

**THE EFFECT OF DIVIDEND POLICY ON MEMBER'S SAVINGS IN
SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN NAIROBI
COUNTY**

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DECLARATION

I the undersigned declare that this research project is my original work and has not been presented for the award of a degree or academic credit in any other institution or university.

Signed _____ Date _____

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

Sign _____ Date _____

Mr. Joseph Barasa

DEDICATION

This research project is dedicated to my beloved wife Sclar Kavuu who offered unconditional sacrifice and support during the course of the entire MBA programme and especially during project period. Special dedication go to my children Ann, Carolyne, James, Jane and Joseph who always remained my source of joy, inspiration and desire to excel academically. I am humbled to have you.

Honor and glory I give back to Almighty God, my helper and redeemer.

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The grace of God has been exceedingly sufficient throughout my study and I would like to thank the Almighty God for His love, guidance and protection.

ABSTRACT

For the SACCO to maintain and continue serving members as expected in their objectives, like any other company they are required to raise capital for investment. Members' deposits are accumulated and saved as funds for extending credit to the members. The objective was to establish the effect of dividend policy on member's savings in Savings and Credit Cooperative Societies in Nairobi County. A descriptive research design was employed in this study in order to evaluate the effects of dividend payment rate and how it impacts on savings and investment within SACCOs. The target population was SACCOs operating within Nairobi County which according to Nairobi County Annual Report (2011) there are 1102 licensed Saccos. This study therefore focused on thirty (30) SACCOs which have been licensed by the ministry of Industrial and Enterprise Development. The sample design was random sampling. Secondary data was collected using the financial statements of the SACCOs sampled for the last five years. Correlation between the variables also was calculated. This analysis was conducted using the linear regression analysis. Regression model was used to establish the causal relationship between two variables, that is, a dependent (Sacco savings) and independent variables (dividend policy) and growth in membership. The study concluded that SACCO's savings have grown and increased due to dividend policy for the period under the study. The study also concluded that dividend policy led to increase in dividend yields of the SACCOs and had also improved while membership growth had also increased over the period under the study which increased Sacco's capitalization. The study concludes that there existed strong and negative correlation between dividend yield and SACCOs Savings .This was because increase in dividend yield led to increase in dividend payout in cash which negatively affected SACCOs Saving level. Further study concluded that there existed a significant strong positive correlation between Sacco's membership growth and SACCO Savings' as increase in membership increased Sacco's capitalization. The study further concluded that there was significant positive relationship between membership growth and SACCOs Savings as a unit increase in membership growth would lead to increase in SACCOs Saving. The study concluded that growth of savings and credit co-operative societies in Kenya were greatly affected by increasing dividend payout as a unit increase in dividend yield resulted into significant negative in SACCOs Savings. Based on the findings and conclusions of the study the following recommendations have been suggested in relations to effects of dividend policy and savings in SACCOs. The study recommend that SACCOS management should develop dividend policy that lower consumption of divided and increase savings rates in as this would lead to SACCO's savings increasing. The study found that earnings dividend policy creates certainty in the shareholders expectations but lower savings of SACCOs. The study found that a positive relationship between Sacco's membership growth and SACCO Savings' exists thereby indicating that increase in membership increase SACCOs capitalization hence increase SACCO growth. The study recommends that Sacco's management should lower dividend yield rate and increase income investment to increase growth of SACCOs. Growth of savings and credit co-operative societies in Kenya were greatly affected by increasing dividend payout as a unit increase in dividend yield resulted into significant negative in SACCOs Savings.

TABLE OF CONTENTS

| | |
|---|------------|
| DECLARATION | ii |
| DEDICATION | iii |
| ACKNOWLEDGEMENT | iv |
| ABSTRACT | v |
| LIST OF TABLES..... | x |
| LIST OF ABBREVIATIONS..... | xi |
| CHAPTER ONE..... | 1 |
| INTRODUCTION | 1 |
| 1.1 Background of the Study..... | 1 |
| 1.1.1 Dividend Payment Policies..... | 2 |
| 1.1.2 Dividend Payment Policies in Saccos | 3 |
| 1.1.3 The Savings..... | 4 |
| 1.1.4 Dividend policy and Savings..... | 5 |
| 1.1.5 Sacco Societies in Nairobi County..... | 7 |
| 1.2 Research Problem | 8 |
| 1.3 Objective of the Study | 11 |
| 1.4 Value of the Study..... | 11 |
| CHAPTER TWO..... | 13 |
| LITERATURE REVIEW | 13 |
| 2.1 Introduction | 13 |
| 2.2 Theoretical Review..... | 13 |

| | |
|---|-----------|
| 2.2.1 Dividend Relevancy Theories | 13 |
| 2.2.2 Tax Differential Theory | 14 |
| 2.2.3 Bird in Hand Theory | 15 |
| 2.2.4 Dividend Irrelevance Theories | 16 |
| 2.2.5 Dividend Policy..... | 17 |
| 2.2.6 Forms of Dividends | 18 |
| 2.2.7 Factors That Influence Dividend Decisions. | 19 |
| 2.3 Determinants of Savings. | 21 |
| 2.3.1 Income Distribution. | 23 |
| 2.3.2 Consumption Motivations: | 23 |
| 2.3.3 Holding of Wealth by a Person. | 24 |
| 2.3.4 Consumption Habits..... | 24 |
| 2.3.5 Population Growth..... | 25 |
| 2.3.6 Institutional Availability | 25 |
| 2.3.7 Taxation..... | 26 |
| 2.4 Empirical Review | 27 |
| 2.5 Summary of Literature Review | 28 |
| CHAPTER THREE | 31 |
| RESEARCH METHODOLOGY..... | 31 |
| 3.1 Introduction | 31 |
| 3.2 Research Design..... | 31 |
| 3.3 Population of Study..... | 32 |
| 3.4 Sample design | 32 |

| | |
|--|-----------|
| 3.5 Data Collection..... | 32 |
| 3.6 Data Analysis..... | 33 |
| 3.7 Research Model | 34 |
| CHAPTER FOUR | 36 |
| DATA ANALYSIS, PRESENTATION AND INTERPREATION | 36 |
| 4.1 Introduction | 36 |
| 4.2 Descriptive Analysis | 36 |
| 4.3 Correlation Analysis | 37 |
| 4.4 Regression Model Summary | 38 |
| 4.5 Analysis of Variances..... | 39 |
| 4.6 Regression Coefficients..... | 40 |
| 4.7 Discussion of Findings | 41 |
| CHAPTER FIVE..... | 43 |
| SUMMARY, CONCLUSION AND RECOMMENDATIONS | 43 |
| 5.1 Introduction | 43 |
| 5.2 Summary of Findings..... | 43 |
| 5.3 Conclusions | 44 |
| 5.4 Policy Recommendations..... | 45 |
| 5.5 Limitations of the Study | 46 |
| 5.6 Areas for Further Research | 47 |
| REFERENCES | 49 |
| APPENDICES | 53 |
| APPENDIX I: DATA COLLECTION INTRODUCTORY LETTER | 53 |

| | |
|--|----|
| APPENDIX 1I: Financial Performance for 2010-2014 | 54 |
| Appendix III: Dividend Yield Rates | 58 |

LIST OF TABLES

| | |
|--|----|
| Table 3. 1: Operations Definition of Variables..... | 35 |
| Table 4. 1: Descriptive results of SACCO for Year 2010-2014..... | 36 |
| Table 4. 2: Correlation between s Savings, Dividend Policy | 37 |
| Table 4. 3: Regression Model Summary..... | 38 |
| Table 4.4 : Analysis of Variances in Regression Model..... | 39 |
| Table 4.5: Test of Significance of Independent Variable..... | 40 |

LIST OF ABBREVIATIONS

| | |
|---------------|--|
| CBK | -Central Bank of Kenya |
| CDO's | -Collateralized Debt Obligations |
| KNFC | -Kenya National Federation of Cooperatives |
| ROA | -Return on Assets |
| SACCOs | -Saving Credit Cooperative Societies |
| US | -United States |

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Savings involves setting surplus funds after consumption aside and investing the same for future growth (Keynes 1936). In businesses, investors put their saved money in the business as investment. Through savings there will be capital accumulation leading to investments hence economic growth and ultimate development. A high saving economy accumulates assets faster, and thus grows faster, than does a low saving economy (Lipsey and Chrystal 1995). Likewise Sacco societies which are financial institutions themselves, members contribute their money in form of deposits and create savings for investments (Co-operative Societies Act 1997 No.12 1997). These institutions use the same deposits for business mostly by giving the same funds out as loans to the same members there by making returns for the Sacco as well as for the members. During the business period profits earned are distributed by directors to the members as a return for investment. Management decides to give dividends to the members guided by the policies they develop (SACCO Societies Regulations 2010). In this process the returns earned are shared and a portion of the same retained for future investment.

According to the Co-operative Societies Act 1997(No.12 1997), a SACCO is an acronym for Savings and Credit Cooperative Organizations. It is defined in this Act as being owned, governed and managed by its members who have the same common bond: they may be working for the same employer, belonging to the same church, labor union, social fraternity or living or working in the same community. A Savings and

Credit Cooperative's membership is open to all who belong to the group, regardless of race, religion, color, creed and gender or job status. A SACCO is unique, democratic, member driven and self-help cooperative organization. In a SACCO, members agree to save their money together and offer loans to each other at reasonable rates of interest. Interest is charged on loans, to cover the interest cost on savings and the cost of administration. The balance that remains is usually distributed to all members at an agreed rate (referred to as interest rebate). This means that only the members of these institutions can deposit and borrow from them (Ombado, 2010).

Other than retaining profits earned for further investment, Saccos accumulate saving through other fund mobilization methods such as encouraging members to increase deposits by holding education days where members are encouraged to save more. It has also been observed that Saccos are always operating with serious loan-buck log owing to the fact that there are shortages on funds for onward lending to its members. Investments are also not up to the optimum levels as may be required. It is therefore necessary that Saccos begins to look at factors which will influence savings and growth on investment such as dividend policies, better funds management skills from motivated staff, application of cooperate governance on supervision of funds including operations, accountability and reporting standards. The impact on this will ultimately help in fund mobilization and growth in investment.

