions are made, delegation of work, policies of motivating workers and methods of promotion.

### 4.7.1 Number of years worked in Nyeri Teachers' SACCO.

**Table 4.12 Number of years worked in the SACCO.**

Years	Frequency	Percent
1 ---5	3	12
6----10	14	56
11---15	6	24
16----20	1	4
Over 20	1	4
TOTAL	25	100

Table 4.12 indicates that 56% of the respondents have worked for the SACCO between (6-10yrs) while 8% of the respondents have worked for the SACCO more than 16yrs and above.

4.7.2 Decision making in the SACCO.

Table 4.13 How the decisions are made in the SACCO.

	Frequency	Percent
Participatory	24	96
No response	1	4
Total	25	100

Table 4.13 indicates that 96% of the respondents confirmed that decision making is participatory while 4% of the respondents never responded.

4.7.3 Delegation of work and it felt recognized.

Table 4.14a Delegation of work by seniors and if felt recognized.

Table 4.14a

	Frequency Of being delegated work	
	Frequency	Percent
Always	8	32
Mostly	14	56
Seldom	2	8
No response	1	4
Total	25	100

Table 4.14a indicates that 56% of the respondents were mostly delegated work by their seniors and 32% were always delegated work most of the times.

Table 4.14b

If feeling recognized.		
	Frequency	Percent
Yes	25	10
No	0	0
Total	25	100

Table 4.14b and table 4.14b show the two groups make a total of 88%. This has a positive relationship with the number that said that they were always recognized which is 100%. Being delegated work makes employers feel recognized.

#### 4.7.4 Policies for motivating workers and methods used for promotion.

Table 4.15a & b specific policies for motivating workers and methods for promotion.

Policies meant For motivation		
	Frequency	percent
Yes	25	100
No	0	0
TOTAL	25	100

UNIVERSITY OF WATSON  
KIKUYU LIBRARY  
P.O. Box 3012  
NAIROBI

Table 4.15a shows that 100% of the respondents said that there are well laid down policies for motivation of workers. This has a positive relationship with the methods that are used to promote workers in the SACCO.

Table 4.15b

Methods used for promotion		
	Frequency	Percent
Level of education	12	48
Performance	2	8
Experience	1	4
All	5	20
Others	5	20
TOTAL	25	100

Table 4.15b shows that the respondents (48%) noted that the level of education tops the list among others, as one of the method used to promote the employees while other respondents (1%) considered experience as the least factor in promotion of staff.

## 4.8 Influence of development of new products and services on the financial performance of the SACCO.

To measure the extent to which the development of new products and services influences the financial performance of the SACCO, the researcher used products and services offered in the FOSA section and customer needs and satisfaction surveys.

### 4.8.1 Number of products and services offered in the FOSA section And their adequacy.

**Table 4.16** Number of product and services in FOSA section.

	Frequency	Percent
6-10	7	28
11-15	12	48
16-20	2	8
No response	4	16
TOTAL	25	100

Table 4.16 indicates that more than 48% of the respondents have noted that there were more than eleven products and services offered in the FOSA Section .

**Table 4.17** Adequacy of products and services offered in the FOSA section.

	Frequency	Percent
Yes	25	100
No	0	0
TOTAL	25	100

Table 4.17 shows that all the respondents (100%) agreed that all the products and services offered in the FOSA section are adequate in meeting customers' expectations.

### 4.8.2 Performance of the FOSA section for the last five years.

**Table 4.18** the rate of performance of the FOSA section for the last five years.

	Frequency	Percent
Very High	12	48
High	12	48
Average	1	4
TOTAL	25	100

Table 4.18 indicates that 96% of the respondents rated the performance of the FOSA section in offering financial services as high while 4% of them noted it as moderate.

4.8.3 Needs and satisfaction surveys.

100% of the respondents (SACCO employees )said that the SACCO conducts needs and satisfaction survey on quarterly basis. This has made the SACCO to live to the expectations of the SACCO members and its customers.

4.9 The relationship between the independent variables and dependent variable

In the table below the first column shows correlation coefficient between independent variables and dependent variable.

The others show correlation between independent variables.

