

**FACTORS INFLUENCING THE PERFORMANCE OF
SELECTED “MATATU” SACCO SOCIETIES OPERATING
IN KITUI COUNTY KENYA**

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DECLARATION

This research project is my original work and has not been presented for an award in any other university.

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

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DEDICATION

This research report is dedicated to my wife Stella, our children Sally, Sasha, and Tasha. Also to my parents, Mr and Mrs David Kilai, for their personal sacrifice, support, and for being an inspiration in my life.

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TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	viii
ABSTRACT	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the study	1
1.2 Statement of the problem	5
1.3 Purpose of the study.....	7
1.4 Objectives of the study.....	7
1.5 Research questions.....	8
1.6 Significance of the Study	8
1.7 Limitation of the study	9
1.8 Delimitations of the study	10
1.9 Assumptions of the study.....	10
1.10 Definition of key terms	11
1.11 Organization of the study.....	12
CHAPTER TWO: LITERATURE REVIEW	13
2.1 Introduction.....	13
2.2 The influence of Government regulation policies, on the performance of Matatu Saccos.....	13
2.3 The influence of Management skills/practices on the performance of Matatu Saccos.....	15
2.4 The Influence of matatu sacco competition among themselves on the performance of Matatu Saccos.	18
2.5 Influence of Information Communication Technology on the performance of Matatu Saccos.....	20
2.6 The Influence of Training the Matatu Sacco Owners/Employees on the performance Matatu Saccos	23
2.7 Theoretical framework.....	24

2.8 Conceptual framework.....	26
CHAPTER THREE: RESEARCH METHODOLOGY	28
3.1. Introduction.....	28
3.2 Research design	28
3.3 Target population	29
3. 4 Sampling procedures and sample size.	29
3.5 Research instruments	30
3.6 Validity of instruments	30
3.7 Reliability of instruments.....	31
3.8 Data collection procedures.....	31
3.9 Data analysis	32
3.10 Ethical considerations.	32
3.11 Operational definition of variables.	33
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND	
INTERPRETATION.....	36
4.1 Introduction.....	36
4.2 Response rate	36
4.3 Demographics	36
4.3.1 Gender of the respondent	36
4.3.2 Age bracket of the respondents.....	37
4.3.3 Level of education of the respondents	38
4.3.3 Sample of Matatu Saccos operating in Kitui County.....	39
4.4 Influence of government policies on performance of Matatu Saccos.....	40
4.4.1 Rating on how Government policies are providing an enabling environment for the Matatu Saccos.	40
4.4.2Revision of government policies on operations of Matatu Saccos	41
4.4.3 Implementation of these government policies on operations of Matatu Sacco	42
4.5 Influence of management skills on the performance of Matatu Saccos.	43
4.5.1 Rating on performance of the top management of the Saccos.....	43
4.5.2 Monitoring and evaluation practices by the management committee.	44
4.6 Influence of competition on the performance of Matatu Saccos in Kitui County	45

4.6.1 Level of competition among the Matatu Saccos in Kitui County.....	46
4.8 Influence of ICT on the performance of Matatu Saccos in Kitui County.....	47
4.9 Influence of training of Matatu Sacco owners and employees on the performance of Matatu Saccos In Kitui County	48
CHAPTER FIVE : SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	52
5.1 Introduction.....	52
5.2 Summary of the Findings.....	52
5.3 Conclusion	56
5.4 Recommendations.....	58
REFERENCE.....	59
APPENDICES.....	62
Appendix II: Transmittal letter.	62
Appendix II. Questionnaire.....	63

LIST OF TABLES

Table 3.1 Target and sample size.....	30
Table 3.2: Operationalization of the Study Variables.....	34
Table 4.1 : Gender of the respondent.....	37
Table 4.2 : Age bracket of the respondents.....	37
Table 4.3 : Level of education of the respondents	38
Table 4.4: Sample of Matatu Saccos operating in Kitui County	39
Table 4.5 : Rating on how Government policies are providing an enabling environment for the Matatu Saccos	40
Table 4.6 : Need for revision of government policies on regulation of Matatu Saccos	41
Table 4.7: Implementation of the government policies on regulation of Matatu Saccos	42
Table 4.8: Rating on performance of the top management of the Sacco.....	43
Table 4.9 : Rating on monitoring and evaluation practices, by the management committees.....	44
Table 4.10: The influence of competition among the Matatu Saccos in Kitui county.	45
Table 4.11: Level of competition among the Matatu Saccos in Kitui County	46
Table 4.12: Modern ICT gadgets in Matatu Saccos operations.....	47
Table 4.13: Training of Matatu owners and employees influence the performance of the Matatu saccos.	48
Table 4.14: Model summary	49
Table 4.15: Anova Results	50
Table 4.16: Coefficient of determination.....	50

ABSTRACT

Success and sustainability of projects undertaken depends so much on several factors. These factors vary from one project to another. This study aimed at establishing the factors which influence the performance of Matatu Saccos, with reference to Matatu Saccos in Kitui County. It is the aim of the Kenyan government today to see that cooperatives spread out in all the sectors. These cooperatives (SACCOS) focuses more on the welfare of the members, encouraging savings habits, enhanced credits at low interest level, education on investment programmes, and again it also becomes easier for the government to reach the people through the Saccos compared to individuals, in the attempt to empower them. The study has adopted descriptive survey design since descriptive research support the development of precise measurements and reporting of characteristics of some population of phenomena. The study found that government policies on Matatu Sacco operations, the management skills and practices on the operations of Matatu Saccos, information communication technology, training of the Sacco owners and employees on the operations of Matatu Saccos and the spirit of competition among the Matatu Saccos all have greater contribution on the performance of Matatu saccos in Kitui county. The study asserts that, good favorable government policies would easily move the Saccos to a higher indifference curve of operation. Good management skills, promotes proper allocation of resources, monitoring and transparency. Regular training of employees helps in maintaining standards and effectiveness in operations and therefore focusing on customer satisfaction. Healthy competition has been found to be a motivating factor and help in keeping high standards of operations for possible comparative advantage in the market. Information Communication Technology is an emerging factor in Matatu operations and helps in attaining good levels of efficiency, good control, enhanced security and continued customer satisfaction. A few randomly selected Matatu Saccos serving in Kitui County were studied. There was use of valid and reliable instruments for data collection (questionnaires). Quantitative methods for questionnaires, using descriptive statistic and tabulation techniques were used to analyze the data; aided by statistical package for social sciences (SPSS).

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Saving and credit cooperative (SACCO) is a type of cooperative whose objective is to create a pool of savings for the members and in return provide them with credit facilities at a low rate. Where, a cooperative is a group of people who come together mainly to provide convenient and efficient services to members (NANCY, 2008). A cooperative is also formed to eliminate middle men so that all profits go to the members. Mostly they are formed by people who either have common problems or common interests. Modern cooperation as a practice was started by the Rochdale pioneers in Britain in 1844 and its principles such as voluntary and open membership, democratic administration, provision of dividends to members, promotion of education to members among others are followed worldwide. Discernible growth of cooperatives in Kenya dates back to 1946 when the cooperatives societies ordinance No. 38 of 1945 was enacted which allowed for the first time indigeneous African Kenyans to form and join cooperatives societies. By the end of first decade after independence, Kenya had registered 2800 Agricultural cooperatives (MOCD&M, Sessional paper no. 5, 2011).

However, following the wave of economic liberalization in late 1980s and the 1990s, the cooperative movement could not adequately adapt to the challenges of competition due to the rigidity of internal production and marketing structures. Past efforts to modernize the sub sector had limited effect due to failure by the movement to aggressively and fully

cash in on existing and emerging market opportunities based on their areas of comparative advantage. Besides an ineffective legal and regulatory framework, poor leadership, lack of integrity and ineffective institutional arrangements also contributed to slackened cooperative growth. Members of the cooperatives started losing confidence with cooperative institutions, with high levels of indebtedness and increased poverty levels. Following a reduction of donor support for cooperatives development programmes in mid 1990s, resources for capacity building, training and education, and material development dwindled resulting in heightened unawareness about cooperative values among the management, leaders and members, poor governance and reduced appreciation of the cooperative benefits.

Despite its short comings, nonetheless, liberalization created new opportunities for cooperative growth at National and regional levels. Due to governance reforms instituted by government and resurgence of economic growth since 2003, the number of registered cooperative societies in Kenya grew steadily from 9443 in 2000 to 13256 by 2010. At the same time Sacco sub sector registered an impressive 25% annual growth in the number of registered Sacco societies growing from 3627 to 6267 in 2010. The total membership of the cooperative movement grew from 5.34million in 2000 to 10.17 million members at the end of 2010 with a significant increase in Sacco membership.(MOCD&M, 2011).

SACCOS mobilize their funds in the form of membership fees, share capital, deposits, retained earnings/ surpluses, external borrowing and where necessary, grants and donations. These societies are organized on employment, commodity trade, jua kali

industries, transport and community basis. Transportation is a major activity within the cooperative movement both for passengers and goods. Most vehicle owners, especially in the public transport sub- sector, formed Saccos following government directives in order to modernize their fleet. The public transport system in Kenya has had no organized system through which the people of Kenya could effectively plan their movements. In a bid to address this inequality and afford Kenyans an opportunity to earn a living, Kenyans were allowed to own and run informal public service Vehicle (PSVs). The influx of these PSVs brought in more chaos than they set out to address. The government, in a bid to bring sanity in the Transport sector ordered PSV operators to either form cooperatives (SACCOS) or companies through which they could be easily supported for effective and efficient services.

The Kenya government views the cooperative movement as a very important vehicle for economic and social advancement of the citizens. The ministry of cooperative development recognizes the fact that cooperative movements are some of the most effective means of channeling funds to groups, individuals who require such funds for entrepreneurial endeavors. In addition, it encourages the establishment of financially strong savings and credit societies for salaried workers who get loans out of the savings made overtime. Today the Kenya government through the ministry of cooperative development is talking about women Enterprise funds, Uwezo fund, youth enterprise fund among others. All these are channels for funds to the women and the youth who are in registered groups, in an attempt to empower them.