1.1.1 Dividend Payment Policies

Dividends are payments made by businesses to their shareholders in proportion to their shareholding. They are also seen as a distribution of the business's recent profits to its

owners usually on the basis of their shareholding in the business. According to Lease et al., (2000), the term ‘dividend policy’ refers to “the practice that management follows in making dividend payout decisions or, in other words, the size and pattern of cash distributions over time to shareholders.

This issue of dividend policy is one that has engaged managers since the birth of the modern commercial corporation. Surprisingly then dividend policy remains one of the most contested issues in finance. The dividend enigma has not only been an enduring issue in finance, it also remains unresolved. Almost three decades ago Black (1976), described it as a “puzzle”, and since then an enormous amount of research has occurred trying to solve the dividend puzzle.

1.1.2 Dividend Payment Policies in Saccos

In Sacco Societies, dividends are paid as well as interest rebates which are paid on the basis of member deposits. With the regulation of the SACCO sector especially SACCOs operating FOSAs by SASRA, dividend policy has to be developed to guide distribution of surpluses. The SACCO Societies Act, 2008 Section 14(4)(d), 68 (2) (a), SACCOs are prohibited from declaring dividends if they have not met the liquidity provisions which stipulate that a SACCO should at a minimum retain 15% of its savings deposits and short term liabilities in liquid assets and if they have not met other administrative requirements. The liquidity has a direct relationship with dividend policy which stipulates when and how much to distribute and the effects of cash outflows.

SACCO Societies Regulations (2010) requires SACCOS to formulate a dividend policy. To be able to achieve prudence in the Sacco management, it is important for their management to put in place policies which will guide the decision on what dividend should be paid at any particular time. In formulating the dividend policy, issues that must be considered by management include capital adequacy, liquidity position, investment prospects, and earning stability and growth prospects.

1.1.3 The Savings

Edward C.P (1988) discussing neoclassical growth theory by Harrod-Dommar and Robert Solow observed that Savings mobilization is not an end in itself as it plays an important role in sustaining growth and development. Through savings there will be capital accumulation leading to investments hence economic growth and ultimate development. A high saving economy accumulates assets faster, and thus grows faster than does a low saving economy (Lipsey & Chrystal 1995).

It is therefore important to have a culture of saving more and more for development as opposed to spending for consumption. For any individual, growth always starts with saving and then investing what has been saved for development. This process is applicable in individuals as well as the company or the country. Through SACCOs it is possible to save and accumulate needed capital for investment.

SACCOs aggregates the savings from members and lends the saved money out to the same members or invests in authorized instruments such as shares, treasury bills and bonds, and in some cases property as authorized by the by laws. Returns from these

savings for a member can be as high as 10%, and this is a better channel than banks for the following reasons: First, According to the Co-operative Societies Act 1997(No.12 1997), SACCOs require a minimum monthly contribution from members. This instills a saving discipline. Secondly the money is not accessible to the member unless they choose to withdraw from the SACCO or take out a loan. This protects the savings and prevents impulsive spending of cash saved. And thirdly Savings in a SACCO do not attract bank charges at all. Interest paid on these savings is often higher than bank rates. In this case saving by members is enhanced as it is encouraged by the conducive saving environment available in SACCOs.

1.1.4 Dividend policy and Savings

Dividend policy is the set of guidelines a company uses to decide how much of its earnings it will pay out to shareholders (Black 1976). Some of the policies include Residual Dividend Policy; Companies using the residual dividend policy choose to rely on internally generated equity to finance any new projects. As a result, dividend payments can come out of the residual or leftover equity only after all project capital requirements are met.

Another policy is the Dividend Stability Policy. With the stability policy, quarterly dividends are set at a fraction of yearly earnings. This policy reduces uncertainty for investors and provides them with income. Companies following this policy are always attempting to share earnings with shareholders rather than searching for projects in which to invest excess cash.

Hybrid Dividend Policy; this approach is a combination between the residual and stable dividend policy. Using this approach, companies tend to view the debt/equity ratio as a long-term rather than a short-term goal. These companies will generally experience business cycle fluctuations, they will generally have one set dividend, which is set as a relatively small portion of yearly income and can be easily maintained. On top of this set dividend, these companies will offer another extra dividend paid only when income exceeds general levels

In all these policies the bottom line is that management intention is to pay dividend to shareholders and the same time retains and save funds for future development of the company. The situation in Saccos is not different from that of the company. Directors come up with the policies which guide them in what to pay as dividend and also retain part of it as a saving for future development of the Sacco.

David (2014) in his journal on the effect of dividends on stock price, stated that over time as long as a company earns more than it pays out in dividends, the stock price will eventually increase to above the price it was before the dividend was paid if the price earnings ratio remain the same or rises. In this situation it implies that if firms or Saccos pay higher dividends or returns to shareholders, the follow up effect is expected to be an increase in deposits as the members acquire more shares in the Sacco or Company there by making the company shares attractive. Other things being held constant, a company or a Sacco employing a dividend policy which pays high returns to the shareholders may cause the value of its shares to increase there by creating savings for investment.

1.1.5 Sacco Societies in Nairobi County

Co-operatives societies are anchored on the Cooperative philosophy based on seven principles formulated by the International Cooperative Alliance which include: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among co-operatives and finally concerned for the community (Hans 2012).

SACCOs receive savings from members in form of periodic deposits, usually monthly, and from this creates a pool, they serve the credit needs of members through personal loans. Gachara (2010) observed that most SACCOs are found in urban areas and particularly common among the employed. He also noted that SACCOs are part of the financial system in Kenya and identified other participants in the sector as commercial banks, non-banking financial institutions, building societies and insurance companies.

The first Savings and credit Cooperatives in Kenya were started in the sixties and since then the sector has recorded a tremendous growth. The Government annual economic survey shows that as at December 2009 there were more than 2,400 active SACCOs with membership in excess of 1.5 million people. Share capital stood at Kshs. 65 billion while outstanding loans were Kshs. 59 billion. The structure of the cooperative movement in Kenya comprises of four tiers. These include the primary societies, secondary cooperatives, tertiary cooperatives and nationwide cooperatives. The Kenya National Federation of Cooperatives (KNFC) is the only apex society in the movement.

It was formed with an objective of promoting, developing, guiding, assisting and upholding ideas of the cooperative and SACCO principles. KNFC is the link between cooperatives in Kenya and the international cooperative alliance.

Nairobi County has the highest number of industries and thus attracts a significant number of people seeking for employment. These employees require financial services to cater for their developmental needs which can only be adequately met by Savings and Credit Co-operative Societies. Nairobi County Annual Report (2012) indicated that there were 1,102 active SACCOs, with a total membership of 795,541, Share Capital amounting to Kshs. 11.78 billion while the member's savings/Deposits amounted to Kshs.110.57 billion. The SACCOs are distributed in three categories as follows: employee based 935, community based 92 and transport based.

These SACCOs comprise both deposit and non-deposit taking ones. In the current legal framework a Deposit Taking Sacco (DTS) is that Sacco operating a front office savings activity (FOSA). Sacco comprises over 50% of all cooperatives in Kenya and as financial institutions they play a critical role of financial intermediation in Kenya's financial landscape focusing mostly on personal development (SACCOs Review 2012).

1.2 Research Problem

For the SACCO to maintain and continue serving members as expected in their objectives, like any other company they are required to raise capital for investment. Members' deposits are accumulated and saved as funds for extending credit to the

members. The Sacco primary objective is to create a pool of funds which will be used to give out to the same members as loans. A number of strategies are used for this purpose. These include member's education to urge them increase their savings. Recruitment of more members to ensure there is growth in membership as a result more funds being expected to be received such as entrance fees, share capital and deposits to build their accounts. As a policy, at the end of each accounting period management and the board recommend and pay dividend to the members. This has an impact on the pooling of resources to the Sacco. These include the retained profit after dividend payment and the positive effect of dividend payout ratio according to (David 2014). It has been argued that if high dividends are paid to members there is likely hood of the members going to deposit more in future as confidence is created to enjoy higher returns thereafter. In this process high savings are created which becomes available for onward lending to members.

According to Mudibo (2005), the objective of SACCO Societies is member empowerment through savings mobilization, disbursement of credit and ensuring SACCOs' long-term sustainability through prudent financial practice. However, there are a number of challenges in promoting savings such as income distribution, population, consumption motivation and habits and dividend payment policies.

Studies carried out earlier on SACCOs lack sufficient evidence on the effects of dividend policies and the impact on savings. Karanja (1987) in his study on dividend policies concentrated on when and how much cash dividends should be paid by the

SACCOs in Kenya. He concluded that dividend policies do not only involve the decisions on whether or not to pay dividends but also how much to pay and the mode of payment. He also points out that the firm's cash flows and cash position influence the changes in dividend policy.

Antony (2009) in his study on SACCOS looked at reengineering of cooperatives societies problems and constraints and the effective performance in nation building. The researcher asserted that it is the lack of adequate working capital, bad leadership and succession problems characterized by mismanagement, lack of modern business techniques as well as lack of expertise in making strategic decisions like dividend decisions which affects Sacco development.

Njiru (2003), in his study on SACCOS, researched on determinants of dividend payment. He ascertains that few SACCOs in Kenya do not have dividend policies and hence dividend payments are left to the members of the committee to decide based on previous year's rate of dividend payout.

With the above illustrations from previous researchers, it is evident that the issue of dividend payment policies and how it affects savings decisions for the growth of investment within SACCOs in Nairobi County has not been researched on.

This study therefore sought to address the following major questions: Are dividend decisions guided by how much profits a SACCO makes? Are the dividend payment

policies methods used by SACCOs to influence members to increase future savings? Are dividend policies followed in making dividend decisions in SACCOs or they are mere documents for regulators file? How do dividend policies affect financing as well as investment decisions in SACCOs? What would be the effect of changing dividend policies on the savings culture of members of the SACCO?