Table 4.19 Correlation coefficients for pairs of variables (N=35)

	(1)	(2)	(3)	(4)
1. Financial Performance				
2. Use of management Information system (MIS)	0.6857*			
3. Staff training	0.8677*	0.6638*		
4. Staff motivation	0.8677*	0.3331*	0.5463*	
5. Development of New products	0.8727*	0.5850*	0.6198*	0.3801*

Note\* Spearman’s moment correlation is significant at 0.05 level (2-tailed)

Table 4.19 indicates the following:  
The correlation co-efficient of 0.5195\* between independent variables ( use of MIS) and the financial performance of the SACCO indicates that there is moderate relationship between the use of MIS and the financial performance of the SACCO under the study.  
The correlation co-efficient of 0.6857\* between staff training and financial performance indicates that there is moderate relationship between staff training and the financial performance of the SACCO.  
The correlation co-efficient of 0.8677\* between staff motivation and the financial performance of the SACCO shows that there is a high relationship between the two variables.

There is a correlation co-efficient of **0.8727\*** between the development of new products and services and the financial performance and the relationship is high between them.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSIONS , CONCLUSIONS AND RECOMMENDATIONS.**

#### **5.1 Introduction.**

The purpose of this chapter was to represent the summary of the discussions, findings, conclusions and recommendations emanating from the results of the study. The study aimed at coming up with specific data on factors influencing the financial performance of Nyeri Teachers' SACCO Society Limited, in Nyeri County.

The study sought to establish how the use of management information system (MIS), staff motivation, staff training and the development of new products and services influenced the financial performance of Nyeri Teachers' SACCO Society Limited, in Nyeri County.

#### **5.2 Summary of the Findings**

The findings are based on the objectives of the study which are ; the influence of the use of management information system (MIS), staff training, staff motivation and the development of new products and services on the financial performance of Nyeri Teachers' SACCO Society Limited. Results on the financial performance of the SACCO were based on the responses of the Chief Executive Officer (C.E.O) and the Board of Directors (B.O.D) .

Results indicated that the SACCO is growing in membership after allowing other employees from other sectors of public service and private sector to join Nyeri Teachers' SACCO. It was noted that normal loan was one of the products of the SACCO and also the most attractive to the members while school fees loans followed in the list.

The performance of the SACCO was rated as very good and this has attracted more members to join the SACCO. It was also noted that the SACCO had made a significant impact on the standard of living of its members.

On the extent to which the use of management information system (MIS) influence the financial performance , the results revealed that there is good computerized systems, the SACCO has a maintenance fund for the computerized systems and the systems are integrated between front and back office. The systems are adequate in offering the financial services to the customers.



In relation to the influence of staff training on financial performance the results revealed that there is continuous staff training employees were ready and willing to perform challenging tasks and the employees' performance was rated high in the latest survey by the management. This indicated that staff competence positively influenced financial services provision by the SACCO.

Regarding the influence of staff motivation on financial performance, the results indicated that decision making is participatory, employees felt recognized in their current position, junior employees were delegated duties by their seniors, while there were specific policies for motivating employees and promotion policy was clearly defined. This indicated that the Nyeri Teachers' SACCO employees are highly motivated to offer better services to the members and customers.

About the influence of development of new products and services on financial performances of the SACCO, the study revealed that many more products and services are offered in the FOSA section, the performance of the FOSA Section was highly rated and the SACCO continuously conducts needs and satisfaction surveys of their customers. With the development of new and more products, the SACCO has done a lot to come up with other products that met the needs and the expectations of their members and customers and therefore the SACCO has been able to maintain its members from hoping to other financial institutions.

### 5.3 Discussions.

The researcher achieved the objectives of the study by establishing those factors that influence the financial performance of Nyeri Teachers' SACCO society Limited as follow:

The use of management information system (MIS), staff training, staff motivation and the development of new products and services in relation to provision of financial services.

On the use of management information system (MIS), the results were that there was a good computerized system in the SACCO that has enabled it to offer effective and efficient financial services. According to the literature reviews, Information and Communication Technology (ICT) has been a challenge to many SACCOs as they require heavy financial implications during their installation (O'Brien, 2002). 88% of the respondents i.e the SACCO employees agreed that the SACCO sets aside some revenue of between (0-20%) to maintain the ICT.

There was positive correlation coefficient of 0.5195\* between the use of management information system (MIS) and the financial performance of the SACCO. The implication is that the use of ICT is quite critical in the running of financial operations of the SACCO and so all the operations should be computerized.