The Sacco in Kenya sub-sector is considered as the fastest growing in the cooperative movement. Almost half of the 972 additional cooperative societies and unions registered in 2013 were Saccos (registrar of Cooperatives). Saccos went up from 6737 in 2010 to 8902 in 2013, but only 3983 were active, with 227 of them or 6% offering deposit taking services commonly referred to as front office services activity (FOSA).

Saccos in Kenya are gradually responding to the fast changes in the financing environment and are adopting new approaches to the Sacco model. We have many types of Sacco's in Kenya. Among them are: Diaspora Saccos, Youth Saccos, Housing Saccos, Education Saccos and Matatu Saccos among others. My study is on Matatu Saccos in Kitui County. Matatus in Kenya play an important role on daily basis. They account for 80% of the total public transport in the country (Republic of Kenya 2002).

To bring sanity to Matatu industry, the government directed that all buses and Matatus involved in transport industry join Sacco's (legal notice 23rd December 2010) or a transport company. The rule requires that the corporate body licensed to operate as a PSV must own a minimum of 30 serviceable vehicles. These Saccos are expected to play a vital role in growth of the transport industry and some have now become respected brands in the sector. They have also been pioneers in changing the image of public transport, which was dominated by rogue drivers and tours without regard for traffic rules. These Matatu Sacco just like any other Sacco or a cooperative they are seen by the government as engines of social and economic development. The government is able to facilitate them with finances, conducive environment and many others with a sole

intention of spurring and stimulating development agendas of vision 2030. In Kitui County we have 30 registered Matatu Saccos. (Ministry of transport and cooperative development) With good support from all the stakeholders, the Matatu Saccos in Kitui County could also reach higher levels of operations as it is seen with other Saccos such as Umurenge Sacco of Rwanda, Kenya highlands Saccos society among others. The success or failure of the implementation of a project depends on various factors. These include the leadership style of the management team of the project, the people involved in the implementation of the project, stakeholders, the government policies among others (Bourne & Walker, 2005).

Matatu Saccos operates in such a sector, experiencing both internal and external forces. This means that the Matatu Saccos have to strategize, make themselves competitive as possible, while observing continuous customer satisfaction and profit maximization for survival and expansion purposes. This research highlights these factors and their role in growth and survival of Matatu Saccos in Kitui County. The researcher has been attracted by the numerous formation of new Matatu Saccos day in day out, others have had a very short life span, while others are seemingly not seen to make any remarkable steps in expansion and diversity.

1.2 Statement of the problem

Due to governance reforms introduced by the government in 2004, SACCOS Act in 2010, the country (KENYA) has witnessed a continued growth of cooperatives from 9443 in 2000, to 13256 by 2010. The total membership of the cooperative movement

raised from 5.34 million in 2000 to 10.17 million members by 2010. Government funding for cooperatives development programmes has also risen from 1.2 billion per annum in 2010 to 4 billion in 2014. Half of the additional cooperatives were SACCOS, out of which in 2011 alone, 972 additional cooperatives were MATATU SACCOS, but only 700 are active today across the country (MOCD&M). Despite these gains, the overriding challenges to cooperative development is improving the commercial viability, profitability and sustainability of individual cooperatives, increasing their contribution to GDP as well as enhancing their adaptability and responsiveness to emerging contemporary economic challenges locally and internationally. While we appreciate the scale of operations of some SACCOS like Kenya Highlands for tea growers, Mwalimu National SACCO for teachers among few others, there is a big need to look and question the performance of MATATU SACCOS in the country, narrowing down to MATATU SACCOS in KITUI County.

These Matatu Saccos in Kitui county are not well developed, with very short life span, sub- divisions into small uneconomical units (Mbikisa, Nakisa, Nakimu, Mwikimamo Matatu SACCOS), possibly with low capital base, use of outdated technologies, low or no dividends and poor services, limiting SACCOS expansion leading to low business volumes. (Kitui county office, MOCD&M). Major research themes on the Matatu sector in Kenya have been on origin, growth and legal status (Aduwo 1990) efficiency and quality of service of Matatus (Awor 1990), contribution to road traffic injuries (Muyia 2001), Performance of Matatu Saccos in Kiambu county, (muiurugi, 2012). Maingi (2014) talked of factors affecting financial performance of Saccos in Kenya, Nkuru (2015)

evaluated on the factors affecting growth of Saccos within the agricultural sector in Kenya. It is because of this that this study sought to establish the factors behind the performance of Matatu Saccos in Kitui County, where little has been undertaken.

1.3 Purpose of the study

The study was made to investigate factors influencing the performance of Matatu Saccos in Kitui County. Where, the performance can be seen in terms of growth and survival of Matatu Saccos in the market.

1.4 Objectives of the study

The study had the following objectives.

- i) To determine how the government policies on regulation of transport sector influence the performance of Matatu Saccos in Kitui County.
- ii) To assess how management skills and practices influence the performance of Matatu Saccos in Kitui County.
- iii) To examine the influence of competition among the Matatu Saccos in Kitui County.
- iv) To determine the extent to which ICT is influencing the performance of Matatu Saccos in Kitui County.
- v) To determine how training of owners and employees influence the performance of Matatu Saccos in Kitui County.

1.5 Research questions

This research examines the following questions

- i) To what extent do the government policies on regulations of Matatu Sacco influence the performance of Matatu Saccos in Kitui County?
- ii) To what extent does management skills/practices influence the performance of Matatu Saccos in Kitui County?
- iii) What influence does competition among Matatu saccos bring in the transport sector, in Kitui County?
- vi) To what extent does the ICT influence the performance of Matatu Saccos in Kitui County?
- vii) To what extent does training of owners and employees influence the performance of Matatu Saccos in Kitui County?

1.6 Significance of the Study

The findings of this study would have cross cutting benefits to the various stakeholders and what they have identified as their urgent needs.

The study would assist the government policy makers in the issues of formulating favorable policies that provide an enabling environment for Matatu Saccos and other institutions.

The County government of Kitui would also realize its role in promoting and empowering the Matatu Saccos and other financial institutions. This may range from conducive environment to financial support, and technical support.

The large community of Kitui County would also learn on the importance of Saccos as a saving platform so that they can create good financial muscle that enables them to borrow and expand their businesses. In addition the Sacco would benefit through periodic monitoring and evaluation and be in a position to refine and further develop their products and hence making them gain competitive advantage in their operations.

The Sacco would also realize the hidden potential of accumulating capital which facilitate training and education of members and assist in diversification of their investment to the other sectors like real-estate, insurance and banking among others.

1.7 Limitation of the study

The respondents were reluctant in giving information fearing that the information asked may be used to paint a negative image about how they work. There was a concern whereby false information may be gotten due to the fact that Matatu operators may not be willing to provide details of the operations of their institutions terming as exposing their institutions to their competitors. To overcome this challenge, the researcher assured the respondent that the information they give would be treated with a high degree of secrecy.

The researcher is also working with the government and time to conduct the research was also a problem. It involved travelling to major parts of the County which are far apart.

To overcome this challenge the researcher made use of random sampling of the Matatu Sacco personnel at different parts of the Kitui County. The researcher also got written permission from TSC agents for the days he was conducting the research.

1.8 Delimitations of the study

The study was designed to investigate the factors influencing the performance, of Matatu Saccos in Kitui County. For this reason the data collected could possibly be fit for Matatu Saccos in Kitui County only and not any other kind of a Sacco in any other County.

1.9 Assumptions of the study

- i) The study assumed that all respondents would cooperate and give reliable information.
- ii) It was assumed that the respondent were familiar with the general operations of the Matatu Sacco as an institution.
- iii) It was further assumed that the data collection method used would be effective and efficient so as not to influence the responses from the participants.

1.10 Definition of key terms

Cooperative	A group of people (at least 10) who come together to provide efficient and convenient services to the members.
Sacco	It is a type of cooperative for savings and credit. It pools savings together for members and in return often credit to the same members at affordable rates.
Growth	In business, it is a gradual process of increase in size and scale of operation of a business, over a period of time.
Development	This is sustained growth which is indicated by positive changes in structures and systems.
Monitoring	Is an ongoing systematic collection of information to assess progress towards the achievement of objectives, outcomes and impact.
Evaluations	The systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation and results.
Competitors	A firm or individual selling or buying goods and services in the same market as another.
Competitive advantage	A business concept, or advantage that a firm has over its competitors, allowing it to generate great sales or margins.
ICT	Information Communication Technology. It is a diverse set of information, communication and technological tools and resources used to transmit, store, create, share or exchange information.
Conducive environment	Environment and policies which favors the growth and development of enterprises, firms or even institutions.
MOCD & M	Ministry of Cooperative Development and Marketing.
GDP	Gross Domestic Product. This is the monitoring value of all goods and services produced within a country's boundaries in a specific time period.
PSV	Passenger Service Vehicle. These are vehicles which are allowed by the

law to transport passengers from one point to another.

NTSA National Transport and Safety Authority. It's a statutory body established by the national transport and safety authority Act (2012) to bring about sanity in Kenyan roads.

SASRA Sacco Societies Regulatory Authority. It is a statutory body established under the sacco societies Act (2010) to regulate the operations of all saccos in Kenya.

1.11 Organization of the study

The study is organized into five distinct chapters. Chapter one is an introduction to the study whereby the background of the study is discussed, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study assumptions and organization of the study.