Getting answers to these questions was sought to explain whether there is any relationship between dividend policy and the saving culture in SACCOS and whether the policies are used as decision making tools by SACCOs in raising savings for investment through trend analysis for the last five years. The study also compared the extent to which SACCOs that declare cash dividends and those that opt for reinvesting dividends or no payment of dividends at all influence members to increase savings which may lead to improved financial performance of SACCOs in future.

1.3 Objective of the Study

The objective of the study was to establish the effect of dividend policy on member's savings in Savings and Credit Cooperative Societies in Nairobi County.

1.4 Value of the Study

This study is expected to provide critical information to the various stakeholders in the cooperative sector. The management:-The study will help managers to appreciate that dividend decisions have an impact on financing of future operations of SACCOs as well as its financial performance. The regulators:-This study will help regulators like SASRA and the Ministry to establish a more informed basis of coming up with

guidelines on dividend policies. Academicians:-The study provoke academicians in further studies and seek to establish other qualitative factors that affect savings and investment culture within SACCOs.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of published literature work on the topic of dividend decisions and theories. It also analyzed in summary materials available on savings and financial performance. The gaps to be filled by this research study are also examined and explained.

2.2 Theoretical Review

This involves review of theories and published works in the area of dividend payment. Dividend theories have been widely researched by Modigliani and Miller (1961), Rose (1979), Brealey et al (1991) and Gordon and Linter (1963) among others. These researches used the basis of corporate entities. Dividends theories in the SACCO sector have not been researched on widely and therefore a close application of these theories will be applied in understanding dividend decisions in SACCOs. These theories have formed the basis upon which dividend decisions are made.

2.2.1 Dividend Relevancy Theories

Dividend relevance theory was proposed by Myron J. Gordon and John Lintner (1963). Dividend relevance theory suggests that investors are generally risk averse and would rather have dividends today (“bird-in-the-hand”) than possible share appreciation and dividends tomorrow.

Dividend relevance theory proposes that dividend policy affect the share price. Therefore, according to this theory, optimal dividend policy should be determined which will ensure maximization of the wealth of the shareholders. There are many reasons for paying dividends and many other reasons for not paying any dividend. Dividend can be paid in cash or in form of shares or other benefits as a means of distribution of earnings. There are various types of dividends which include; regular dividends: those paid by firm quarterly, semiannually or annually, extra dividends: paid once and not to be repeated, special dividends: unlikely to be repeated and Share dividends: paid in shares of shares. Ezra (1963) states that dividends may offer evidence of a firm's ability to generate cash in future and as a result, dividend policy of a firm affects share prices.

2.2.2 Tax Differential Theory

Litzenberger and Ramaswamy (1979) tend to believe that dividends decrease investors' wealth. They argued that investors have to pay taxes on dividends received and capital gains realized. Income tax rate is higher than capital gain tax and the capital gain tax is paid when realized. This is indicative that investors prefer capital gains to dividends. From this point of view, the value of a firm with a low payout ratio should be higher than the one with a higher payout ratio.

Litzenberger and Ramaswamy (1979) argued that MM's (1961) assumption that taxes do not exist was irrational. John and Williams (1985) offer a model suggesting a reason for taxable dividends. John & Britain (1960) on dividends policy, found evidence in

proposition that high income earners would prefer capital gains to dividends in that risking tax rates tend to reduce dividend payout rates.

2.2.3 Bird in Hand Theory

Gordon and Linter (1963) asserts that shareholders who are risk averse may prefer dividends over some promise of future capital gains because dividends are regular, certain returns; whereas future capital gains are less certain. This is what is sometimes referred to as ‘bird in- the-hand’ theory.

According to Gordon, dividends reduce investors’ uncertainty causing them to discount firm’s future earnings at a lower rate, thereby increasing the firm’s value. In contrast, failure to pay dividends increases investor’s uncertainty, which raises the discount rate and lowers share prices.

MM (1961) in responding to this argued that investors are however indifferent between dividends and capital gains hence dividend policy has no effect on the cost of capital. They further argued that many investors would reinvest dividends in the same or similar firms, and they are concerned about the total risk of the cash flows to the firm and not themselves.

In concluding the dividend relevance theory therefore, in SACCOs it can be said that many members believe that dividends are important both for their informational content and because external equity capital is more expensive than retained equity. Thus it is

very important when establishing an optimal dividend policy, a firm should consider shareholders preferences along with investment opportunities and the relative cost of retained equity versus externally raised equity.

2.2.4 Dividend Irrelevance Theories

Merton Miller and Franco Modigliani (1961), raised their theory about dividend irrelevance. The theory was based on a number of assumptions; there are no transactional costs that are associated with converting shares into cash, issuing shares by firm incurs no flotation or transaction costs, there are no taxes (both on corporate and personal level), capital market is perfectly efficient, access to information is costless and rational behavior on the part of participants in the market, valuing securities based on the discounted value of future cash flows accruing to investors.

They argue that the dividend a firm pays does not affect the value of its shares or the returns to shareholders because the higher the dividend, the less the shareholder receives in capital appreciation, no matter how the firm's decisions turn out. This assumes that a firm dividend paid does not affect the firm's decision; it either reduces the amount of cash equivalents held or increases the amount of money raised by issuing securities. MM stated that a firm's value is dependent on its expected cash flows and risk class which are subsequently determined by a firm's investment policy. If then this holds, there is no optimal dividend policy because dividend policy does not affect the value of the firm.

In their research they concluded that the retained earnings constitute an easily accessible source of financing the investment requirements of firms. There is, thus, a type of inverse relationship between retained earnings and cash dividends, larger retention, and lesser dividends. Thus, the alternative uses of the net earnings dividends and retained earnings are competitive and conflicting.

2.2.5 Dividend Policy

Horne and McDonald (1971) concluded that optimal dividend policy implies that a firm should consider the firms investments opportunities. Any preferences that investor has to make on dividend payout as opposed to capital gains and vice versa should be investigated. Although MM argues that dividend policy does not have a significant value on a Firms value, Myron Gordon, David Durand and John Lintner (1956) have argued that it does. They argue that change of dividend policy may send a signaling effect to shareholders who would prefer investing in a firm with a more stable dividend policy.

For a long time the debate is held on how the dividend policy affects a firm's value. Some of the researchers believe that dividends increase investors wealth (Gordon 1959), others suggests that dividends are irrelevant (Miller and Modigliani, 1961) and (Miller and Scholes(1978) while there others like (Black 1976) disagreed with Miller and Modigliani but instead of offering some alternative theory, came up with important questions:, why firms pay dividends , and why the investors pay attention to the dividends. Petit (1977) stated that a firms dividend policy determines the division of

earnings between payments to shareholders and further investments in the firm. Retained earnings are usually used to finance expansions, but dividends constitute cash flows that accrue to shareholders. A firm's dividend policy will therefore be the decision to either pay out earnings or to retain them for future investment in the firm.

A major decision of financial management in SACCOs is the dividend decision in the sense that the SACCO management has to choose between distributing the profits to the shareholders and plough them back into the business. But then, if they don't declare dividends with the good intentions of ploughing them back, what will happen to their reputation? The choice would obviously hinge on the effect of the decision on the maximization of shareholder's wealth.

Given the objective of financial management of maximizing present values, the firm SACCO should be guided by the consideration as to which alternative to use is consistent with the goal of wealth maximization. That is, the SACCO would be well advised to use the net profits for paying dividends to the shareholders if the payment will lead to maximization of wealth of the owners.

2.2.6 Forms of Dividends

Black (1976) says that economist have for a long time tried to provide an explanation for the puzzle that firms pay out cash to shareholders using cash dividends rather than share repurchases. Dividends are payments or distributions made to shareholders from

the firm's earnings. The earnings are either generated in the current year or previous periods.

For preferred shares, it is usually fixed amount and common shares the dividend varies with the fortunes of the firm and the amount of the dividend per share. It is normally observed that earnings as being the primary determinants of dividends but in reality cash flows are seen to be very important consideration at all times.

2.2.7 Factors That Influence Dividend Decisions.

Dividend policies determine the ultimate distribution of firm's earnings between retention (reinvestment) and cash dividend payments to shareholders. Retained earnings provide shareholders with a source of potential future earnings growth, whereas dividends provide them with a current distribution.

A number of factors however influence a firm's choice of dividend policy. These may include: legal constraints, covenants in bond debentures and other financing agreements, the need for liquidity, borrowing capacity and access to the capital markets, tax considerations and earnings stability etc.

In order to declare a dividend legitimately, you must firstly ensure that the money exists in the company's books to accommodate the amount being distributed, and secondly you must make sure you record details of the declaration correctly. SACCOs under

SASRA are prohibited from paying dividends if they have not met the capital adequacy requirements (SACCO REGULATION2010).

When profits are retained, they are usually held in asset form. If a firm has liquidity problems, it may not be able to declare dividends because it will not be able to meet its obligations as and when they fall due. Likewise the need for maintaining healthy liquidity position is a key factor in SACCOs when making the decision to pay dividends to the members.

Firms that do not pay dividends will usually perform better financially than firms that pay cash dividends. Shares for SACCOs in Kenya are not usually traded in the market and hence it is not easy to sell their shares out and pay capital gain taxes. In this case therefore SACCOs will therefore keep on paying dividends as well as taxes as required.

Most large widely held firms are reluctant to lower their dividend payment, even in times of financial stress. Therefore a firm with a history of stable earnings is usually more willing to pay a higher dividend than a firm with erratic earnings. A firm whose cash flow has been more or less constant over the years can be fairly confident about its future and frequently reflects this confidence in higher dividend payments.

Inflation has an impact on a firms working capital needs. In an atmosphere of rising prices, currencies invested in inventories and accounts receivable tend to increase to support the same physical volume of business. Because the currency amounts of

accounts payable and other payables requiring cash outlays are higher with rising prices, transactions of cash balances normally have to be increased and thus inflation can force a firm to retain more earnings as it attempts to maintain its same relative pre-inflation working capital position.