On staff training, 100% of the respondents (SACCO employees) were rated highly in the latest survey by the management after attending several or more trainings and workshops. During the study, a positive correlation coefficient of 0.6857\* between staff training and the financial performance of the SACCO was established. This

implied that significant capacity building is a necessity and therefore should be continuous in order to enhance the knowledge and skills that are needed by the SACCO in delivering the financial services to the members and customers.

On staff motivation the study found out that 96% of the respondents (SACCO employees) agreed that making of decisions is participatory, 100% of the SACCO employee concurred that there are well laid down policies for motivating the SACCO employees. In the literature review, motivation is defined as the willingness to exert highly levels of effort to achieve organizational goals and conditioned by the ability to satisfy some individual needs (Okumbe, 1998). During the study, a correlation coefficient of 0.8677\* between staff motivation and the financial performance of the SACCO was noted and this implied that there was a strong positive relationship between staff motivation and the good financial performance of the SACCO.

With the development of new products and services by the SACCO, through FOSA, they offer much broader range of products and services to broader clientele who include SACCO members, SACCO employees and other customers (Muhota 2008). During the research, the correlation coefficient of 0.8727\* between the development of the new products and the financial performance of the SACCO was established. This implied that there is a strong positive relationship between the development of new products and the good financial performance of the SACCO. Also during the study, 100% of the respondents (SACCO employees) concurred that the SACCO, through the FOSA conducts needs and satisfaction surveys on quarterly basis. This helps the SACCO to diversify their products and services and therefore cater for diversified needs and expectations of their members and customers.

## 5.4 Conclusion of the study.

Based on the findings of this study the following conclusions were made:

Performance of Nyeri Teachers' SACCO Society Limited in provision of financial services is efficient; there was a very positive relationship between the good performance and the good management information systems (MIS) already put in place, there is continuous staff training, high levels of employees motivation and a wide range of products and services offered in the FOSA Section which have attracted both members and non-members of the SACCO.

The SACCO embraced the use of management information systems (MIS) so that the SACCO could serve the several thousand clients in a very efficient way. There were adequate computer devices to be used by the staff and the manager to generate the necessary types of reports for proper loan monitoring and recovery management, part of the revenue of the SACCO was set aside for maintenance of computerized systems and the general state of the computerized systems was good .

On staff motivation, the study found out that the staff was highly motivated. The high level of motivation was attributed to being recognized in their current position, involvement in decision making process which was participatory, being delegated work by their seniors, presence of specific policies for motivating the employees and a clear guideline on promotion.

The study established that with the development of new products and services by the SACCO in the FOSA Section, more customers were coming for those products and services. The membership of the SACCO was going up.

The performance of the FOSA Section was highly rated and this has made the SACCO “a one stop shop” for both members and non-members.

The SACCO has also been able to conduct needs and satisfaction surveys from their customers.

The SACCO, through the FOSA, has mobilized a lot of resources which in turn has made it possible to offer long term and short term loan facilities to the customers. Hence, the SACCO has grown in terms of share capital and therefore need to invest the surplus capital wisely for the benefit of the SACCO members and customers.

On staff training, the study found out that the staff had attended several trainings and workshops and they highly valued those trainings. These trainings offered opportunities for skills and professional training. These trainings enabled the staff to be ready and willing to perform challenging tasks and the staff performance was rated highly by the management.

## **5.5 Recommendations.**

On the basis of the results of this study, the following recommendations are made:

1. Good accounting and MIS Systems will greatly enhance the ability of SACCO boards and management to efficiently manage SACCO finances. SACCOs should choose from among the set of integrated IT Systems that have been assessed by KUSCCO and recommended by them.
2. SACCOs still need significant capacity building in different levels- Boards of Directors (BOD), staff and members. This is particularly true in rural areas where the educational levels are generally lower than in urban areas.
3. SACCOs should regularly carry out customer satisfaction surveys in order to gauge their level of satisfaction and their needs. This would make the SACCOs improve on service delivery which makes customers get satisfied.
4. Employees of SACCOs should strive to be seen as reliable by customers. This can be strengthened by performance contracting and clear guidelines on the quality of services. This improves customers' confidence in the SACCO.
5. Management of SACCOs should endeavour to make their structures flat. This has the effect of increasing efficiency by easing communication, the decision making process and co-ordination.
6. On the issue of management and governance, the C.E.Os and the top management of the SACCOs should be vetted before they are appointed to their positions so that they are cleared of any wrong doing and hence improve transparency and accountability in

SACCOs. Vetting can be done by an independent body set up by the government in consultation with the KUSCCO.