Chapter two entail the literature review explaining on the objectives. Chapter three is on the research design, target population, sampling procedures, reliable and valid instruments to be used in data presentation, analysis and interpretation and lastly chapter five is about the summary of the research findings, conclusion and recommendations with suggestions for the further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on literature review. The chapter focuses on an over view of the role of government on regulation of Matatu Saccos, management skills/practices in growth of Saccos, the influence of competitors in the survival of Matatu Saccos, the role of ICT in operations of Matatu Saccos and the role of training in facilitating competitive advantage in operations of Matatu Saccos. The chapter also presents the, empirical, conceptual framework and theoretical view of the study.

2.2 The influence of Government regulation policies, on the performance of Matatu Saccos

The current policy of the Kenya government is to facilitate the private sector to be the engine of economic growth. This is being implemented through the development of the Private Sector Development Strategy (PSDS) to facilitate the private sector. This is being done by the gradual shift in the role of government from that of control and regulation to that of facilitating Private Sector Development (PSD). PSD enhances the functioning of the private sector so that it is better able to contribute to the social and economic development of the country. Numerous market failures prevent domestic enterprises from building competitive advantages because they cannot access finance, information, technology and markets. Specific polices, programmes and appropriate institutional frameworks should be established and strengthened for regulation purposes.

The greatest impediment to Sacco Growth and Development is poor governance, internally and externally. Externally, the government's policy objectives on Saccos are in tandem with the vision 2030 which is to have a vibrant and globally competitive financial sector driving high levels of savings and financing Kenyans Investment needs.

The regulatory body (SASRA) under vision 2030 plans to have identified challenges that need to be addressed in the cooperative sector and outlined the national flag ship projects and key support initiatives that need to be undertaken to address the challenges. It develops and implements Sacco programmes and activities.

Another related body of the Kenyan government is the so called National Transport and Safety Authority (NTSA). It was established through an act of parliament in 2012. (to regulate and bring sanity in our roads. To this end NTSA brings together under one roof the function of motor vehicle inspection, Transport licensing, and registration, Road safety, driven testing and to some extent traffic law enhancement. For instance, it (NTSA) maintains that blanket suspensions of the Matatu Saccos where necessary to enhance safety on the roads as most accidents are caused by PSVs. It accuses the Saccos of failing to self – regulate as required by law and hence the need to be regulated. These accounts for suspension of such Saccos from operations as: Kabras line Sacco, following an accident involving one of its Matatus on May 10 which left nine people dead. Namaki Sacco was also suspended after one of its Matatu was involved in a crash on May 3. Ummoiner Sacco was suspended for two weeks after a train rammed into Matatu belonging to the Sacco at Mutindwa Railway crossing in Umoja on November 2013.

However, some of these policies have triggered occasional demonstrations by matatu saccos.

Kitui County government is also working hand in hand with the National government to ensure sanity in transport sector within the County. It has invested a lot of money on development, maintenance and rehabilitation of the road network in the County including drift, culverts, bridges (County Ministry of lands and infrastructure 2014).

Through the act of Kitui County assembly, (2014) finance bill the County assembly revealed the rates and charges for all business establishments, Matatu Saccos included. Though it also triggered some demonstrations by the business people in the entire county led by their elected leaders.

2.3 The influence of Management skills/practices on the performance of Matatu Saccos.

In Matatu Saccos, just like in all other Saccos, the membership is the top most organs. Members are governed by several principles. Management structures of Matatu Saccos get complicated because of its democratic principles for decision making. There is a conflict between the owners and managers (Fisher and Desrochers 2002)

There is also a conflict between Sacco employees and volunteers (Branch & Evans 1999) and again there is a conflict between borrowers and net savers and lastly there is conflict between the elected members of board and the other members (Rock et al 1998) the conflict now becomes who to dominate the Matatu Sacco. A balance between the two

should be created for good progress, (Branch & Baker 1998). The financial function has always been important in business management. Irrespective of differences in structure, ownership and size, the financial organization of the enterprises ought to be capable of ensuring that the various finance functions; budgeting and controlling are carried out with the highest degree of efficiency. The profitability of any business depends largely upon the manner the financial function are performed and related to other business functions.

The financial functions of monitoring is part and parcel of Saccos management committee and therefore it should not only be treated as reporting requirement that assists managers in order to perform their roles, but it should also be seen as a tool that engages stakeholders in the activities of various projects of the firms so that such projects can grow and reach sustainable levels for future generations (Economic Development Board 1991)

Matatu Saccos in Kitui County, the board of directors, members/owners need to be in control of their operations. It is by conducting an internal and external assessment that they can be in a position to learn and improve their operations. A culture of continuous monitoring and evaluation of policies needs to be adopted if activities are to flow smoothly (Innes, 1991).

The steering committee of the Sacco should be of people of sober minds and with necessary skills to spur innovation and achieve high performance. According to Kamuhunda and Schmidt (2009), purchasing a Matatu and recovering initial costs is a

concern for owners. There is need to factor out the basic cost of operations such as fuel, salaries, maintenance and insurance. Managers with good management skills will significantly enable innovations and ability to exploit opportunities and willingness to take risks. Many Matatu Saccos have collapsed because of issues of transparency where the accumulated savings of the Matatu Saccos is never seen, shared or even ploughed back. Viable and custom oriented monitoring and evaluation of policies need to be introduced otherwise it will be a waste of money engaging in services that are not needed by the clients (World Bank, 1993).

Successful Saccos of Rwanda (Umurenge) worked on the culture of saving and collective senses of ownership by all members (Fincap survey report 2012) Internal policies and procedures need to be harmonized and internal control systems strengthened to avoid cases of embezzlement and fraud. (World Bank 2009). The staff and elected boards of Matatu Saccos need rigorous training to get skills for better governance of the Sacco (Fincap 2012)

Betty Assimwe of Harugongo Sacco in Uganda, 2010 said that “their Sacco is on the verge of collapse because of poor management, pushing away those who want to join. Again she said the Sacco is run by leaders who have no basic knowledge in finance management; the members keep on accusing the managers of personalizing the Sacco, failing to account for funds and misusing property of the Sacco which includes tractors and motorcycles”.

Monitoring and evaluation of policies need to answer vividly questions like whether its goals are being achieved, if no, what is the key reason behind lack of realization of goals; is it lack of coordination or poor planning. Are the resources for monitoring and evaluation of policies adequate? Do employees understand and implement monitoring and evaluation policies as desired (Tzner and Kopelman 2002). Based upon these observations, formulating the guidelines to the desired changes in the overall monitoring and evaluation of policies would be sure results in better managed and growing Matatu Saccos in Kitui County.

2.4 The Influence of matatu sacco competition among themselves on the performance of Matatu Saccos.

(Dibb and Sally, 2006) note that most marketers believe that a key focus for their activity is the differentiation of their product preposition vis-à-vis competing products and services. In addition markets must make decisions associated with branding such as brands, brand names brand marks, trade names and trademarks. A trade name is the full and name of an organization such as Kinatwa matatu Sacco, Mbikisa matatu Sacco, Mwingi Travelers Sacco among others. While a trademark is a legal designation indicating that the owner has exclusive use of brand or a part of brand and so prohibits use of the same by others legally.

The Matatu mode of transport has, since its official recognition in 1973, grown in importance. The short distance passenger traffic throughout Kenya is dominated by the Matatu operators (Ogonda 1992). Competition in road transport has been heightened with

the improved road network. In Kenya as a whole, the aspect of competitiveness are seen in the highly differentiated modes of travel ranging from the “Bodabodas”, “Saloon cars”, “probox”, Matatus (14 seater) to big buses. Each one of these is positioning itself strategically in the market. The marketing concept, the normative philosophy that underlies modern marketing thought, suggests that to be successful, firms should determine customers’ needs and wants, and satisfy them more effectively than their competitors do. Nerver and Slater (1990), defines market orientation as “the organization culture that most effectively and efficiently creates the necessary behavior for the creation of superior value for buyers and thus continuous superior performance for the business”.

Market orientation is conceptualized in terms of three dimensions. Customer orientation, competitors orientation and inter functional coordination. Hohli and Jarorski (1990) define market orientation from a behavioral perspective as “the organization of wide general market intelligence pertaining to current and future customer needs, dissemination of the information across departments and organizing wide responsiveness to it”. Positioning is a process of creating an image for a product in the minds of the target customers”. Positioning may be achieved through cosmetic changes to a product, its name, price, packaging or its channels of distribution to facilitate the successful promotion of the image desired by customers. Target customers must perceive the product to have distinct image and positioning as compared to the competitors. Product positioning can be conducted through attribute positioning, pricing and quality product to target market (Kortle P.2009)

Matatu Saccos in Kitui County are today involved in cut-throat competition. They (Saccos) have different positioning strategies, to outdo one another. This refers to things like clean and comfortable vehicles, flashy colours and names, unique hooting, unique and uniformity in Matatu colours, well managed satellite terminals along the roads, sports tyres among others.

The weak and less competitive Matatu Saccos easily finds itself out of the market. Today we talk of internet market positioning by the stable Matatu Saccos, like Kinatwa Matatu Sacco, Benjo Matatu Sacco both of Kitui County and Coast Bus Company. Customers are able to do booking of seats online. A lot of advertising is being done in the local media in order to boost sales. Mohamed (2005) studied the impact of e-commerce on business development in Kenya. He points out that internet has grown since its inception and is now used commonly in all sectors of the society across the globe.

2.5 Influence of Information Communication Technology on the performance of Matatu Saccos.

Information Communication Technology has been identified as a major driving force for economic development and has potential to facilitate achievement of the Millennium Development Goals that were set by the UN during the dawn of the 21st century. ICT is a major catalyst for globalization and has turned the world into a global village. ICT advances continue to impact heavily on all sectors of the economy and have been recognized as an essential tool in management.

ICT has been applied in many ways in various fields to collect data, improve lifestyles and most important to address disasters.