Research found that large utility firms pay out dividends as high as 70% of their earnings as dividends and have traditionally attracted investors who desire a high dividend yield. In contrast, growth oriented firms which pay low or no dividend have tended to attract investors who prefer earnings retentions and greater price appreciation. Empirical studies generally support the existence of a dividend clientele effect.

2.3 Determinants of Savings.

There are a number of determinants of savings in any business for any country. These determinants are the major forces that shape the economic scenario of a country. At the same time, determinants of saving are also responsible for the development or downfall of the investment sector of a country. The SACCO sector is also not an exception to application of capital accumulation techniques.

Harrun,(2009) on his paper on determinants of savings in Ghana found that there is the propensity to save and invest in spite of the level of income one has. He noted that the factors that drive household investment are occupation, expenditure, assets and saving.

Keynes(1966), stressed that saving is basically a function of income and noted that saving increases as income increases. Empirical evidence has proved that there is a

marked correlation between the two. However, the amount of personal savings depends primarily on the disposable income. Thus, the saving income ratio tends to rise with an increase in income. It has been observed that the marginal propensity to save tends to be high in high-income group sectors of community. He also noted that saving is a function of the absolute level of income. Other things being equal, a rise in absolute income causes an increase in fraction of that income to be saved. The absolute income hypothesis of savings was further developed by J. Tobin and A. Smithies as Drift Hypothesis.” In the “Drift Hypothesis”, it has been argued that the level of National Income increases over a period of time and along with it, the average propensity to consume tends to diminish so that average propensity to save increases over a period of time.

Keynes (1936) believed that the current income determines current consumption and savings. Modern economists like Milton (1957), however, observe that the expectations of income in the future do have a significant bearing upon the present consumption, spending and savings. Out of a given income of the community determinant of consumption and savings is permanent income. A person’s permanent income, in any particular year, is not revealed by his current income in that year, but is dependent upon the expected income to be received over a long period of time. Permanent income is the amount which the consumer unit could consume (or believes that it could) while maintaining its wealth intact. Friedman states that permanent income may be interpreted as the mean income regarded as permanent by the consumer unit in

consideration. It follows thus that actual measured savings are constituted by permanent saving and transitory savings.

2.3.1 Income Distribution.

Income Distribution which is an aggregate savings rate also depends upon the distribution of income and wealth in the community. If there is a greater degree of inequality of income among the people, that aggregate savings rate, would tend to be high, as the richer section of the community has a high propensity to save. A country with a low per capita income and a fair distribution of national income would imply a low savings rate. Thus, with an improvement in the distribution of income or correction of income inequalities through fiscal and other measures, the aggregate savings rate may tend to decline in the initial stage.

2.3.2 Consumption Motivations:

Saving is the residual part of income left after consumption. Thus, to know the factors affecting saving, we must know what factors determine consumption. The consumption of the community depends upon a variety of factors and motivations. According to Duesenberry (1949), the consumption pattern and its size are determined by first, the consumption of certain types of goods required by physically and socially generated needs, secondly, these needs can be satisfied alternatively by a large number of qualitatively different kinds of goods, and thirdly, these different kinds of goods have qualitative variations and ranking which form the community's scale of preference. He thus, stated that "the level of saving actually achieved by anyone represents the

outcome of the conflict between his desire to improve his current standard of living and his desire to obtain future welfare.

2.3.3 Holding of Wealth by a Person.

Holding of wealth or liquid assets by a person also affects his consumption decisions. Out of current income a person would consume more and save less if he possesses adequate amount of liquid assets like cash balances, bank deposits, etc. and feels that his life in future is well secured. Similarly, an appreciation in the value of financial assets also would induce the person to consume and save less. The measures of wealth accumulation accords evidence of a secular rise in the ratio of household wealth to income (Barry and Sarah 2008).

2.3.4 Consumption Habits

Habit is a major determinant of consumption pattern. As a matter of fact, of any one moment, a consumer already has a well-established set of consumption habits. The habit of consumption is formed by taste, likings, fashion, and other psychological influences on the minds of consumers. By nature of his habit, when a person is a spendthrift, his saving will be relatively less out of a given income than that of a person who considers saving as a virtue. Thus, aggregate saving in an economy depends upon the types of habits of the people in general. In this context Duesenberry(1949), mentions that the “demonstration effect” in modern society serves as a powerful habit-breaker. The “demonstration effect” refers to an increase in consumption are reduction in saving through imitation of superior standards. Accordingly the widespread imitation of superior standards causes an upward shift in the aggregate consumption function,

thereby reducing the rate of saving. The “demonstration effect” implies that a high frequency of contact of a person with superior consumption by others will break his habits and induce him to spend more on expensive goods by weakening his desire for saving.

2.3.5 Population Growth

A high growth of population has an adverse effect on the per capita income which causes an adverse effect on the saving-income ratio. Again, the age distribution of the population also affects the volume of aggregate saving in the economy. Aggregate personal saving depends upon the dissaving of old, retired people and the saving of the younger group. A community’s aggregate saving would be zero when the positive saving of the young people is just balanced off by the dissaving of the retired people to maintain their consumption expenses (Milton 1957). If a society has a large proportion of young people in relation to old people, net aggregate saving will be positive. Thus, the aggregate saving ratio in a community tends to vary with the age structure of its population, even with constant per capita income. It follows thus that when the population is stable in all respects, net saving will rise with the increasing per capita income in an economy.

2.3.6 Institutional Availability

The existence financial institutions such as banks of good standing in the economy influence saving culture. Martin N.& Dauglas (2013) in their paper on the role of finance in an economy asserts that financial system is critical to the functioning of the economy as a whole and banks are central to the financial system. In addition to

providing substantial employment, finance serves three main purposes: Credit provision, Liquidity provision Risk and management services necessary for providing saving infrastructure for investors

2.3.7 Taxation

The taxation structure and fiscal policy also affect savings in the economy. A vigorously progressive direct taxation leads to a reduction in voluntary personal saving. Similarly, high and widespread indirect taxes will force the consumer to spend more on maintaining his given standard of living. This will cause a reduction in his personal saving. Similarly, high corporate taxation will reduce the net profit of business houses and curb their capacity to save People are also induced to save more when there are strong subjective factors which motivate them to save.

Determinants of savings in Saccos are not different from other saving determinants in any economy. It is imperative that these institutions are also affected by the same determinants. These include; the income level of members, the habits, the population growth, the wealth factors, stability of income, motivation for members to save more, the institutional objectivity, dividend payment policy, taxation regulation including others not mention. All these affect the savings in the Sacco societies. This study tested to establish whether dividend policy is a factor that determines savings within Saccos in Nairobi County.

2.4 Empirical Review

Very few studies have been carried out for SACCOs. The few that have been done several have been carried out on dividends and performance. Njoroge (2001), in his research on the relationship between dividend payouts and financial ratios in Kenya came up with the conclusion that in making dividend decisions, the most important variable is the return on the asset. Another study done by Maina (2002), who sought to establish whether there is any relationship between dividend payments and investment decisions concluded that indeed there existed a relationship.

Malombe (2008), studied the effect of dividend policy on profitability of SACCOs with FOSAs. The study focused on thirty (30) SACCOs which were licensed by SASRA.

The study concluded that there is a positive effect between dividend policy and the profitability of SACCOs with FOSAs in Kenya. The study recommends constant percentage of earnings dividend policy as it creates certainty in the shareholders expectations. This study did not cover the effect of dividend policy on savings for investment for SACCOs in Nairobi County.

Muchoki (2012) carried out a study on factors affecting growth of savings and credit co-operative societies in Kenya. The study was based at Laikipia County. The research project investigated on factors that affect SACCO growth which included in the list; Information technology, Dividend policy, Implementation of projects, Response to competitive forces and Area of operation. The conclusion was that all the variables contributed positively to the slowed growth of SACCOs. The main contributor was

dividend policy which according to the data contributed 67.4%. It was thus concluded that the main hindrance to growth of SACCOs was inadequate capital base made worse by payment of high dividends in cash form. The study did not address the issue of dividend policy and the impact on savings for investments. The main recommendation was that both the government and the SACCOs need to come up with policies that can enhance the SACCOs capital base. The study did not look at the effect the dividend policy may have on savings for purposes of investment for SACCOS in Nairobi County.

Ogendo (2012) carried out a study to determine the effect of cooperative strategies on members' savings mobilization and analyzed the effect of intervening factors (family size, attitude, and income level) on saving mobilization. Data was analyzed using a multiple linear regression model to test relationship and assess impact of the independent variables on members' savings mobilization. Correlation coefficient revealed that training requirement had a positive influence on saving mobilization, while investment opportunities and intervening Variables had a strong positive influence on saving mobilization. The most significant factors were investment opportunities, and intervening variables. The study concluded that cooperative strategies partially affected members 'savings mobilization.

2.5 Summary of Literature Review

It is evident that from the various studies that have been carried out with regard to dividend decisions and savings, there indeed exists a relationship. From the studies

conducted so far, it is evident that the most critical factors considered by a firm in coming up with a strategies for increasing savings for investment include retained earnings, level of income for the investors and taxation policies among others. Other researchers have argued that dividend policies are not necessarily factors considered for influencing investment and that dividends pay outs have no effect on savings.

It is therefore imperative from the past studies that different firms which have adopted different dividend decisions guided by different dividend policies have ended up performing differently financially. It is evident again that most organization raise investment capital through saving from investors directly for investment. Internal sources of funds which are retained and cooperative strategies such as member training and investment opportunities are some of the sources of fund mobilization for investment in companies,

The SACCO sector is not an exception to application of these studies as the capital adequacy as stipulated by the regulator is one of the key indicators of financial performance in the SACCO. This can only be adequately attained through retention of net profits or contributions from members in form of non-withdrawable shares. These shares are only transferable to other members when a member resigns or can be refundable to the members upon winding up of the SACCO. Dividend payouts has information contents which can favor or harm the financial health of the SACCO based on the investors point of perception, either payout as cash dividends if they consider time value of money to be their driving force, or, future capital gains if they are driven

by growth factors and higher returns in the future as well as timely services from the SACCOs perspective.