## **5.6 Suggested Areas for Further Research.**

The study sought to find out factors influencing the financial performance of Nyeri Teachers' SACCO Society Limited in Nyeri County. It focused on the use of management information systems (MIS) , staff training, staff motivation and the development of new products and services. On the basis of this study , the following areas are recommended for further studies.

- 1) The extent to which the county government influences the financial performance of SACCOs.
- 2) The extent to which SACCOs influence the public private partnership in the development of infrastructure.
- 3) The influence of SACCOs in the provision of mortgages services.
- 4) The influence of corporate governance in the management of SACCOs .
- 5) The extent to which SACCOs influence the share performance in the Nairobi stock exchange( NSE ) market.

## REFERENCES

Asiamah, J.A (2007 ) *Note on Microfinance in Ghana*.

Alok M. (Dec . 2000), *Recovery Blues, Treasury Management* pp 46-49.

AusAID (2000). *Good Governance, Guiding principles for implementation*.  
Canberra, Commonwealth of Australia, ISBN; 0 642 449457

Berthoud . R. and Hinton, T., (1989). *Credit Unions in the United Kingdom*, Policy  
Studies Institute, Printer Publishers Limited (UK).

Bryson, J.M., (1989) . *Strategic Planning for Public and Non- Profit Organisations* .  
Jossey- Bass publishers.

Chambers R.J. (1967). *Financial Management*. United Kingdom, Law Book  
Company. ISBN: 0 455 12480 9.

Consultative Group to Assist the Poorest (CGAP). *Focus Note*. 24, 2003.

Chandara P. (2002). *Projects: Planning, Analysis, Financing, Implementation and  
Review*. New Delhi, Tata- Mc Graw Hill.

Croteau. J.T. (1956) . *The Federal credit union; Policy and Practice*. University of Norte  
Dame, Harper & Brothers Publishers, New York, 180 pages.

Cochran W.G. (1977). *Sampling techniques, 3<sup>rd</sup> Edition*. New York, JohnWiley &  
Sons Inc .

Cole G. (1979). *Management Theory and Practice*. Lodon, Continuum. ISBN  
1 84480-095-4.

Central Bank of Kenya (2005). *Financial Institutions Supervision Annual Report  
2004*. Nairobi, Kenya.

Central Bank of Kenya (2005). *Annual Report 2005*". Nairobi, Kenya

- Central Bank of Kenya (2006). "*Monthly Economic Review*". Nairobi, Kenya. June 2006 .
- Central Bank of Kenya (2006). "*Prudential Guidelines for Institutions Licensed under the Banking Act.*" Nairobi, Kenya. March 2006.
- Central Bureau of Statistics.(2005). "*Statistical Abstract 2005.*" Ministry of Planning and National Development. Nairobi, Kenya.
- Chavez, R. Jesus (2006). *Impact Analysis of the SACCO regulatory Framework.* WOCCU .
- Demming W.E. (1986). *Out of the Crisis.* MIT Press.
- Drucker P. (1999). *Management Challenges for the 21<sup>st</sup> Century.* Harper Business. ISBN 0887309984.
- Economic Times & CMIE, (Dec. 2000), *Special Presentation Copy pp. 45-46.*
- Fackler, Martin (2008-10-23), "*Trouble Without Borders*". The New York Times.
- George C . & Mayur S . (Sept 2000), *As Good As it Gets, Money & Banking,* The Economic Times pp. 7
- Golden Jubilee Brochure Published by CUA Limited.
- GOK, (2003). *Economic Recovery Strategies for Wealth and Employment Creation .* Nairobi; Government Printers.
- Group From Global Financial Crisis, (July 1999), *Asian Development Bank Some Aspects & Issues relating to NPAs in Publications.*
- G. O .K . (1997). "*Cooperatives in a Liberalized Economic Environment*". Session Paper No. 6. Nairobi, Kenya. June 1997.
- Hulme, D. and Mosley P. (1996). *Finance Against Poverty.* Lodon, UK: Routledge.
- Hamel, Gary, (2002), *Leading the Revolution,* Plume-Penguin Books/New York.
- Hubbard, D and Bolles, D (2007) . *The Power of Enterprises Wide Project Management .* Amacom, USA.
- Hamel G. and Prahalad, C . (1994). *Competing for the Future.* Havard Business School Press.
- Kothari, (1990) . *Research Methodology Methods and Techniques, 2<sup>nd</sup> Ed,* Wishwa Prakasshan, New Delhi.