The military operations in Somalia, in an attempt to fight terrorists has been greatly supported by ICT. The use of drones which are controlled through remote have aided in surveillance and even to launch missile attacks in high risk targets and has effectively worked with very good results. In our major towns in Kenya like Nairobi have been fitted with 24 hours surveillance cameras. (County of Nairobi report 2014). ICT is not fully developed in our country, and most Saccos have lacked ICT systems. Additionally, most Sacco staffs have limited capabilities on ICT while their internal controls are extremely weak. Nevertheless, there is a slow wake- up call to adopt the use of ICT in all the sectors. In transport sector, ICT is being embraced in an effort to boost monitoring and control the pronounced corruption in the Matatu industry.

Matatu owners have been complaining of driver's recklessness and rude – manned behaviors. (David – Berkeley 2014). To counter some of these vices, some Matatu Saccos in Nairobi County have fitted their Matatus with communication technology gadgets for tracking. (Rongai to Nairobi Matatus) David Baerkeley, 2014) This system offers wide range of fleet management solutions that gives the Matatu owners full control of their fleet and access to their vehicles from any location through a computer or a smart mobile phone. The device enables the owner to know the real time position by time interval, receive alerts for off-road driving, over speeding, sudden breaking and other various driving behaviors alerts. The system has a geo-fenced control to regulate

movement boundaries. It reveals the number of trips made to and from the destination and also kilometers covered at any given time. Other gadgets promotes customer satisfaction when using such Matatus. Such gadgets includes free WIFI, television/radio and a mobile charging system.

In the neighbouring county of Machakos (to Kitui County) some roads have been fitted with surveillance cameras (kithimani – Masii-Machakos road). This is relentless efforts by the governor of Machokos County in a bid to curb road crimes. (Office of the governor, Machakos)

In Kitui County a lot pertaining ICT is being done. (Kitui County Development strategy 2013). Some Matatu Saccos in Kitui County have also been fitted with the ICT gadgets like Wifi, Changing Systems, Car Tracking devices among others. These are Kinatwa Sacco and Benjo Sacco. The cashless system, (Matatu fares) is also slowly at pilot stages in many counties, Kitui included. With these devices the drivers and the conductors in the sector will be well monitored and again they will be left with no cash, hence not very much vulnerable to car – Jackers. Other gadgets of technology in the transport sector are the alcohol blow, speed governors and speed detectors. Considerable improvement has been recorded in our roads today. With the issues of pronounced terrorism in the county, there is a big need to fit our Matatus with security gadget which can detect explosives and other weapons from a certain radius. Appreciated is the city hoppers bus company operating in Nairobi county among others, who physically scan the passengers as they

bound the buses. Security is a national issue which needs to be approached from all sides.

2.6 The Influence of Training the Matatu Sacco Owners/Employees on the performance Matatu Saccos

Training interventions leads to varying degrees of success, ranging from personal growth and positive attitude to business growth, sales and income gains thus leading to a significance growth in sales turnover. (Gamide et al, 2014). The employees of the Matatu Sacco need in-service training to develop skills and self confidence to allow them survive in the market and understand the concept of customers' satisfaction. The Asian Development Bank (2008) says that a well – designed and effectively delivered training programme enhances survival strategies in the market; training provided to groups in a participatory model is an empowering and liberation experience. One of the principles of cooperative is to provide education to members, though little may be seen to be done and especially in the Matatu Saccos of Kitui County. The employees of Matatu Saccos (Drivers and Conductors) are perceived as school dropouts and failures in academics. The perception is not a good one, it should be (Matatu sector) accorded all the respect because of its important role in movement of goods/passengers on daily basis. Financial stability of the Matatu Saccos will dictate on issues of training employee and other stakeholders. This participatory approach builds and promotes the stakeholders ownership of the project (Ajayi 2006). The needs assessment can be developed in the form of a matrix and can be organized according to sector or according to the actors involved (Saylor & Taylor 2003). Training to the employees is by itself a motivating

factor. They will be able to offer quality service and provide targets to their activities. The need for improved services in any organization requires professionals and skilled manpower (Jappelli and Marco, 1993). Professionals in the industry can be got within the county or outside the county. Advancing levels of technology have now made communication easier, and consultation can be done or even teleconferencing with individuals from other organizations for training experiences. In enhancing the flexibility of product design in the Matatu Sacco in Kitui County a combination of management information systems and vigorous training of all stakeholders is inevitable. For instance benchmarking is applied where a Matatu Sacco will learn the best practices of other firms and tries to improve its own using similar methodologies. (Barney, 1991) notes that benchmarking is a good practice that enables a firm to recognize its strength, weaknesses, opportunities and threats. Very important is also the issue of Matatu Saccos accumulating a strong capital base. Mandatory and voluntarily savings must be established. With good capital base then Matatu Sacco's (Kitui county) can also diversify investments, provide good dividends to members and offer quality in service training to member and employees with a visionary view of operating at a higher scale.

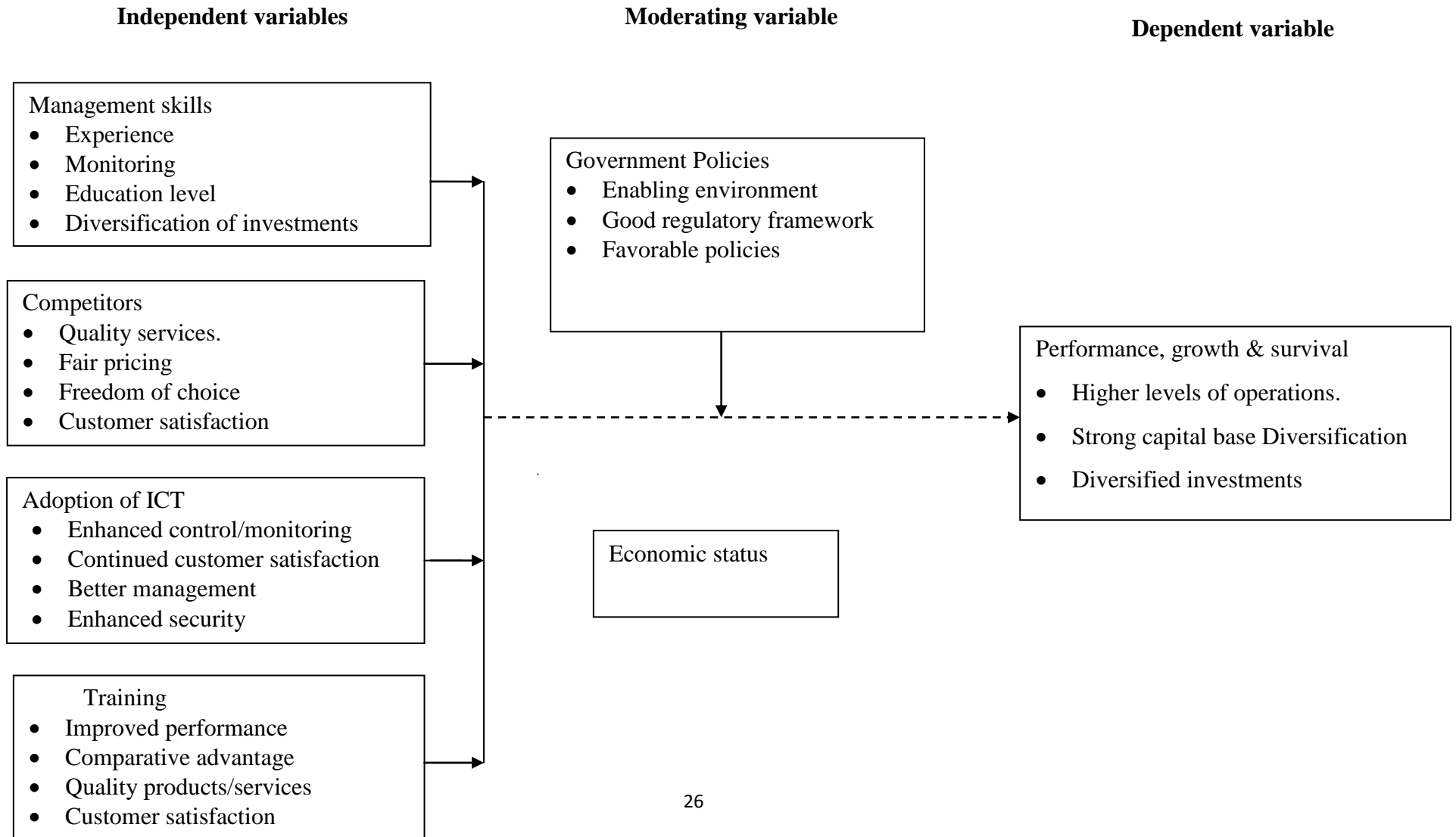
2.7 Theoretical framework

The study is hinged on market theory of comparative advantage and resource based view theory (RBV). Resources are valuable and can improve the performance and growth of Matatu Saccos. They enable full exploitation of the opportunities or neutralize threats. When a Matatu Sacco is endowed with good resources, it can be able to enjoy competitive advantage over the other (Barney 2005). These resources includes:- finances, capability information and knowledge.

Resources determine firm performance (Gottscahlk and Solli –Saether 2005). The firm is embedded in an industry environment that comprises the actors within an industry such as suppliers, customers, competitors and channel partners. The nature of relationships among these industry stakeholders influences the actions that a firm can initiate in pursuit of competitive advantage. The competitive advantage in turn, affects the market-based performance and financial performance of the business. The structure –conduct – performance model (Bain 1956) attempts to explain “why some industries, on average are more profitable than others” The works of porter (1980-1985) provides insights into “how the structural characteristics of an industry and competitive advantage strategy pursued by a business jointly determine the performance of a business. Matrix approaches to portfolio analysis and planning, such as the Boston Consulting Group (BCG) growth –share matrix and the market attractiveness business competitive position matrix, provide insights into “why some businesses in a multi-business firms portfolio are more profitable than others. This means that smaller firms (Matatu Saccos) are more vulnerable than larger firms (Matatu Saccos) because they lack the necessary resources capability for growth and survival.