It is also noted that most of the studies reviewed in the literature are done in other countries whose strategic approach and financial footing is different from that of Kenya. Most of them also focus on other financial institutions other than the SACCOs. A few have focused on SACCOs in the country but these have however not addressed issues of dividend policies and their impact on savings. There is therefore a literature gap on the relationship between dividend policy and savings for investment within SACCOs in developing countries. This study therefore sought to fill this gap by focusing on the effect of dividend policy on savings for SACCOs in Nairobi County.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the research methodology that was used in carrying out this study. It discusses the research design especially with respect to the choice of the design. It also discusses the population of study, sample and sampling techniques, data collection methods as well as data analysis and data presentation methods employed in the study.

3.2 Research Design

A research design is the plan used to conduct a research and to obtain answers to research questions. A descriptive research design was employed in this study in order to evaluate the effects of dividend payment rate and how it impacts on savings and investment within SACCOs.

This research also used quantitative methodologies to ascertain the relationship between savings and dividend decisions. Descriptive research is ideal. Saunders et al (2003) asserts that a descriptive research explores the existing status of two or more variables at a given position in time and whether a relationship exists between them; hence most suited in establishing the extent to which dividend decisions affect saving culture in SACCOs.

3.3 Population of Study

According to Cooper and Schindler (2000), a population is the total collection of elements about which to make inferences. Also according to Mugenda (2003), a population is a group of individuals, events, or objects having common observable characteristic. The target population was SACCOs operating within Nairobi County which according to Nairobi County Annual Report (2011) there are 1102 licensed Saccos. These formed the population for the study.

3.4 Sample design

According to the Nairobi County Annual report dated 31st December 2011 there are 1102 SACCOs licensed to operate within Nairobi County. This study therefore focused on thirty (30) SACCOs which have been licensed by the ministry of Industrial and Enterprise Development. The sample design was random sampling.

The sample of 30 was deemed adequate due to the fact that SACCOs are spread all over the town and getting information from all of them on timely basis may not be feasible. It was anticipated that this sample would be reflective of the other SACCOs operating within the county as the objective of the study is generalized.

3.5 Data Collection

Secondary data was collected using the financial statements of the SACCOs sampled for the last five years. Data on dividends was derived from the financial statements; directors proposals on the rate of dividend. Growth rate in membership were derived from the key financial ratios in the financial statements and the management report.

Statements of the board of directors, finance journals, and any other relevant materials were also used to collect data.

3.6 Data Analysis

Classifying and tabulating data are the processing steps which have been used to process the collected data for a better and efficient analysis. Percentages were also used to assess the ratio of dividend pay out to the profits made. The standard ratios for analyzing dividend policy are the dividend yield, which in this case are the annual dividend paid divided by the total capitalization for the SACCOs. This gave the earnings on the investment made by members. Growth in membership was computed as closing number of members subtracting the opening balance divided by the opening balance of members multiply by 100%.

Key ratio on savings was the rate of change in savings, which was computed by taking total savings in current period minus savings previous year divided by previous year's savings. Correlation between the variables also was calculated. This analysis was conducted using the linear regression analysis.

The raw quantitative data was entered into computer and analyzed using Statistical Package for Social Sciences (SPSS) version 17 for windows. The findings of this study were presented by use of tables in order to convey meaning or to clarify information that may not be clear within the data.

3.7 Research Model

Regression model was used to establish the causal relationship between two variables, that is, a dependent (Sacco savings) and an independent variable (dividend policy) and growth in membership, while taking into consideration the fact that savings are affected by other factors other than dividend, income retention policy and growth in membership. Savings mobilization techniques such as marketing, corporate governance structures and management skills are qualitative in nature and therefore may not be applicable in this research. The regression model is as follows;

$$Y = A + B_1X_1 + B_2X_2 + e$$

Y=the predicated score on the dependent variable (Sacco Savings), A= the value of Y when both X and X1 equal zero, B =the change in Y unit with change in X when other dependent variables are controlled, X & X1 are the score of independent variables and e = is the error.

A= Constant

X = Index of dividend payment rate.

B=Coefficient indicating dividend payment rate.

X1= Index of growth in membership ratio.

B1=Coefficient indicating growth in membership ratio

e = error

Table 3.1: Operations Definition of Variables

| Variable | Definition | Measurement |
|----------|-------------------|--|
| Y | (Sacco Savings), | The predicated score on the dependent variable. Measured by the percentage change in savings; $(\text{Closing balance} - \text{opening balance} / \text{opening balance}) \times \%$ |
| X | Dividend policy | Ratio of dividend payment measured by dividend yield ie $(\text{dividend paid out} / \text{total capitalization of the Sacco}) \times \%$ |
| X1 | Membership growth | Measured by the percentage change of membership calculated as follows; $(\text{Present members} - \text{past members} / \text{Past members}) \times \%$ |

This model was used to help establish whether there exists a relationship between current savings and the existing dividend policy and whether they are the key determinants of the amount of change in savings.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPREATION

4.1 Introduction

This chapter presents the findings of the study based on the data collected from the field. The study sought to determine effect of dividend policy on member's savings in Savings and Credit Cooperative Societies in Nairobi County. The study used the secondary data from the financial statement of SACCOs.

4.2 Descriptive Analysis

The study sought to collect and analysis consolidated data from the 30 SACCOs in Nairobi, Kenya. Dependent variable savings were measured percentage change in difference between closing and opening balance over opening balance. The independent variable Dividend policy was calculated by determining the ratio of dividend paid out and total capitalization of the Sacco, Member growth was measured by the percentage change of membership calculated by determining percentage change in member growth in SACCOs for 2010 to 2014. A study period of 5 years, 2010 to 2014 was used.

Table 4. 1: Descriptive results of SACCO for Year 2010-2014

| Financial Performance indicator | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------------|-------|-------|-------|-------|-------|
| Sacco Savings (%) | 3.021 | 4.854 | 5.697 | 5.902 | 7.325 |
| Dividend policy (%) (dividend yield) | 1.304 | 2.768 | 3.901 | 4.277 | 5.403 |
| Membership Growth (%) | 2.455 | 3.421 | 4.072 | 5.543 | 6.946 |

The study found that SACCO's savings had increased due to dividend policy. From 3.021 in the years 2010 to 7.325 in the year 2014. Saving had been on increasing trends as in

year 2011, saving was at 4.854, in 2012, the SACCOs savings were in 5.697 while in 2013, SACCOs savings were at 5.902. This clearly indicated that increase in dividend yield rate increase SACCO's savings to a great extent.

The study also found that dividend policy of the SACCOs had also improved from 1.304 in the year 2010 to 5.403.30 in the year 2014. The study established that the rate of dividend paid out over SACCO capitalization has also been on increasing trend as in year 2011 the dividend yield was at 2.768, in year 2012 the dividend yield was at 3.901 while in year 2013 the dividend yield rate was at 4.277. This implied that the ratio on dividend paid out over SACCO capitalization was on upward trend indicating increase in dividend yield for the period of 2010 -2014.

The study further found that SACCOs member growth rate increased from year 2010 at 2.455, 3.421 in year 2011, 4.072 in year 2012, 5.543 in year 2013 and 6.946 in year 2014 as indicated in Table 4.1. Implying that member growth rates influence SACCOs saving to a great extent. From descriptive analysis, dividend policy influence savings in SACCOs to a great extent.

4.3 Correlation Analysis

Table 4. 2: Correlation Between Savings, Dividend Policy and Membership Growth.

| | | Dividend policy | Membership Growth | Sacco Savings |
|----------------|---------------------|-----------------|-------------------|---------------|
| Dividend Yield | Pearson Correlation | 1 | | |
| | Sig. (2-tailed) | 0.000 | | |
| | N | 30 | | |

| | | | | |
|-------------------|---------------------|--------|--------|----|
| Membership Growth | Pearson Correlation | .525* | 1 | |
| | Sig. (2-tailed) | .0001 | 0.0015 | |
| | N | 30 | 30 | |
| Sacco Savings | Pearson Correlation | -.467* | .534 | 1 |
| | Sig. (2-tailed) | .033 | .066 | |
| | N | 30 | 30 | 30 |

A partial correlation analysis using Karl Pearson correlation coefficient was performed. A positive coefficient indicated a positive relationship between the variables correlated. From the Table 4.2 .The study found that there existed significant strong and negative correlation between dividend yield and SACCOs Savings as Correlation coefficient $r = -0.467$, $P = 0.0001 < 0.05$).

The study also found that there existed a significant strong positive correlation between SACCOs membership growth and SACCO Savings' as the correlation coefficient $r = 0.525$, $P = 0.033 < 0.05$. This is significant at 5% significance level. This clearly indicated that there existed a negative relationship between dividend payout and SACCOs Savings.

4.4 Regression Model Summary

The Influence of Dividends Policies on SACCO Saving in Year 2010-2014 in the table below. **Table 4. 3: Regression Model Summary**

| R | R Square | Adjusted R Square | Std. Error of the Estimate | Sig |
|--------|----------|-------------------|----------------------------|-------|
| 0.712a | 0.506 | 0.492 | 0.368 | 0.001 |

Predictors: (Constant), Dividend Yield, Membership Growth.

Dependent: SACCOs Saving.

Results in table 4.3 indicate that r-squared for the model indicated that the coefficient of variation between variables was 0.506, which indicates that the independent variables could be used to explain about 50.6% of the variation in SACCOs Savings. This indicates that the regression model has a significant strong explanatory power as only about 49.4% of variation in SACCOs Savings is not explained by the model.

Adjusted R^2 is called the coefficient of determination which indicates how SACCOs Savings varied with variation in dividend yield and member growth rates. From the table 4.3, the value of adjusted R^2 was 0.492. This implied that, there was a variation of 49.2. % of SACCO Savings varied with variation in dividends and which was statistically significant as $r = 0.492$, $P = 0.001 < 0.05$.