- Kenya National Federation of Co-operatives (2000). " *Role of Kenyan Co-operatives in Promoting Poverty Reduction*." November 2000. Nairobi, Kenya.
- Koontz H. and Weihrich H. (2004). *Management*. McGraw Hill .
- Kibaara & Betty . (2006 ). " *Tegemeo Rural Financial Services in Kenya: What is Working and why .* " ? Working Paper 25. Nairobi, Kenya.
- Kimuyu, P., and Omiti , J . (2000). " *Institutional Impediments to Access to Credit by Micro and Small Scale Enterprises in Kenya .* " Institute of Policy Analysis and Research. Nairobi, Kenya.
- Landale, (2006), *Advanced Techniques fo Training and Development, 1<sup>st</sup> Ed*, Gower UK .
- Law S. H and . Bany-A . (2008). *Institutional Infrastructure and Economic Performance: Dynamic Panel Data Evidence*. [www.springerlink.com](http://www.springerlink.com) accessed on 22nd February, 2010.
- Littlefield, E. and Rosenberg, R. (2004), *Microfinance and the Poor*.
- Mintzberg H. (1971). *Managerial Work; Analysis form Observation*. MCGill University.
- Mugenda O.M. and A.G Mugenda (1999). *Research Methods, Quantitative and Qualitative Approaches*. Nairobi, Acts Press.
- Muchungi and Associates (2004). " *Impact Study Ndege Chai SACCO Society Ltd.* " Ministry Cooperative Development and Marketing Nairobi, Kenya. December 2004 .
- Mudibo, E. (2006). " *The Importance of SACCO Regulation and Supervision.... Case of Regulatory Reforms in Kenya.* " Nairobi, Kenya. Otober 6 ,2006.
- Tsai ,H (2003 ) *Information Technology and Business Processing Reenginerring* . Greenwood Publishing .
- Tansley , D ( 2003 ) *Business Information Technology and Society* ,Routledge .
- Wilson D. (1995): Residential Loss Severity in California: 1992 to 1995, Journal of Fixed Income . .
- Williams ,B .K and Sawyer ,S .C.( 2003 ) ; *Using Information Technology ;A Practical Introduction to computer and communications*( Tata McGraw-Hill Publishing Co.Ltd. New Delhi.

# APPENDIX 1: PERMISSION LETTER TO COLLECT DATA



UNIVERSITY OF NAIROBI  
COLLEGE OF EDUCATION AND EXTERNAL STUDIES  
SCHOOL OF CONTINUING AND DISTANCE EDUCATION  
DEPARTMENT OF EXTRA MURAL STUDIES  
P O Box 598 - NYERI Tel: 001-2030458

10 May 2011

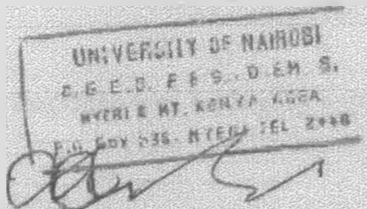
TO WHOM IT MAY CONCERN

SUBJECT : AUTHORITY TO COLLECT DATA  
MUTHUI CHARLES MUTAHI - REG.NO L50/00422/2010

This is to confirm that the above named is a bona fide student of University of Nairobi pursuing a Master of Arts Degree in Project Planning and Management - in the School of Continuing and Distance Education - Department of Extra Mural Studies at Nyeri Extra Mural Centre.

He has completed course work and is currently writing the Research Project which is a requirement for the award of the Masters Degree.

Any assistance accorded to him will be highly appreciated.



Dr. L. Otieno - Omutoko  
RESIDENT LECTURER  
NYERI & MT. KENYA REGION



## **APPENDIX 2 : INTRODUCTION LETTER**

CHARLES M. MUTHUI

P.O. BOX 36-20301

MIHARATI

28<sup>TH</sup> FEB 2011

### **TO WHOM IT MAY CONCERN:**

Dear Respondents,

#### **RE: FILLING OF RESEARCH QUESTIONNAIRE**

I am a student of university of Nairobi pursuing a Master of Arts Degree in Project Planning and Management. I am currently undertaking a research on the factors influencing the financial performance of Nyeri Teachers SACCO Society in Nyeri County.

The questionnaires attached are meant for collecting information which will assist in the study.