2.8 Conceptual framework

The conceptual framework is used to show the relationship between the research variables. It helps the researcher to communicate how independent variables and dependent variables relate to each other using arrow directed diagrams (Riechel and Ramey, 1987).



In the study it was conceptualized that the independent variables; management skills, competitors in the sector, adoption of ICT and training plans influenced the performance of Matatu Saccos which is indicated by the growth and survival of these Saccos.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

In this chapter the researcher presents methodology through which data will be collected and analyzed so as to answer research questions and attain the set objectives. The chapter consists of research design, target population sampling procedures and sample size, research instrument, validity and reliability of the instrument, data collection procedures, data analysis and operational definition of variables.

3.2 Research design

Research design is a plan, structure and strategy of investigation conceived to obtain answer to research questions (Mugenda & Mugenda, 1999). The study will apply a descriptive research design and survey. According to (Uma Sekaran and Bongie R, 2010) descriptive research design is a non-experimental in that it deals with the relationships between non manipulated variables in a natural rather than laboratory setting. Survey design allows a researcher to gather information by questioning or interviewing respondents then summarize, present and interpret. It helps the researcher in collecting data through interviews and questionnaires to a sample of the large population (Orodho, 2003). According to Kadhori (1995) descriptive survey is concerned with description, recording, analysis and reporting conditions that exists or existed. It is also economical and provides data that is easy to analyze and it is appropriate in educational research like this. The study considers obtaining information from few respondents in order to have a

general view of the factors influencing the performance, of Matatu Sacco in Kitui County.

3.3 Target population

Population refers to the entire group of individuals, events, or objectives having some common characteristics (Mugenda and Mugenda 2003) the target population consists of employees, and owners/members of Matatu Saccos in Kitui county.

3. 4 Sampling procedures and sample size.

Sample involves selection of a small group of people from the large population to under study their information. Their information will be representative of the larger population, which they were drawn (Schumachor and McMillan, 1993) Random sampling for the Matatu Saccos was done so that they all have equal chance of being selected (1/3 of the of the registered matatu saccos, making 10 saccos.) .Ten Saccos with a minimum of 10 members gives a population target of 100 owners or members, while five major terminals (Nairobi, Kitui, Mutomo, Machakos and Mwingi), each being served by atleast three employees give a target population of 150 employees. A sample size of 75 respondents composed of the members/owners of the Sacco and the employees was studied. 30 respondents constituted the owners or members, while 45 constitutes the employees.

Table 3.1 Target and sample size

Category of respondents	Target population	Sample size
Members/owners of Sacco	100	30
Employees	150	45
Total	250	75

3.5 Research instruments

Data was collected using questionnaire. Through questionnaire the researcher was able to reach a large sample within limited time. It also ensured confidentiality and thus gathering more relevant and objective replies. The questionnaires are for both members (owners) and some of the employees. It included both closed and open ended questions. The questionnaire had three sections; section I, introduction and guideline section, section II, the personal details of the respondents and the questions in groups of various variables.

3.6 Validity of instruments

Validity refers to the accuracy and meaningfulness of inferences based on research results (Mugenda & Mugenda, 1999). The study applied content validity as a measure of the degree to which data obtained from the research accurately reflect the theoretical concept. Research instruments were validated through discussion with colleagues and experts in research who looked at the measuring technique and coverage of specific areas (objectives) covered by the study. The experts advised the researcher on the items to correct. The corrections on the identified questions were incorporated in the instrument

hence fine tuning the items to increase its validity. Validity was also ascertained by checking whether the questions were measuring what they were supposed to measure such as; clarity of wording and whether the respondents were able interpret all the questions in similar ways. (Orodho,2003). Validity was also established by the researcher through revealing areas causing confusion and ambiguity and this lead to reshaping of the questions to be more understandable by the respondents and gather uniform responses across various respondents (Orodho, 2003).

3.7 Reliability of instruments

(Mugenda & Mugenda, 1999), asserts that reliability is the degree to which results obtained from the analysis of data represented the phenomenon under study. The test re-tests technique helps to test reliability of instruments used.

(Ary 1979) Reliability of a measuring instrument is the degree of consistency with which it measures whatever it is meant for. It is a measure of degree to which a research instrument yields consistent results or data after repeated trial. Questionnaires were administered twice to same group of respondents within an interval of one week and correlation was established.

3.8 Data collection procedures

The researcher got an introductory letter from university of Nairobi to act as an identity. The researcher was given a written permission from the Kitui County Ministry of transport to collect data pertaining Matatu Sacco in the Kitui County. The researcher also

had a written permission from TSC agents since he is a teacher. The researcher administered the semi structured interviews to the members /owners of the Sacco personally. The respondents were then given enough time to give full information. Visits were made early in the morning and the filled questionnaires were collected by the end of the day.

3.9 Data analysis

The collected data was grouped according to research objectives and research questions. Quantitative data was analyzed using descriptive statistics such as totals, frequencies and percentages and tabulated.

Data collected from questionnaires was edited, coded and analyzed using SPSS software within quantitative research approach.

3.10 Ethical considerations.

Dooley (2007) asserts that, ethics involves the study of right and wrong conducts hence the concern for ethics may be seen as part of the historical trend in civil and human rights.

Permission to engage in the study was done first before the respondents were given the questionnaires. Participants in the study were assured of their identities being kept secret in order to uphold their privacy and safeguard the image of the Saccos. This research was aimed at producing knowledge beneficial to the government policy makers and general public; and not for individual purposes.

3.11 Operational definition of variables.

To achieve the study objectives for the study: Factors influencing the performance (growth and survival) of Matatu Saccos in Kitui County, Kenya. The study objectives were: to determine how the government policies on regulation of Matatu Saccos influence the performance of Matatu Saccos; to assess how management skills influence the performance of Matatu Saccos in Kitui County; to examine the influence brought by the competing Matatu Saccos; to determine the extent to which ICT is influencing the operations of Matatu Saccos; and to determine how training of members/employees influence the performance of Matatu Saccos in Kitui County.

Study variables are operationalized and presented as shown in the Table 2.

Table 3.2: Operationalization of the Study Variables.

Objectives	Independent Variable	Dependent Variable	Indicators	Measurement	Level Of Scale	Tools of Analysis
To assess how management scales influence the performance of Matatu SACCOs in Kitui County	Management skills/business skills	Performance of matatu saccos in Kitui County	<ul style="list-style-type: none"> • Experience • Monitoring • Education level • Diversification of investments 	<ul style="list-style-type: none"> • Splitting/merging of SACCOs • Fleet of Matatus • Diversification 	<ul style="list-style-type: none"> • Nominal • Nominal • Nominal 	<ul style="list-style-type: none"> • Descriptive statistics • Tables • Percentages
To examine the influence of competition among the Matatu SACCOs	<ul style="list-style-type: none"> • Competition 	Performance of matatu saccos in Kitui County	<ul style="list-style-type: none"> • Quality services • Fair pricing • Freedom of choice • Customer satisfaction 	<ul style="list-style-type: none"> • Customer satisfaction • Quality of products/services 	<ul style="list-style-type: none"> • Ordinal • Ordinal 	<ul style="list-style-type: none"> • Descriptive statistics • Percentages. • Tables.

To determine the extend to which the ICT is influencing the performance of the Matatu SACCOs in Kitui County	Upto date ICT	Performance of matatu sacco in Kitui County	<ul style="list-style-type: none"> • Enhanced control/monitoring • Continued customer satisfaction • Better management • Enhanced security 	<ul style="list-style-type: none"> • Monitoring level • Management level • Customer satisfaction 	<ul style="list-style-type: none"> • Ordinal • Ordinal. • Ordinal 	<ul style="list-style-type: none"> • Descriptive statistics. • Percentages • Tables
To determine how training of owners/employees influence the performance of Matatu SACCOs in Kitui County	Training	Performance of matatu sacco in Kitui County	<ul style="list-style-type: none"> • Improved performance • Comparative advantage • Quality products/services • Customer satisfaction 	<ul style="list-style-type: none"> • Competitiveness in the market • Quality products/service • Customer satisfaction 	<ul style="list-style-type: none"> • Ordinal. • Ordinal. • Ordinal 	<ul style="list-style-type: none"> • Descriptive statistics • Percentages • Tables

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of the study by use of simple descriptive frequency and percentage Tables and regression analysis. This was done categorically for both owners and employees in order to make some derivation towards the main objective of the study. The analysis was done in three levels; for demographics, objectives and test for inferences.

4.2 Response rate

The response rate of respondents being 60(80.0%) out of 75, this gave the way through to have validated data on this study.

4.3 Demographics

The study analyzed three demographics characteristics; gender, age, level of education, experience and area of respondents.

4.3.1 Gender of the respondent

The study sought gender of the respondents and the results were as shown in Table 4.1 below.

Table 4.1 : Gender of the respondent

	Frequency	percent
Male	35	58.3
Female	25	41.7
Total	60	100.0

From Table 4.1, the results above, most of respondents were male 35(58.3%) while female were 25(41.7%). This means that males are taking a central position in Matatu Saccos as it is mostly manual and involves high use of energy as well as taking of risks.

4.3.2 Age bracket of the respondents

Age is important factor also since it is an indicator of energy for doing work. The study sought establishes the age of the respondents and the results are as shown in Table 4.2 below.

Table 4.2 : Age bracket of the respondents

Age	Frequency	percent
18- 25 yrs	3	5.0
25- 35 yrs	15	25.0
35- 45yrs	22	36.7
45- 55 yrs	15	25.0
Above 55 yrs	5	8.3
Total	60	100.0

From the Table 4.2 above, results it's clear that most Matatu Saccos have aged dealers. 36.7% have age of 35 to 45 years which is almost adult age. This indicates experience in

the field, and readiness to take higher risks which may be an issue with the young generation whose percentage is 5 only. While, those between the age of 25 to 35 years are not so much in the business maybe because of lack of capital and given that it is the prime school age. Between 45 to 55 years have 25% and above 55 years have only 5%. This indicates the might have shifted to other businesses or retiring from the business. Majority hoped to better their welfare by joining the Saccos though they said things like dividends are not there. Mandatory membership payment, ranging from Ksh 30000 to Ksh 80000 depending on the Sacco one wishes to join, is done by new members but never accounted for.