4.5 Analysis of Variances

Table 4.4: Analysis of Variances in the Regression Model

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|----|-------------|--------|--------|
| Regression | 40.504 | 4 | 10.1264 | 25.186 | 0.001a |
| Residual | 440.679 | 36 | 12.2411 | | |
| Total | 481.183 | 30 | | | |

Results in table 4.2 give the analysis of variances in the regression model. These results indicate that the model had an F-ratio of 25.186 which was significant at 95%

confidence level. This result indicates that the overall regression model is statistically significant and is useful for prediction purposes at 95% significance level. This further indicates that the independent variables are statistically significant in predicting SACCO Savings.

4.6 Regression Coefficients

Results in table 4.5 below present the test of the statistical significance of the independent variables in the model. This provides the estimates of independent variables, their standard error and the t-ratios.

Table 4. 5: Test of Significance of Independent Variables

| Model | Unstandardized Coefficients | | Standardized | t | Sig. |
|-------------------|-----------------------------|------------|--------------|--------|------|
| | | | Coefficients | | |
| | B | Std. Error | Beta | | |
| (Constant) | 18.445 | 2.845 | | 5.978 | .003 |
| Dividend Yield | -3.411 | .001 | .812 | 10.336 | .001 |
| Membership Growth | 1.385 | .000 | .491 | 12.703 | .012 |

Predictors: (Constant) Predictors: (Constant) Dividend Yield , Membership Growth

Dependent: SACCO Savings

The resultant model was $Y = 18.445 - 3.411X_1 + 1.381X_2 + e$

From the regression analysis, the study established that there existed a significant negative relationship between dividend yield and SACCO Savings in SACCOs as $r = -0.411$, $p = 0.001 < 0.05$, $t = 10.336$. This clearly indicated that a unit increase in dividend

payout, there was a significant decrease in SACCOs Savings by factor $r = 3,411$. This implied that the increase in dividend yield would lead to significant decrease in SACCO Savings. From regression analysis, the study found that a unit increase in membership growth would lead to increase in SACCOs Saving by factor $r = 1.385$, $P=0.012 < 0.05$, $t=12.703$. This implied that there existed significant positive relationship between membership growth and SACCOs Savings.

4.7 Discussion of Findings

From descriptive results, SACCO's savings was found to have grown, increasing due to dividend policy. SACCOs Savings from 3.021 in the years 2010 to 7.325 in the year 2014. The descriptive results also found that dividend yields of the SACCOs had also improved from 1.304 in the year 2010 to 5.403.30 in the year 2014 indicating that the rate of dividend paid out over SACCOs capitalization has also been on increasing trend from 2010 to 2014. This implied that the ratio on dividend paid out over SACCO capitalization was on upward trend indicating increase in dividend yield for the period of 2010 -2014.

The descriptive results further found that SACCOs membership growth rate increased from year 2010 at 2.455, 3.421 in year 2011, 4.072 in year 2012, 5.543 in year 2013 and 6.946 in year 2014 revealing that membership growth rates influence SACCOs saving to a great extent. From descriptive analysis, dividend policy influence savings in SACCOs to a great extent.

From the correlation analysis the study revealed that there existed significance strong and positive correlation between dividend yield and SACCOs Savings as Correlation coefficient factors $r = 0.525$, $P=0.0001 < 0.05$). The correlation analysis results revealed

that there existed a significant strong positive correlation between SACCOs membership growth and SACCO Savings' as the correlation coefficient $r=0.467$, $P=0.033<0.05$. This clearly indicated that there existed a positive relationship between dividend policy and SACCOs Savings.

From the regression analysis, the study found that there was 50.6% variation between dividend policies and savings in SACCOs. The adjusted R^2 was 0.492. This implied that, there was a variation of 49.2. % of SACCO Savings varied with variation in dividends and which was statistically significant as $r = 0.492$, $P= 0.001 < 0.05$.

From the Regression results, a unit increase in dividend yield resulted into significant negative in SACCOs Savings by factor $r = -3,411$ hence there existed a significant negative relationship between dividend yield and SACCO Savings in SACCOs as $r = -3.411$, $p=0.001 < 0.05$, $t=10.336$. Further regression results indicated that a unit increase in membership growth would lead to increase in SACCOs Saving by factor $r = 1.385$, $P=0.012 < 0.05$, $t=12.703$ demonstrating that there was significant positive relationship between membership growth and SACCOs Savings. This confirms that the main increase in SACCO capitalization is through increase in member's base and it is affected by payment of dividends in cash form. The study did not address the issue of dividend policy and the impact on savings for investments. The study concurred with Muchoki (2012) who established that growth of savings and credit co-operative societies in Kenya were greatly affected by increase in dividend payout.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings; the conclusion and the recommendations of the study which sought to establish the effect of dividend policy on member's savings in Savings and Credit Cooperative Societies in Nairobi County

5.2 Summary of Findings

The study established that SACCO's savings have increased due to dividend policy. SACCOs Savings increased from 3.021 in the years 2010 to 7.325 in the year 2014. The descriptive results also found that dividend yields of the SACCOs had also improved from 1.304 in the year 2010 to 5.403.30 in the year 2014 indicating that rate of dividend paid out over SACCOs capitalization has also been on increase trend from 2010 to 2014 .This implied that the ratio on dividend paid out over SACCO capitalization was on upward trend indicating increase in dividend yield for the period of 2010 -2014. The descriptive results further found that SACCOs membership growth rate increase from year 2010 at 2.455,3.421 in year 2011, 4.072 in year 2012, 5.543 in year 2013 and 6.946 in year 2014 revealing that membership growth rates influence SACCOs saving to a great extent. From descriptive analysis, dividend policy influence savings in SACCOs to a great extent. The study revealed that there existed significant strong and positive correlation between dividend yield and SACCOs Savings as Correlation coefficient factors $r = 0.525$, $P = 0.0001 < 0.05$). Further correlation analysis results revealed that there existed a significant strong positive correlation between SACCOs membership growth and

SACCO Savings' as the correlation coefficient $r=0.467$, $P=0.033<0.05$. This clearly indicated that there existed a positive relationship between dividend policy and SACCOs Savings.

The study found that growth of savings and credit co-operative societies in Kenya were greatly affected by increase in dividend payout as unit increase in dividend yield resulted into significant negative in SACCOs Savings by factor $r = -3.411$ hence there existed a significant negative relationship between dividend yield and SACCO Savings in SACCOs as $r = -3.411$, $p=0.001< 0.05$, $t=10.336$. Further regression results indicated that a unit increase in membership growth would lead to increase in SACCOs Saving by factor $r = 1.385$, $P=0.012< 0.05$, $t=12.703$ demonstrating that there was significant positive relationship between membership growth and SACCOs Savings. This confirms that the main increase in SACCO capitalization is through increase in member's base and it is affected by payment of dividends in cash form. The study did not address the issue of dividend policy and the impact on savings for investments.

5.3 Conclusions

The study concluded that SACCO's savings have grown and increased due to dividend policy for the period under study. The study also concluded that dividend policy led to increase in dividend yields of the SACCOs and also improved while membership had also increased over the period under study which increased SACCO capitalization. The study concludes that there existed strong and negative correlation between dividend yield and SACCO Savings .This was because increase in dividend yield led to increase in dividend payout in cash which negatively affected SACCOs Saving level. Further study

concluded that there existed a significant strong positive correlation between Sacco membership growth and SACCO Savings' as increase in membership increased SACCO savings. The study further concluded that there was significant positive relationship in capitalization between membership growth and SACCOs Savings as a unit increase in membership growth would lead to increase in SACCO Savings.

The study concluded that growth of Savings of Credit Co-operative Societies in Kenya were greatly affected by increase in dividend payout as a unit increase in dividend yield resulted into significant negative in SACCO Savings.

5.4 Policy Recommendations

Based on the findings and conclusions of the study the following recommendations have been suggested in relation to effects of dividend policy and savings in SACCOs. The study recommend that SACCO management should develop dividend policy that lower consumption of divided and increase savings rates as this would lead to SACCO's savings increasing. The study found that earnings dividend policy creates certainty in the shareholders expectations but lower savings of SACCOs.

The study recommends that dividend policy should be developed to attract more members. The study found that a positive relationship between Sacco's membership growth and SACCO Savings' thereby indicating that increase in membership increase SACCOs capitalization hence increase SACCO growth.

The study recommends that SACCOs management should lower dividend yield rate and increase income investment to increase growth of SACCOs. Growth of Savings

and Credit Co-operative societies in Kenya were greatly affected by increase in dividend payout as unit increase in dividend yield resulted into significant negative in SACCO Savings. The main recommendation was that both the government and the SACCOs need to come up with policies that can enhance the SACCOs capital base.

5.5 Limitations of the Study

In conducting the study, the researcher encountered a number of challenges. One of the challenges was lack of cooperation from some of the SACCOs who were unwilling to give information. This study was dependent on financial statements and records from SACCOs but some SACCOs were unwilling to give such information. However, the researcher explained to the SACCOs authorities that the sought information was just for academic purposes and would not be released to third party.

The second challenge was limitation of information given by the SACCOs. Some SACCOs were secretive and limited the information they gave out. Some of the information such as number of transactions recorded, amount of deposits from specific transactions was not given. Some of this information was crucial for the study to make a formidable conclusion. However the researcher collected data from financial statements presented to members during AGMS which is public information.

The study was also limited to the degree of precision of the data obtained from the secondary source. While the data was verifiable since it came from the Saccos publications, it nonetheless could still be prone to these shortcomings.

The study was based on a five year study period from the year 2010 to 2014. A longer duration of the study will have captured periods of various economic significances. This may have probably given a longer time focus hence given a broader dimension to the problem.

5.6 Areas for Further Research

This study was concerned with establishing the effect of dividend policy on member's savings in Savings and Credit Cooperative Societies in Nairobi County. A further study should be carried out to establish the determinants of dividend payout policy in Savings and Credit Cooperative Societies in Kenya.