Kindly complete the questionnaire as honestly as possible. All the information you give will be held in utmost confidence and will not be used for any other purpose except for this study.

Your positive response will be highly appreciated.

*Yours Sincerely,*

Charles M. Muthui.

**RESEARCHER**

# APPENDIX 3: QUESTIONNAIRE FOR THE CHIEF EXECUTIVE OFFICER [C.E.O ] NYERI TEACHERS' SACCO SOCIETY LIMITED ;

Answers to these questions will be used for academic purpose only:

PLEASE tick [ ✓ ] where applicable;

## SECTION A; BIO DATA

1. Gender :

Male	[   ]
Female	[   ]

2. Age: 18-29	[   ]
30 – 39	[   ]
40 – 49	[   ]
50 - 60	[   ]

3. Marital status:

Single	[   ]
Married	[   ]
Widowed	[   ]

Others (specify)\_\_\_\_\_

4. Educational level: Indicate the highest level of education

Primary	[   ]
Secondary	[   ]
Tertiary/College	[   ]
University	[   ]

Others

(Specify)\_\_\_\_\_

5. Job Designation

## SECTION B: FINANCIAL PERFORMANCE OF NYERI TEACHERS' SACCO.

6. How many members are registered with this SACCO? \_\_\_\_\_

7. (a) Does the SACCO accommodate other members from other sectors besides teachers?

Yes	[   ]
No	[   ]

(b) Yes, who are more in terms of membership?

Teachers	[   ]
Civil Servants	[   ]
Private Sector	[   ]
NGO workers	[   ]

Others ( Specify) \_\_\_\_\_

8. How many products and services are offered in this SACCO? \_\_\_\_\_

9. Which type of loan is more preferred by members?

Normal loans	[   ]
School fees loans	[   ]
Emergency loans	[   ]
Fosa pride loans	[   ]

Others

(Specify) \_\_\_\_\_

10. How would you classify the rate of interests' charged for the products and services offered in this SACCO?

Low Interest	[   ]
Average Interest	[   ]
High Interest	[   ]
Very High Interest	[   ]

11. How will you rate the performance of this SACCO for the last five years?

Below Average	[   ]
Average	[   ]
Good	[   ]
Very Good	[   ]

12. SACCOs have a significant impact on the standard of living of their members?

Strongly Agree	[	]
Agree	[	]
Disagree	[	]
Don't Know	[	]

13. (a) Does the SACCO has future prospects?

Yes	[	]
No	[	]

(b) If yes in number 13 (a), will they be sustainable in future?

Strongly Agree	[	]
Agree	[	]
Disagree	[	]
Don't Know	[	]

**THANK YOU VERY MUCH FOR YOUR CO-OPERATION.**

**APPENDIX 4 : QUESTIONNAIRE FOR THE EMPLOYEES' OF  
NYERI TEACHERS' SACCO SOCIETY LIMITED.**

Answers to these questions will be used for academic purpose only.

PLEASE tick [ ✓ ] where applicable.

**SECTION A: BIO DATA**

**1. Gender :**

- Male [    ]
- Female [    ]

**2. Age :**

- 18 – 29 [    ]
- 30 – 39 [    ]
- 40 – 49 [    ]
- 50 – 60 [    ]

**3. Marital Status :**

- Single [    ]
- Married [    ]
- Widowed [    ]

Others ( \_\_\_\_\_  
Specify)\_\_\_\_\_

**4. Educational level: Indicate the Highest.**

- Primary [    ]
- Secondary [    ]
- Tertiary/College [    ]
- University [    ]

Others

(Specify) \_\_\_\_\_

5. Job

Designation \_\_\_\_\_

## SECTION B: MANAGEMENT INFORMATION SYSTEM (MIS)

6. How many computer devices are there in Nyeri Teachers SACCO to help in offering financial services? \_\_\_\_\_

7. What proportion of the revenue of the SACCO is used for maintenance of computerized system?

0 – 20% [    ]

21 – 40% [    ]

41 – 60 [    ]

61 – 80% [    ]

81 – 100% [    ]

8. What is the general state of this SACCO's computerized systems?

Excellent [    ]

Good [    ]

Average [    ]

Below Average [    ]

9. In your opinion, do you agree that the computerized systems are adequate to offer financial services?

Strongly Agree [    ]

Agree [    ]

Disagree [    ]

Don't Know [    ]