4.3.3 Level of education of the respondents

The study sought to establish the level of education of the respondents since this was deemed to be of crucial importance since it will determine the capacity to deliver. The results of the findings are shown in Table 4.3.

Table 4.3 : Level of education of the respondents

	Frequency	percent
Primary certificate	5	8.3
Secondary certificate	38	63.3
Tertiary certificate	12	20.0
University	5	8.3
Total	60	100.0

From the Table 4.3, at least most respondents have achieved basic education. That is 63.3% have secondary education and at least 20.0% have tertiary education and some

5(8.3%) have university education. Holding factors constant, the players in this sector have good basic education which can promote good performance of the Matatu Saccos.

4.3.3 Sample of Matatu Saccos operating in Kitui County

The study sought to establish the Sacco's operating in Kitui County. The results are shown in table 4.4 below.

Table 4.4: Sample of Matatu Saccos operating in Kitui County

	Frequency/rating	percent
Kinatwa Sacco	20	33.3
Nakisa Sacco	10	16.7
Manatwa Sacco	5	8.3
Benjo Nissan Sacco	5	8.3
Mbikisa Sacco	1	1.7
Mwingi .Travellers Sacco	4	6.7
Kitui. Travellers Sacco	2	3.3
Kannis Sacco	1	1.7
Neno Sacco	8	13.3
Nairobi friends Sacco	4	6.7
Total	60	100.0

From the Table 4.4 above, it is clear that Kinatwa is most well known and preferred with 20(33.3%) Of the respondents stating so. Nakisa follows with 10(16.7%), then Neno with 8(13.3%) while others have less than ten percent. Respondents argued that those saccos between 3 percentage and 10 percentage were struggling to survive while those others

with below 3 percentage were grouped to be at critical stages. No respondent recommended for new members because all in all they felt that nothing much was being achieved, no diversification of investments and no dividends were received from the saccos.

4.4 Influence of government policies on performance of Matatu Saccos.

The study endeavored to find the Influence of government policies on performance of Matatu Saccos. This was done through exploring on some questions in different approaches to respondents.

4.4.1 Rating on how Government policies are providing an enabling environment for the Matatu Saccos.

The study sought to establish how Government policies are providing an enabling environment for the Matatu Saccos. The results are shown in Table 4.4.

Table 4.5: Rating on how Government policies are providing an enabling environment for the Matatu Saccos

	Frequency	percent
Strongly agree	15	25.0
Agree	12	20.0
Undecided	3	5.0
Disagree	28	46.7
Strongly disagree	2	3.0
Total	60	100.0

From Table 4.5 it indicates that government policies are not highly supportive in Matatu Saccos operations. Only 15 (25.0%) indicate they strongly agree while a majority of 28(46.7%) said they disagree. This may imply that government policies are not conducive in the operations of Matatu Saccos as expected. 12 (20%) agreed that the policies were supportive but cited the issue of implementation. 3 (5%) were neutral on the policies while 2 (3%) strongly disagreed.

4.4.2 Revision of government policies on operations of Matatu Saccos

The study enquired the respondents on need for revision of government policies on regulation of Matatu Saccos. The results are shown in the Table 4.5.

Table 4.6 : Need for revision of government policies on regulation of Matatu Saccos

	Frequency	Percent
Strongly agree	33	55.0
Agree	24	40.0
Undecided	1	1.7
Disagree	2	3.3
Strongly disagree	0	0.0
Total	60	100.0

From Table 4.6, majority 33(55.0%) indicated strongly agreeing on the matter of revising the government policies governing Matatu Saccos operations. Some of the reasons mentioned were lack of stake holder's involvement in moderating these decisions. The respondents indicated need for wholesome involvement in policy formulations instead of parliamentary Acts. They also highlighted on how some policies promotes corruption among the traffic officers and the newly created NTSA body. 24(40%) also indicated the need to revise government policies. Very few were not for the revision of the policies as indicated by a percentage of 1.7% and 3.3%.

4.4.3 Implementation of these government policies on operations of Matatu Sacco

The study sought to establish the rating on implementation of these government policies on operations of Matatu Saccos. The results are shown in Table 4.6.

Table 4.7: Implementation of the government policies on regulation of Matatu Saccos

	Frequency	Percent
Very smart	3	5.0
Smart	14	23.3
Undecided	1	1.7
Slightly smart	37	61.7
Not smart	5	8.3
Total	60	100.0

From Table 4.7, 3(5.0%) of the respondents said that implementation was very smart while 14(23.3%) said it was just smart. A majority of them, 37(61.7%) contradicted that argument and said it was not smart. This shows that the government policies were not being well implemented. One of raised issues was lack of consultation before any step of action is to be taken. Implementers are said to take advantage to molest the Sacco owners and workers. The implementers are said to operate as a cartel of siphoning money from the Matatu Saccos instead of providing a good operational environment.

4.5 Influence of management skills on the performance of Matatu Saccos.

Management of Saccos is critical in performance of the Matatu industry and thus this study sought to establish the influence of management skills on the performance of Matatu Saccos.

4.5.1 Rating on performance of the top management of the Saccos

The study sought to establish rating on performance of the top management of the Sacco. The findings were as shown in Table 4.8.

Table 4.8: Rating on performance of the top management of the Sacco

	Frequency	Percent
Strongly agree	8	13.3
Agree	12	20.0
Undecided	5	8.3
Disagree	13	21.7
Strongly disagree	22	36.7
Total	60	100.0

From the Table 4.8, 22(36.7%) indicated they strongly disagreed while 13 (21.7%) disagreed with management practices in Matatu Saccos and this actually is a great indication of lack of confidence with managerial team. Most respondents said that majority of the Matatu Saccos have come up as a result of constant divisions and splitting. Lack of transparency, poor protection of member's savings and poor accountability were indicated as the major shortcomings in Matatu Saccos management

teams. Only 8 (13.3%) and 12 (20%) seemed to be contended with the management practices. This may imply that they are the major beneficiaries who could be the owners of the pronounced cartels.

4.5.2 Monitoring and evaluation practices by the management committee.

The study wanted to establish whether monitoring and evaluation practices by the management committee influence success of Matatu Saccos in Kitui County. The following results were found as indicated in table 4.9.

Table 4.9: Rating on monitoring and evaluation practices, by the management committees.

	Frequency	Percent
Strongly agree	30	50.0
Agree	15	25
Undecided	5	8.3
Disagree	5	8.3
Strongly disagree	3	5.0
Total	60	100.0

From Table 4.9, most of respondents 30(50%) strongly agreed while 15(25%) agreed. This implies that, they are aware that the growth prospects of the Matatu Saccos are dependent of the monitoring and evaluation practices by the managers. Well skilled managers are likely to deliver and meet targets as projected. Those undecided, those who disagree were only 5 (8.3%) which implies that they might be not well versed with knowledge and skills in that business of matatu saccos. The managers are seen as a tool

that engages stakeholders in the activities or projects of the firms, so that such projects can grow and reach sustainable levels for future generations (Economic Development Board 1991)

4.6 Influence of competition on the performance of Matatu Saccos in Kitui County

The study sought to establish the owner’s and employee’s level of regard on competition among the Matatu Saccos. These results are shown in Table 4.10.

Table 4.10: The influence of competition among the Matatu Saccos in Kitui county.

	Frequency	Percent
Strongly agree	42	70.0
Agree	10	16.7
Undecided	4	6.7
Disagree	2	3.3
Strongly disagree	2	3.3
Total	60	100.0

From Table 4.10, most respondents 42(70%) and 10(16.7%) said they regard healthy competition, which they attribute it to improved products/services, and fair pricing hence giving customers an opportunity to make a choice for optimum satisfaction. Only 4 (6.7%), 2(3.3%) were undecided and disagreed respectively. From them they argued that competition was not very good.

4.6.1 Level of competition among the Matatu Saccos in Kitui County

This study sought to establish level of competition among the Matatu Saccos in Kitui County. The results are shown Table 4.11.

Table 4.11: Level of competition among the Matatu Saccos in Kitui County

	Frequency	Percent
Very stiff	32	53.3
Stiff	20	33.3
Undecided	4	6.7
Low	2	3.3
Very low	2	3.3
	60	100.0

From the findings it shows 32(53.3%) of the respondents said that competition is very high amongst the Kitui Matatu Saccos. This may be associated with the highly vibrant transport business that has currently emerged from the creation of the counties. This confirms marketing concept, the normative philosophy that underlies modern marketing thought, suggests that to be successful, firms should determine customers' needs and wants, and satisfy them more effectively than their competitors do.

4.8 Influence of ICT on the performance of Matatu Saccos in Kitui County

The study sought to know the influence of ICT on the performance of Matatu Saccos in Kitui County in terms of enhancing control, security issues and customer satisfaction.

The results were as shown in Table 4.12.

Table 4.12: Modern ICT gadgets in Matatu Saccos operations.

	Frequency	Percent
Strongly agree	52	86.7
Agree	4	6.7
Undecided	3	5.0
Disagree	1	1.6
Strongly disagree	0	0.0
Total	60	100.0

The study established that 52(86.7%) strongly agreed and 4 (6.7%) agreed on the need for modern ICT technology for faster processing of information regarding management of the Matatu Saccos, however very few saccos, have upto date ICT equipments. Integration of the current ICT will not only bring efficiency in Matatu operations but also enhance monitoring practices for a better control of the Saccos as a business. For instance, ICT could be applied in benchmarking where a Matatu Sacco will learn the best practices of other firms and tries to improve its own using similar methodologies. (Barney, 1991) notes that benchmarking is a good practice that enables a firm to recognize its strength, weaknesses, opportunities and threats.

