

Influence of financial management practices on performance of microcredit self help groups, in Tetu District, Central Province, Kenya

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Abstract:

Availability of finance does not mean performance, which calls for proper financial management if organizations have to survive. According to Sokomani(2006), lack of sound financial management practices provides fertile ground for corruption which reduces the performance of all types of organizations. The study objective was to determine the extent to which the financial management practices influence the performance of microcredit self help groups in Tetu District while the purpose of the study was to investigate the extent to which the financial management practices influence the performance of Microcredit self help groups in Tetu District, with a view to recommending on how best to improve their performance. Descriptive survey design was used and a sample of 30 micro credit self help groups selected through proportional allocation whereby the method of stratified random sampling followed by simple random sampling was used to select the members from the sub-location to ensure that all sub-locations were fairly represented in the sample. The chairs, secretaries and treasurers of the sampled groups formed the study respondents. Data collection method included questionnaires with both closed and open ended questions, observation and interviews. The study findings disclosed that most of the groups in Tetu District did not maintain proper books of accounts which leads to poor planning resulting to low achievement of financial targets. As a result, the study recommended that the Microcredit Self Help Groups be trained in Financial Management, more so in proper maintenance of financial records and book keeping