### SECTION C: EMPLOYEES' TRAINING.

10. Have you attended any training since you joined Nyeri teachers SACCO?

Yes [    ]

No [    ]

11. If yes, in number 10 above, how many? \_\_\_\_\_

12. How do you value the training or trainings that you have attended?

Excellent [    ]

Good [    ]

Fairy Good [    ]

Poor [    ]

13. How was your performance rated in this latest survey by the management?

Very High [    ]

High [    ]

Average [    ]

Below average [    ]

**SECTION D: STAFF MOTIVATION.**

14. How long have you worked for Nyeri Teachers'

SACCO? \_\_\_\_\_

15. How are decisions made in Nyeri Teachers' SACCO?

Participatory [    ]

Autocratic (dictatorial) [    ]

People make their own decisions & Implement [    ]

Others

(Specify) \_\_\_\_\_

16. Do you feel recognized in your current position?

Yes [    ]

No [    ]

17. How often are you delegated work by your seniors?

Always [    ]

Mostly [    ]

Seldom [    ]

Never [    ]

18. Are there any specific policies for motivating workers?

Yes [    ]

No [    ]

19. What is the most commonly used method of promotion?

Level of education [    ]

Performance [    ]

Experience [    ]



Others

(Specify) \_\_\_\_\_

**SECTION E: DEVELOPMENT OF NEW PRODUCTS AND SERVICES.**

20. How many products and services that are offered in the FOSA Section?

\_\_\_\_\_

21. Are the products and services offered in the FOSA Section adequate?

Yes [    ]

No [    ]

22. How do you rate the performance of the FOSA Section for the last five years?

Very High [    ]

High [    ]

Average [    ]

Below Average [    ]

23. How often does Nyeri Teachers SACCO conduct another needs and satisfaction surveys?

Monthly [    ]

Quarterly [    ]

Half yearly [    ]

Annually [    ]

Other (Specify) \_\_\_\_\_

**THANK YOU VERY MUCH FOR YOUR CO-OPERATION.**

**APPENDIX 5 : QUESTIONNAIRE FOR THE BOARD OF  
DIRECTORS OF NYERI TEACHERS' SACCO SOCIETY LIMITED**

;

Answers to these questions will be used for academic purpose only:

**PLEASE** tick [ ✓ ] where applicable;

**SECTION A; BIO DATA**

1. Gender :

Male [    ]

Female [    ]

2. Age: 18-29 [    ]

30 – 39 [    ]

40 – 49 [    ]

50 - 60 [    ]

3. Marital status:

Single [    ]

Married [    ]

Widowed [    ]

Others (specify)\_\_\_\_\_

4. Educational level: Indicate the highest level of education

Primary [    ]

Secondary [    ]

Tertiary/College [    ]

University [    ]

Others

(Specify) \_\_\_\_\_

5. Job Designation

\_\_\_\_\_

**SECTION B: FINANCIAL PERFORMANCE OF NYERI TEACHERS' SACCO.**

6. How many members are registered with this  
SACCO? \_\_\_\_\_

7. (a) Does the SACCO accommodate other members from other sectors besides  
teachers?

Yes [    ]

No [    ]

(b) Yes, who are more in terms of membership?

Teachers [    ]

Civil Servants [    ]

Private Sector [    ]

NGO workers [    ]

Others ( Specify) \_\_\_\_\_

8. How many products and services are offered in this SACCO? \_\_\_\_\_

9. Which type of loan is more preferred by members?

Normal loans [    ]

School fees loans [    ]

Emergency loans [    ]

Fosa pride loans [    ]

Others

(Specify) \_\_\_\_\_

10. How would you classify the rate of interests' charged for the products and services offered in this SACCO?

Low Interest [    ]

Average Interest [    ]

High Interest [    ]

Very High Interest [    ]

11. How will you rate the performance of this SACCO for the last five years?

Below Average [    ]

Average [    ]

Good [    ]

Very Good [    ]

12. SACCOs have a significant impact on the standard of living of their members?

Strongly Agree [    ]

Agree [    ]

Disagree [    ]

Don't Know [    ]

13. (a) Does the SACCO has future prospects?

Yes [    ]

No [    ]

(b) If yes in number 13 (a), will they be sustainable in future?

Strongly Agree [    ]

Agree [    ]

Disagree [    ]

Don't Know [    ]

**THANK YOU VERY MUCH FOR YOUR CO-OPERATION.**