4.9 Influence of training of Matatu Sacco owners and employees on the performance of Matatu Saccos in Kitui County

The study sought to know the Influence of training of Matatu Sacco owners/employees on the performance of Matatu Saccos In Kitui County. The results were as shown in Table 4.13.

Table 4.13: Training of Matatu owners and employees influence the performance of the Matatu saccos.

	Frequency	Percent
Strongly agree	13	21.7
Agree	24	40.0
Undecided	13	21.7
Disagree	6	10.0
Strongly disagree	4	6.7
Total	60	100.0

Training is termed key although only 13(21.7%) strongly agreed but also 24(40.0%) agreed. This means at least a bigger percentage was positive about training of Matatu Sacco owners and employees so as to effect well on performance. A well trained group of owners are able to monitor the progress of the Saccos, guide the employees on performance issues hence promoting a culture of customer satisfaction.

Regression – analysis of the findings

Use of multivariate regression model to determine the relation and importance of each of the five variables with respect to performance of Matatu saccos in Kitui county.

$$Y = A + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \dots \dots \dots \beta_n X_n + E$$

Where

Y = dependent variable (performance)

X₁ = management skills

X₂ = competitor

X₃ = ICT

X₄ = training

X₅ = government policies

A = the constant

E = error terms

Coefficient of determination explains the extent to which changes in the dependent variables can be explained by the change in the independent variables or the percentage of variations in the dependent variables (performance of the Matatu SACCOs Kitui County) that is explained by all the four independent variables listed above.

Table 4.14: Model summary

Modle	R	R square	Adjusted square	Std error of estimation
1	0.89	0.792	0.74	0.46

The five independent variables that were studied explains why 80.0% of the performance of Matatu SACCOs. This therefore means that other factors not integrated in this research contribute 20.0% of the performance of Matatu SACCOs in Kitui County. This call for the research to investigate the other factors affecting the performance of Matatu SACCOs in Kitui County.

Table 4.15: Anova Results

Model	Sum of squares	df	Mean squares	F	Fig
Regression	2.4	3	1.2	7.61	0.02
Residual	9.23	98	2.4		
Total	11.63	101			

From the Table 4.15 above the significance value is 0.02 less than 0.05, thus the model statically registered in predicting how the investigated independent variables influence performance of Matatu SACCOs in Kitui County. The F critical at 5% level of significance was 3.4 since f calculated is greater than f critical (value – 7.61) showing that the overall model was significant.

Table 4.16: Coefficient of determination

Model	Unstandardized coefficient			Standardized coefficient	
	β	STD error	beta	t	sig
1 constant	1.14	1.34		1.62	0.036
Management skills	0.89	0.22	0.171	4.42	0.024
Competition	0.86	0.24	0.076	3.75	0.022
ICT	0.83	0.23	0.182	3.87	0.024
Government policy	0.96	0.15	0.198	3.55	0.023
Training	0.87	0.25	0.178	3.62	0.021

Using the regression equation representing the five variables ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$). The performance becomes

$$Y = 1.14 + 0.89 X_1 + 0.86X_2 + 0.83X_3 + 0.96X_4 + 0.87X_5$$

The Table 4.16 indicates that taking all other independent variables at zero, a unit increase in management skills leads to an increase of 0.89 in performance, a unit increase in healthy competition will lead to improved performance of Matatu SACCOs (response) of 0.86, while a unit increase in application of modern ICT would lead to increased response of 0.83, while government policies will trigger an increase of 0.96 and training endeavors triggers an increase in performance of 0.87. This implies that government policies contribute most to the performance of Matatu SACCOs in Kitui County. At 5% level of significance and 95% level of confidence, government policy had 0.023 level of significance, hence the most significant factor. The regressive result indicates that there is a positive relationship between the five independent variables with the dependent variables.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study findings according to objectives and conclusion of the study. It also presents recommendations made by the study for future research.

5.2 Summary of the Findings

The study analyzed three demographics characteristics; gender, age, level of education. Most of respondents were male 35(58.3%) while female were 25(41.7%). This means that males are taking a central position in SACCOs as it is mostly manual and involved high use of energy. Age is important factor also since it is an indicator of energy for doing work. It's clear that most SACCOs have aged dealers. 36.7% have aged of 35 to 45 years which is almost adult age. This indicates experience in the field. At least most respondents have achieved basic education. That is 63.3% have secondary education and at least 20.0% have tertiary education and some 5(8.3%) have university education.

Kinatwa is most established with 30(50.0%) Of the respondents stating so. Nakisa follows closely. Manatwa, Benjo and others in the list are not very established and known, with respondents of 16.7% , 8.0% and below. Government policies are necessary in providing an enabling environment for the Matatu Saccos. However the respondents were not very comfortable with the current policies by the Government and how they are

implemented. Only 15 (25.0%) indicate they strongly agree while a majority of 28(46.7%) said they disagree. This implied that government policies are not helping Matatu Saccos so much, as expected.

From this results 3(5.0%) of the respondents said that implementation was very smart while 14(23.3%) said it was just smart. A majority of 37(61.7%) contradicted that argument and said it was not smart. This shows that the government policies were not being well implemented. One of raised issues was lack of consultation before any step of action or policy is adopted.

On the issue of management practices, twenty two (36.7%) indicated they strongly agreed on the entire need of management skills of the committees and employees in SACCOs and this actually is a great indication of qualification in managerial practices. Most respondents said SACCOs currently are trying to have good and effective management systems, as a result of government's strong rule and policy on management controls. Thus qualified personnel have been deployed to that effect. However 13(21.7%) declined that fact and disagreed that managerial skills were high in Matatu SACCOs in Kitui County.

Half of the respondents were not very much satisfied with the current monitoring and evaluation practices. 30(50.0%) said were satisfied with the nature of monitoring in Matatu Saccos in Kitui County . This confirms The financial functions of monitoring is part and parcel of SACCOs management committee and therefore it should not only be

treated as reporting requirement that assists managers in order to perform their roles, but it should also be seen as a tool that engages stakeholders in the activities or projects of the firms so that such projects can grow and reach sustainable levels for future generations (Economic Development Board 1991).

Matatu SACCOs in Kitui County, members need to be in control of their operations. It is by conducting an internal and external assessment that they can be in a position to learn and improve their operations. A culture of continuous monitoring and evaluation of policies needs to be adopted if activities are to flow smoothly (Innes, 1991). Management skills are very crucial in any business undertaking. This finding is in agreement with that of Franks and Cursworth (1993) who averse that a project can succeed or fail because of strong or weak management and leadership that often accompanies it.

From the findings it shows 32(53.3%) of the respondents said that competition is very high amongst the Kitui Matatu SACCOs. This may be associated with the highly vibrant transport business that has currently emerged from the creation of the Counties. This confirms marketing concept, the normative philosophy that underlies modern marketing thought, suggests that to be successful, firms should determine customers' needs and wants, and satisfy them more effectively than their competitors do. Nerver and Slater (1990), defines market orientation as "the organization culture that most effectively and efficiently creates the necessary behavior for the creation of superior value for buyers and thus continuous superior performance for the business".

Fifty two (86.7%) strongly agreed on the need for modern ICT technology for faster processing of information regarding management of the Matatu SACCOs. Integration of the current ICT gadgets and systems is inevitable in today's business establishment.

This confirms that technology has now made communication easier and it is easy to teleconference with individuals from other organizations for training experiences. In enhancing the flexibility of product design in the Matatu SACCO in Kitui County a combination of management information systems and vigorous training of all stakeholders is inevitable. For instance benchmarking is applied where a Matatu SACCO may learn the best practices of other firms within and outside the country, and tries to improve its own using similar methodologies. (Barney, 1991) notes that benchmarking is a good practice that enables a firm to recognize its strength, weaknesses, opportunities and threats.

Training is termed as a key factor in the study, although only 13(21.7%) strongly agreed but also 24(40.0%) agreed. This means that at least a bigger percentage was positive about training of Matatu Sacco owners and employees so as to effect well on performance. In enhancing the flexibility of product design in the Matatu Sacco in Kitui County a combination of management information systems and vigorous training of all stakeholders is inevitable. Good training of the owners and employees not only enhances monitoring of all Sacco activities but also gives a strong sense of confidence in operations and also promote good relations with customers.

5.3 Conclusion

SACCOs fulfill a very important outreach function for enhancing access to financial products and services to the members. Although the financial stability of most of the Matatu SACCOs studied in this research project do not seem very alarming, there are issues that seemingly appear to disable their financial sustainability hence putting their future survival, performance and diversification of investments at a higher risk. The Matatu SACCOs studied have shown that their loan portfolio, a main indicator for the capability of lending institutions, is inactive or in simple terms completely dead. This dead function has therefore lead to uneven growth patterns, lack of enough savings hence some pronounced difficulties in operations. Almost all the SACCOs visited during the study are not committed in savings contribution, which are actually the main factor towards formation of a strong capital base, and promoting sustainability of the SACCOs.

External financiers to the Matatu SACCOs would look at the SACCOs financial statements before they award them with development loans. Therefore lack of savings is a major bottleneck to performance and growth of Matatu SACCOs in Kitui County. Larger or well established SACCOs attract member savings than smaller SACCOs because they are able to offer more attractive savings products. In general most of the Matatu SACCOs investigated do not offer any monetary reward to their members for putting savings in the Sacco. Basically most of these SACCOs studied were found to be registered but inactive, and with no active operational account as an institution.