Co-operative principle of 'limited return on capital' creates problems for member capital formation. A further study should be carried out to determine impact of dividend policies on Sacco's capitalization.

This study depended solely on secondary data. The study recommends that future studies could also gather primary data from the staffs and the management so as to get their opinion and a better picture on the effects of dividend policy on savings in SACCOs in Kenya.

The study generalized the dividends pay out and savings within Saccos. It is recommended that a further study be carried out to establish the impact of dividend payout ratio on savings of various age groups within Saccos and then comparing the outcome with the general outcome as reflected in this study with a view to establishing whether there is a significant effect between age group.

The study established that growth of membership significantly impact positively on savings within Sacco societies. Further study is needed to establish the determinants of member's growth and retention in Saccos. This will enable management establish strategies of attracting membership and hence the growth of the Sacco capitalization.

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APPENDICES

APPENDIX I: DATA COLLECTION INTRODUCTORY LETTER

Letter of Introduction

01st August 2015

Lincoln M Nyamai

The University of Nairobi

P.O. Box 30197

NAIROBI.

Tel: 0722 693 957

Dear Respondent,

RE: REQUEST FOR FINANCIAL INFORMATION

I am a Masters of Business Administration (MBA) Student of the University of Nairobi. As a partial requirement of the coursework assessment, I am required to submit a research project report on some management problem. My research topic is: The effect of dividend policy in savings and credit co-operative societies in Nairobi County.

I would highly appreciate if you could kindly allow me to use your audited financial Statements for the last five years to establish this causal relationship.

The results of the report will be used solely for academic purposes and will be treated with utmost confidence.

Thank you in advance,

Yours faithfully,

Lincoln M. Nyamai

APPENDIX 1I: Financial Performance for 2010-2014

| SACCO NAME | | YEAR 2010 | | | YEAR 2011 | | | YEAR 2012 | | | YEAR 2013 | | |
|------------|--------------------------------------|----------------|-------------------|---------------|----------------|-------------------|---------------|----------------|-------------------|---------------|----------------|-------------------|---------------|
| | | Dividend Yield | Membership Growth | SACCO Savings | Dividend Yield | Membership Growth | SACCO Savings | Dividend Yield | Membership Growth | SACCO Savings | Dividend Yield | Membership Growth | SACCO Savings |
| 1. | AFYA SACCO SOCIETY LTD | 3.01 | 2.40 | 2.91 | 3.41 | 3.45 | 3.11 | 4.91 | 3.45 | 3.11 | 5.0 | 3.45 | 3.20 |
| 2. | AIRPORTS SACCO SOCIETY LTD | 2.81 | 4.02 | 3.90 | 4.80 | 4.02 | 3.90 | 5.21 | 4.02 | 3.90 | 5.01 | 4.02 | 3.81 |
| 3. | ASILI SACCO SOCIETY LTD | 4.02 | 3.44 | 3.11 | 4.02 | 2.90 | 3.11 | 5.09 | 3.30 | 3.71 | 5.01 | 3.30 | 3.61 |
| 4. | CHAI SACCO SOCIETY LTD | 6.43 | 3.81 | 3.19 | 4.01 | 3.04 | 3.20 | 4.93 | 3.34 | 3.11 | 4.43 | 3.30 | 3.56 |
| 5. | CHUNA SACCO SOCIETY LTD | 5.08 | 3.76 | 3.09 | 4.91 | 3.93 | 3.09 | 4.91 | 2.96 | 3.09 | 5.01 | 3.97 | 3.27 |
| 6. | COMOCO SACCO SOCIETY LTD | 4.32 | 3.60 | 3.68 | 4.32 | 3.60 | 3.68 | 4.32 | 3.60 | 3.68 | 4.32 | 3.60 | 2.98 |
| 7. | FARIJISACCO SOCIETY LTD | 3.01 | 3.34 | 3.21 | 5.15 | 3.34 | 3.21 | 5.18 | 3.34 | 3.21 | 5.09 | 3.34 | 2.91 |
| 8. | HARAMBEE SACCO SOCIETY LTD | 3.82 | 3.45 | 3.00 | 4.92 | 3.49 | 3.11 | 4.93 | 3.50 | 3.11 | 5.02 | 3.45 | 3.41 |
| 9. | HAZINA SACCO SOCIETY LTD | 4.45 | 3.75 | 3.10 | 5.12 | 3.05 | 3.14 | 5.61 | 3.05 | 3.19 | 5.47 | 3.05 | 3.30 |
| 10. | JAMII SACCO SOCIETY LTD | 3.91 | 3.81 | 3.15 | 4.63 | 3.81 | 3.15 | 4.53 | 2.80 | 3.15 | 5.03 | 3.80 | 3.25 |
| 11. | KENPIPE SACCO SOCIETY LTD | 3.36 | 3.55 | 3.18 | 4.00 | 3.50 | 3.18 | 4.02 | 3.85 | 3.18 | 4.00 | 3.67 | 3.20 |
| 12. | KENYA POLICE STAFF SACCO SOCIETY LTD | 4.12 | 3.52 | 3.12 | 5.0 | 3.52 | 3.12 | 5.05 | 3.52 | 3.12 | 5.0 | 3.52 | 2.82 |
| 13. | KINGDOM SACCO | 3.33 | 3.61 | 3.56 | 5.31 | 3.45 | 3.50 | 5.30 | 3.45 | 3.65 | 5.39 | 3.47 | 3.50 |

| | | | | | | | | | | | | | |
|-----|--|------|------|------|------|-------|------|------|------|-------|------|------|------|
| | SOCIETY LTD | | | | | | | | | | | | |
| 14. | MWALIMU NATIONAL SACCO SOCIETY LTD | 4.55 | 3.76 | 3.17 | 4.53 | 2.95 | 3.16 | 4.51 | 3.44 | 3.00 | 4.53 | 3.59 | 3.91 |
| 15. | METROPOLITAN SACCO SOCIETY LTD | 3.79 | 3.09 | 4.03 | 3.79 | 3.39 | 4.03 | 3.79 | 2.09 | 4.03 | 3.79 | 2.59 | 3.99 |
| 16. | MWITO SACCO SOCIETY LTD | 4.71 | 3.95 | 2.90 | 5.10 | 3.95 | 2.93 | 4.10 | 3.97 | 2.91 | 4.19 | 3.15 | 2.93 |
| 17. | NATION STAFF SACCO SOCIETY LTD | 3.39 | 3.77 | 3.18 | 4.08 | 3.505 | 3.18 | 4.00 | 3.60 | 3.18 | 6.0 | 3.45 | 3.60 |
| 18. | KIAMBU UNITY FINANCE SACCO SOCIETY LTD | 4.95 | 4.00 | 3.61 | 5.05 | 4.00 | 4.36 | 5.00 | 4.00 | 3.31 | 5.45 | 4.00 | 3.98 |
| 19. | ORTHODOX DEVELOPMENT SACCO SOCIETY LTD | 4.20 | 3.00 | 3.12 | 4.72 | 3.00 | 3.02 | 4.82 | 3.00 | 3.10 | 4.62 | 3.00 | 3.70 |
| 20. | SAFARICOM SACCO SOCIETY LTD | 3.95 | 3.40 | 4.01 | 4.91 | 3.43 | 4.01 | 4.80 | 3.45 | 4.01 | 4.95 | 3.45 | 3.41 |
| 21. | SHERIA SACCO SOCIETY LTD | 4.82 | 3.45 | 3.01 | 4.82 | 3.40 | 3.01 | 4.82 | 3.45 | 3.01 | 4.82 | 3.45 | 3.61 |
| 22. | U.N. SACCO SOCIETY LTD | 3.13 | 3.45 | 3.17 | 4.03 | 3.35 | 3.11 | 5.10 | 3.00 | 3.11 | 5.21 | 3.67 | 3.50 |
| 23. | UKULIMA SACCO SOCIETY LTD | 4.92 | 3.70 | 3.00 | 4.65 | 3.85 | 3.07 | 5.05 | 3.75 | 3.90 | 5.21 | 3.77 | 3.64 |
| 24. | UNIVERSAL TRADERS SACCO SOCIETY LTD | 3.92 | 3.80 | 3.01 | 4.82 | 3.40 | 10.1 | 5.02 | 3.40 | 10.11 | 5.02 | 3.40 | 3.11 |
| 25. | GITHUGURI DAIRY FARMERS CO-OPERATIVE SOCIETY LTD | 3.61 | 3.43 | 2.90 | 4.12 | 3.70 | 3.40 | 5.11 | 3.92 | 2.69 | 5.11 | 3.87 | 4.01 |
| 26. | NACICO SACCO SOCIETY LTD | 4.32 | 3.19 | 3.76 | 4.32 | 3.19 | 3.76 | 4.32 | 3.19 | 3.76 | 4.32 | 3.19 | 3.76 |
| 28. | WANA-ANGA SACCO SOCIETY LTD | 3.81 | 3.65 | 3.21 | 5.09 | 3.75 | 2.92 | 4.78 | 3.35 | 3.12 | 5.13 | 3.55 | 3.43 |
| 29. | WANANDEGE | 3.80 | 3.23 | 3.67 | 4.90 | 2.91 | 3.71 | 5.01 | 3.81 | 3.93 | 5.24 | 3.68 | 3.01 |

| | | | | | | | | | | | | | |
|-----|---------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| | SACCO SOCIETY LTD | | | | | | | | | | | | |
| 30. | WAUMINI SACCO SOCIETY LTD | 3.72 | 3.53 | 4.00 | 4.82 | 2.61 | 2.93 | 4.82 | 3.30 | 3.45 | 5.00 | 2.73 | 4.49 |
| 31 | UKULIMA SACCO SOCIETY LTD | 4.10 | 2.13 | 4.19 | 5.01 | 3.40 | 3.01 | 4.90 | 3.40 | 3.08 | 534 | 3.50 | 3.90 |