A good financial institution backed by proper regulation and effective oversight can provide convenient, secure and reliable opportunities. Likewise, a well-managed Matatu SACCO will be able to accumulate good capital base, enter into contracts with external financiers on behalf of the members and promote welfare of the members in terms of dividends, education and ownership of assets. The role of the government is to set up a regulatory framework and provide sufficient resources to supervise deposit taking financial institutions and guarantee minimum prudential standards in the SACCOs. Proper regulation, supervision and conducive environment is overdue and should be the next step to promote the performance of the Matatu SACCOs In Kitui County. Although training of the management committees and other staff members of the Matatu SACCOs is crucial, the training is seen not to be unified, and standardized. The accounting function is not well established hence killing the morale and confidence of the members leading to constant break ups of the SACCOs. None of the SACCOs studied have the management information systems (mis) which makes it difficult to monitor the performance adequately. External regulators like the SASRA and NTSA need to be vibrant and perform their functions effectively, protect the interests of the members of the Matatu SACCOs, and be strict on the requirements for opening or registering a new Matatu SACCO, and also partner with the SACCOs in providing training programs to the owners, staff, acquisition of upto date ICT gadgets and enlighten any other player in the industry on their roles.

5.4 Recommendations

The study hence makes the following recommendations;

- i. Performance of Matatu SACCO in Kitui County is influenced by government policies. The policies need to be favorable to Matatu and Matatu SACCOs. Participatory approach in policy making by all stakeholders is important
- ii. Performance of Matatu SACCO in Kitui County is influenced by management skills and practices. Managerial skills promote proper allocation of resources, innovations and ability to exploit opportunities.
- iii. Performance of Matatu SACCO in Kitui County is influenced by ICT. ICT promotes control, efficiency, effectiveness and competitive advantage.
- iv. Performance of Matatu SACCO in Kitui County is influenced by training of members /employees. Helps in acquisition of skills, confidence and enhancing survival strategies in the market.

The researcher welcomes similar studies to be conducted in various backgrounds and in different counties to come up with more factors both internally and externally which may also influence the performance of Matatu SACCOs.

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APPENDICES

Appendix II: Transmittal letter.

Joseph Kilai Mwendwa
P.O Box 780-90400
MWINGI.

The Ministry of Transport,
Kitui County,

KITUI

Dear respondent,

REF: TRANSMITTAL LETTER.

I am congratulating you for having been selected to participate in this study. I am a post graduate student at the University of Nairobi pursuing a masters Degree in project planning and management. As part of the requirements for the award of this degree I am conducting a study on the factors influencing the performance of Matatu Saccos in Kitui County. Your Matatu Sacco has been chosen for the study. Therefore I humbly request you to cooperate and assist in filling of the questionnaire. The information you will provide will be strictly used for the purpose of the study and your identity will be kept confidential. I will be very grateful for your co-operation. Thanks in advance.

Yours faithfully,

.....

Joseph Kilai Mwendwa.

Date.....

Cell No. 0727451972.

E-mail: joseph.kilai313@gmail.com

University of Nairobi.

Appendix II. Questionnaire

Questionnaire for the owners and employees of the Matatu Saccos.

I: Introduction and guidelines.

This questionnaire is made to collect information to assist in conducting a study on the factors influencing the performance of Matatu Saccos in Kitui County, Kenya. I kindly request you to complete the questionnaire as honestly and objectively as possible giving necessary details. Use tick (√) to select your correct value among the multiple choices of the Five-point scale given and where necessary give the reasons in the spaces provided.

II. BIODATA.

1. State your gender

a) Male ()

b) Female ()

2. What is your age?

a) 18-25 ()

b) 25-35 ()

c) 35-45 ()

d) 45-55 ()

e) 55 and above ()

3. What is your level of education?

a) Primary ()

b) Secondary ()

c) Technical and vocational ()

d) University ()

e) Others specify ()

4. State the name of your Matatu Sacco.....

5. i) When did you join the Saccoand as what?

a) Member ()

(b) Employee ()

ii) What prompted you to join this Sacco and not any other?

Give reasons.....

.....

iii) Do you find yourself achieving being in this Sacco?

YES ()

NO ()

Give reasons.....

.....

iv) Are there restrictions when joining the Sacco as a new member?

A) yes ()

B) NO ()

If yes name some.....

.....

6. i) State the current situation of your Sacco in terms of progress, ownership of Assets, growth?

a) Critical ()

b) Struggling to survive ()

c) Growing ()

ii) Which other sector has your sacco invested in apart from transport?

.....

iv) Would you advice somebody else to join your sacco? Give reasons

Yes ()

NO ()

.....
.....

v) Which Matatu Saccos in Kitui County do you find them doing well? Give a list of merit of the first ten Matatu Saccos seemingly doing well.....

.....
.....

Give reasons.....

vi) Do you benefit from dividends?

YES ()

NO ()

If yes, at which rate for the last three years?

Year	Rate
2013
2014
2015

7. State your level of agreement or disagreement that the government policies are providing an enabling environment for the Matatu Saccos in terms of Taxation,(government charges), infrastructure, other incentives.

- a) Strongly agree ()
- b) Agree ()
- c) Undecided ()
- d) Disagree ()
- e) Strongly disagree ()

Give reasons for your choice in (7a) above.

.....
.....

8. State your level of agreement or disagreement on the need for revision of government policies on regulation of Matatu Saccos?

- a) Strongly agree ()
- b) Agree ()
- c) Undecided ()
- d) Disagree ()
- e) Strongly disagree ()

Give reasons for your choice in (8a) above.

.....
.....

9 .How do you rate the government policies on the performance of Matatu Saccos?

- a) Very highly supportive ()
- b) Highly supportive ()
- c) Undecided ()
- d) Low support ()
- e) Very low support ()

Give reasons for your choice in (9) above.

.....
.....

10) How do you rate the implementers of these government policies on regulation of Matatu Saccos? i.e Traffic officers versus the law courts, NTSA, and SASRA.

- a) Very smart ()
- b) Smart ()
- c) Undecided ()
- d) Slightly smart ()

e) Not smart ()

Give reasons for your choice in (10) above.

.....
.....

11. State your level of agreement or disagreement on the performance of the top management of the Saccos in terms of, experience, education and monitoring practices.

a) Strongly agree ()

b) Agree ()

c) Undecided ()

d) Disagree ()

e) Strongly Disagree ()

Give reasons for your choice in (11) above.

.....
.....

12. Please show how you agree or disagree on the statement that monitoring and evaluation practices by the managers influence success of Matatu Saccos in Kitui County.

a) Strongly agree ()

b) Agree ()

c) Undecided ()

d) Disagree ()

e) Strongly Disagree. ()

Give reasons for your choice in (12) above.

.....
.....

13. Please give your level of satisfaction with regards to the current monitoring and evaluation practices in your Matatu Sacco.

a) Strongly agree ()

b) Agree ()

c) Undecided ()

d) Disagree ()

e) Strongly disagree. ()

Give reasons for your choice in (13) above

.....
.....

v. The influence of other Matatu-Sacco competitors on the performance of Matatu Saccos in Kitui County.

14. State your level of agreement or disagreement on the need for strong Matatu Sacco competitors in the sector.

- a) Strongly agree ()
- b) Agree ()
- c) Undecided ()
- d) Disagree ()
- e) Strongly Disagree ()

Give reasons for your choice in (14) above

.....

.....

15. State the level of competition among the Matatu Saccos in Kitui County

- a) Very stiff ()
- b) Stiff ()
- c) Undecided ()
- d) Low ()
- e) Very low ()

Give reasons for your choice in (15) above

.....

.....

16. State your level of agreement or disagreement on performance of Matatu Saccos in Kitui County requires a Sacco to have a competitive advantage in order to grow and survive in the market.

- a) Strongly agree ()
- b) Agree. ()
- c) Undecided ()
- d) Disagree ()
- e) Strongly disagree ()

Give reasons for your choice in (16) above

.....

.....

17. State your level of agreement or disagreement on the need to have modern ICT gadgets fitted by Matatu Saccos in their Matatus.

- a) Strongly agree ()
- b) Agree ()
- c) Undecided ()
- d) Disagree ()
- e) Strongly disagree ()

Give reasons for your choice in (17) above.

.....

.....

18. State your level of agreement or disagreement on integrating ICT in Matatu Sacco operations improves the level of monitoring and evaluation.

- a) Strongly agree ()
- b) Agree ()
- c) Undecided ()
- d) Disagree ()
- e) Strongly disagree ()

Give reasons for your choice in (18) above.

.....
.....

19. State your level of agreement or disagreement on the need to have ICT gadgets fitted in Matatus makes them have competitive advantage over the others without.

- a) Strongly agree ()
- b) Agree ()
- c) Undecided ()
- d) Disagree ()
- e) Strongly disagree ()

Give reasons for your choice in (19) above.

.....
.....

20. State your level of agreement or disagreement that training of Matatu owners/employees influence the performance of the Matatu saccos

- a) Strongly agree ()
- b) Agree ()
- c) Undecided ()

d) Disagree ()

e) Strongly disagree ()

Give reasons for your choice in (20) above.

.....

.....

21. State your level of agreement or disagreement on the need for in-service training for the owners of Matatu Saccos and their employees

a) Strongly agree ()

b) Agree ()

c) Undecided ()

d) Disagree ()

e) Strongly disagree ()

Give reasons for your choice in (21) above.

.....

.....

22. How do you rate association of employee/owners training with the performance of Matatu Saccos.

- a) Very high association ()
- b) High association ()
- c) Undecided ()
- d) Low association ()
- e) Very low association ()

Give reasons for your choice in (22) above

.....

.....

23. How frequently are you trained on management and quality service in the Sacco?

- a) Very frequently ()
- b) Frequently ()
- c) Undecided ()
- d) Not frequently ()
- e) Not at all ()

Give reasons for your choice in (23) above

.....

.....

Thank you for the cooperation and information.

Appendix III. List of matatu Saccos Visited.

1. Kinatwa sacco
2. Mbikisa sacco
3. Nakisa sacco
4. Mwingi travellers sacco
5. Kitui Travellers sacco
6. Kabati sacco
7. Matinyani sacco
8. Kannis sacco
9. Mwikimamo sacco
10. Benjo Nissan sacco.