| SACCO NAME | | YEAR 2014 | | |
|------------|--------------------------------------|----------------|-------------------|---------------|
| | | Dividend Yield | Membership Growth | SACCO Savings |
| 1. | AFYA SACCO SOCIETY LTD | 6.0 | 4.18 | 4.22 |
| 2. | AIRPORTS SACCO SOCIETY LTD | 4.01 | 6.22 | 4.83 |
| 3. | ASILI SACCO SOCIETY LTD | 5.21 | 5.92 | 7.45 |
| 4. | CHAI SACCO SOCIETY LTD | 4.53 | 4.83 | 4.16 |
| 5. | CHUNA SACCO SOCIETY LTD | 4.07 | 6.73 | 5.50 |
| 6. | COMOCO SACCO SOCIETY LTD | 3.32 | 6.04 | 3.43 |
| 7. | FARIJISACCO SOCIETY LTD | 4.09 | 5.51 | 2.97 |
| 8. | HARAMBEE SACCO SOCIETY LTD | 5.02 | 4.18 | 7.41 |
| 9. | HAZINA SACCO SOCIETY LTD | 4.40 | 3.53 | 5.40 |
| 10. | JAMII SACCO SOCIETY LTD | 5.23 | 5.32 | 7.00 |
| 11. | KENPIPE SACCO SOCIETY LTD | 3.00 | 6.03 | 7.20 |
| 12. | KENYA POLICE STAFF SACCO SOCIETY LTD | 3.54 | 5.21 | 2.82 |
| 13. | KINGDOM SACCO SOCIETY LTD | 3.19 | 6.18 | 7.50 |

| | | | | |
|-----|--|------|------|------|
| 14. | MWALIMU NATIONAL SACCO SOCIETY LTD | 5.23 | 6.12 | 3.91 |
| 15. | METROPOLITAN SACCO SOCIETY LTD | 4.09 | 4.00 | 7.09 |
| 16. | MWITO SACCO SOCIETY LTD | 3.45 | 5.95 | 6.92 |
| 17. | NATION STAFF SACCO SOCIETY LTD | 6.60 | 5.63 | 5.60 |
| 18. | KIAMBU UNITY FINANCE SACCO SOCIETY LTD | 5.45 | 6.85 | 5.98 |
| 19. | ORTHODOX DEVELOPMENT SACCO SOCIETY LTD | 4.62 | 5.24 | 7.70 |
| 20. | SAFARICOM SACCO SOCIETY LTD | 4.95 | 5.97 | 3.41 |
| 21. | SHERIA SACCO SOCIETY LTD | 4.82 | 7.42 | 6.61 |
| 22. | U.N. SACCO SOCIETY LTD | 5.21 | 4.92 | 7.50 |
| 23. | UKULIMA SACCO SOCIETY LTD | 5.21 | 5.79 | 6.64 |
| 24. | UNIVERSAL TRADERS SACCO SOCIETY LTD | 5.02 | 5.18 | 7.11 |
| 25. | GITHUGURI DAIRY FARMERS CO-OPERATIVE SOCIETY LTD | 5.40 | 4.65 | 7.01 |
| 26. | NACICO SACCO SOCIETY LTD | 4.32 | 4.11 | 5.09 |
| 28. | WANA-ANGA SACCO SOCIETY LTD | 5.00 | 6.90 | 7.43 |
| 29. | WANANDEGE SACCO SOCIETY LTD | 4.14 | 6.30 | 6.01 |
| 30. | WAUMINI SACCO SOCIETY LTD | 4.80 | 5.0 | 5.80 |
| 31 | UKULIMA SACCO SOCIETY LTD | 5.14 | 4.74 | 5.56 |

Appendix III: Dividend Yield Rates

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|--------------|----------|----------|----------|----------|
| AFYA SACCO SOCIETY LTD | 0.1063 1 | 0.102836 | 0.14276 | 0.20009 | 0.397798 |
| AIRPORTS SACCO SOCIETY LTD | 0.1325 13 | 0.640499 | 0.530033 | 2.201814 | 0.018598 |
| ASILI SACCO SOCIETY LTD | 0.1107 93 | 0.112775 | 0.10314 | 0.166667 | 0.287001 |
| CHAI SACCO SOCIETY LTD | 0.8370 64 | 0.97315 | 0.232654 | 82.22648 | 0.41244 |
| CHUNA SACCO SOCIETY LTD | 1.5979 53 | 0.64087 | 0.499931 | 0.01957 | 0.632744 |
| COMOCO SACCO SOCIETY LTD | 0.0248 6 | 0.46574 | 0.020109 | -0.09096 | 1.00000 |
| FARIJISACCO SOCIETY LTD | 0.1294 29 | 0.030261 | 0.022171 | 0.613048 | 0.267776 |
| HARAMBEE SACCO SOCIETY LTD | 0.1272 9 | 0.20399 | 0.317242 | 0.323645 | 0.14302 |
| HAZINA SACCO SOCIETY LTD | 3.5034 13 | -0.55208 | 1.037167 | 0.228299 | 1.0000 |
| JAMII SACCO SOCIETY LTD | 0.0217 4 | 0.069767 | 0.01602 | 0.263006 | 0.08125 |
| KENPIPE SACCO SOCIETY LTD | 0.4996 | 1.056185 | 0.00761 | 0.80195 | 0.380443 |
| KENYA POLICE STAFF SACCO SOCIETY LTD | 0.0886 35 | 0.069836 | 0.088635 | 0.096033 | 0.247855 |
| KINGDOM SACCO SOCIETY LTD | 0.2436 57 | 0.185961 | 0.087411 | 0.2038 | 0.258595 |
| MWALIMU NATIONAL SACCO SOCIETY LTD | 0.5680 11 | 0.624155 | 0.231567 | 0.511811 | 0.568011 |
| METROPOLITAN SACCO SOCIETY LTD | 0.2641 12 | 1 | 0.370607 | 0.540923 | 0.499769 |

| | | | | | |
|--|--------------|----------|----------|----------|----------|
| MWITO SACCO SOCIETY LTD | 0.5766 68 | 0.13504 | 0.127069 | 0.463418 | 0.576668 |
| NATION STAFF SACCO SOCIETY LTD | 0.2497 52 | 0.175991 | 1.494186 | 0.365177 | 0.066402 |
| KIAMBU UNITY FINANCE SACCO SOCIETY LTD | 0.3888 | 0.283691 | 1.35074 | 0.327053 | 0.3888 |
| ORTHODOX DEVELOPMENT SACCO SOCIETY LTD | 1 | 0.57421 | -0.20555 | 0.35998 | 34.65734 |
| SAFARICOM SACCO SOCIETY LTD | 0.2187 77 | 0.250679 | 0.22269 | 0.080282 | 0.087289 |
| SHERIA SACCO SOCIETY LTD | 0.1187 8 | 0.716361 | 0.26947 | 2.297755 | 1.182517 |
| U.N. SACCO SOCIETY LTD | 0.2822 5 | 0.299744 | 0.29647 | 0.009687 | 0.866526 |
| UKULIMA SACCO SOCIETY LTD | 0.0521 15 | 0.99582 | 0.214393 | 0.255681 | 0.486688 |
| UNIVERSAL TRADERS SACCO SOCIETY LTD | 1.1398 73 | 0.009768 | 0.127124 | 0.225488 | 0.817732 |
| GITHUGURI DAIRY FARMERS CO-OPERATIVE SOCIETY LTD | 0.1376 4 | 0.415427 | 0.280547 | 0.632744 | 0.317375 |
| NACICO SACCO SOCIETY LTD | 0.2 | 0.136364 | 0.047619 | 0.05 | 0.197605 |
| WANA-ANGA SACCO SOCIETY LTD | 0.2441 5 | 0.215441 | 0.099587 | 0.127124 | 0.225488 |
| WANANDEGE SACCO SOCIETY LTD | 0.1117 37 | 0.228299 | 0.08003 | 0.13218 | 0.123719 |
| WAUMINI SACCO SOCIETY LTD | 0.3804 01 | 0.179468 | 0.817732 | 0.297503 | 0.31284 |
| UKULIMA SACCO SOCIETY LTD | 0.3809 52 | 0.06667 | 0.25 | 0.49664 | 0.02295 |
| | 0.0997 | 0.29825 | 0.14 | 0.28571 | 2.5 |

| | | | | | |
|--------------------------------------|--------------|----------|----------|----------|----------|
| AFYA SACCO SOCIETY LTD | 5 | | | | |
| AIRPORTS SACCO SOCIETY LTD | 0.6652 02 | 0.204821 | 0.136216 | 0.245425 | 0.24926 |
| ASILI SACCO SOCIETY LTD | 0.2152 | 0.114821 | 0.136242 | 0.37411 | 0.21765 |
| CHAI SACCO SOCIETY LTD | 0.0603 18 | 0.532037 | 0.1165 | 0.380443 | 0.10462 |
| CHUNA SACCO SOCIETY LTD | 0.1555 56 | 0.16626 | 0.025901 | 0.20269 | 0.01354 |
| COMOCO SACCO SOCIETY LTD | 0.3708 4 | 0.143978 | 0.00453 | 0.168077 | 0.2647 |
| FARIJISACCO SOCIETY LTD | 0.3270 53 | 1 | 0.333333 | 0.09121 | 0.35411 |
| HARAMBEE SACCO SOCIETY LTD | 0.0277 78 | 0.103363 | 0.023639 | 0.319632 | 0.324625 |
| HAZINA SACCO SOCIETY LTD | 0.2478 8 | 0.034079 | 0.01096 | 0.016806 | 0.267986 |
| JAMII SACCO SOCIETY LTD | 0.2113 6 | 0.539665 | 0.498856 | 0.353605 | 0.835985 |
| KENPIPE SACCO SOCIETY LTD | 0.0056 31 | 0.033225 | 0.152084 | 0.533333 | 0.395349 |
| KENYA POLICE STAFF SACCO SOCIETY LTD | 0.0993 35 | 0.511811 | 1.393318 | 1.177953 | 0.456190 |
| KINGDOM SACCO SOCIETY LTD | 0.1264 33 | 0.463418 | 0.156975 | 0.6223 | 0.740871 |