

**INFLUENCE OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES'
PRODUCTS ON MEMBERS LIVELIHOODS: A CASE OF IMARISHA
SACCO**

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DECLARATION

This research is my original work and has not been presented for award of degree in any other university or institution.

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DEDICATION

This research project is dedicated to my wife Janet Chemutai, my daughters Faith Chelangat and Shirleen Chepkorir and my son Emmanuel Kipkoech who encouraged me to pursue this course and have been patient with me all through in this endeavour.

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TABLE OF CONTENT

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	viii
LIST OF FIGURES	x
LIST OF ABBREVIATIONS AND ACRONYMS	xi
ABSTRACT.....	xii
CHAPTER ONE	13
INTRODUCTION	13
1.1 Background of the study	13
1.2 Statement of the problem	5
1.3 Purpose of the study	5
1.4 Objectives of the study.....	5
1.5 Research questions.....	6
1.6 Significance of study.....	6
1.7 Basic assumptions of the study	7
1.8 Limitations of the study	7
1.9 De-limitations of the study.....	7
1.10 Definition of significant terms used in the study	8

1.11 Organization of the study.....	9
CHAPTER TWO	10
LITERATURE REVIEW	10
2.1 Introduction.....	10
2.2 Concept of SACCO Investment Programmes.....	10
2.2.1 Concept of Livelihood.....	11
2.3 Influence of Front Office Activities (FOSA) product on members’ livelihoods 12	
2.4 Influence of Shares on members’ livelihoods.....	13
2.5 Social Protection Programme as an influence on members livelihoods.....	15
2.6 Educational programme as an influence on members livelihoods.....	20
2.7 Theoretical Framework.....	23
2.7.1 Agency Theory.....	23
2.8 Conceptual Framework.....	24
2.9 Summary of literature review	25
CHAPTER THREE	27
RESEARCH METHODOLOGY.....	27
3.1 Introduction.....	27
3.2 Research Design.....	27
3.3 Target Population.....	28
3.4 Sample Size and Sample Selection	28
3.4.1 Sample Size.....	28
3.4.2 Sample Selection.....	29
3.5 Research Instruments	29
3.5.1 Pilot Testing.....	30
3.5.2 Validity of Research Instruments.....	30
3.5.3 Reliability of Instruments	31
3.6 Data Collection Procedure	31
3.7 Data Analysis Techniques.....	31
3.8 Ethical issues in research	32
CHAPTER FOUR.....	33
DATA ANALYSIS, PRESENTATIONS, INTERPRETATIONS AND DISCUSSION	33
4.1 Introduction.....	33

4.2 General demographic information	33
4.2.1 Return rate.....	33
4.2.2 Demographic data on Gender	34
4.2.2 Demographic data on age.....	34
4.2.3 Demographic data on occupation.....	35
4.2.4 Demographic data on level of education	35
4.2.4 Demographic data on marital status.....	36
4.3 Influence of FOSA products on members’ livelihoods	36
4.3.1 Influence of obtaining loans on members’ livelihood	37
4.3.2 Provision of savings account	37
4.3.3 Provision of standing order services	38
4.3.4 Provision of safe custody of assets and valuables	39
4.3.5 Sufficiency of loans to meet members’ needs	40
4.4 Influence of Share-holding and members’ livelihoods.....	40
4.4.1 Improvement on saving culture	41
4.4.2 Dividends increasing sources of income.....	41
4.4.3 Shares used as collateral security.....	42
4.5 Influence of Training on members’ livelihoods.....	43
4.5.2 Meeting educational and training needs	45
4.6 Influence of Welfare Fund on members’ livelihoods	46
CHAPTER FIVE	49
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	49
5.1 Introduction.....	49
5.2 Summary of the findings.....	49
5.3 Conclusions.....	51
5.4 Recommendations.....	52
5.5 Contribution to the body of knowledge	53
5.6 Suggestions for further research	53
APPENDICES	55
APPENDIX I: QUESTIONNAIRES	55
APPENDIX II: RELIABILITY STATISTICS.....	59
REFERENCES	60

LIST OF TABLES

Table 3.1: Sample size	29
Table 4.1: Return Rate	33
Table 4.2: Return Rate	34
Table 4.3: Age of Respondents	34
Table 4.4: Occupation of Respondents	35
Table 4.5: Educational level.....	35
Table 4.6: Marital status.....	36
Table 4.7: Easy access to loans	37
Table 4.8: The Sacco provides a savings account.....	38
Table 4.9: Provision off standing order services.....	38
Table 4.10: Provision of custody of assets and valuables.....	39
Table 4.11: Sufficiency of loans to meet members’ needs	40
Table 4.12: Improvement on saving culture	41

Table 4.13: Increase in sources of income.....	41
Table 4.14: Shares used as collateral security.....	42
Table 4.15: Shares as a long-term investment	43
Table 4.16: Provision of training and educational programmes	44
Table 4.17: Attendance of training and educational programmes	44
Table 4.18: Programmes meeting educational and training needs.....	45
Table 4.19: Training before given loans	45
Table 4.20: Relevance of social protection measure.....	46
Table 4.21: Sufficient cover.....	47

LIST OF FIGURES

Figure 2.1: Conceptual framework	24
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LIST OF ABBREVIATIONS AND ACRONYMS

ATM	-	Automatic Teller Machine
BOSA	-	Back Office Sacco Activity
FOSA	-	Front OFFICE Service Activities
GDP	-	Gross Domestic Product
IMF	-	International Monetary Fund
KIM	-	Kenya Institute of management
KUSCCO	-	KENYA Union of Savings and Credit Co-operatives
MDGs	-	Millennium Development Goals
MFI s	-	Micro Finance Institutions
SACCO	-	Savings and Credit Cooperatives
SASRA	-	Sacco Societies Regulatory Authority
UCA	-	Uganda Cooperative Alliance
UCSCU	-	Uganda Cooperative Savings and Credit Union Limited
UNICEF	-	United Nations International Children Educational Fund

- USD** - United States Dollar
- C.E.O** - chief executive officer

ABSTRACT

Members' livelihood is paramount factor for financial institution in ensuring its prosperity. Imarisha SACCO investment programmes are some of the major financial innovations that are in place to advance and cater for livelihoods of its members. The purpose of this study was to establish the influence of SACCCO investment programmes on Imarisha members' livelihoods. The objectives of the study were to determine how loans influenced the livelihood of Imarisha members; to establish the extent at which shares influenced the livelihoods of Imarisha SACCO members; to establish how educational and training programmes have influenced the livelihoods of the members; and to assess how welfare funds influences Imarisha SACCO members. A descriptive survey study was used during the study. Agency theory as advanced by Jensen and Meckling (1976) was adopted. The target population was 8452 members of Imarisha SACCO Kericho branch who subscribed for different investments programmes. A sample size of 381 members were selected from target population. Data was collected using structured questionnaires having both open-ended and close-ended items. Pilot testing of the data collection tool was done prior to actual data collection to validate the tool and a Cronbach alpha reliability index of 0.73 was obtained. Quantitative data was analysed using descriptive statistics in form of frequency and percentages tables with assistance of Statistical Package of Social Sciences (SPSS) Version 20. On the other hand, qualitative data was organized into relevant thematic areas. The study revealed that majority of the members (87.2%) had an easy access to loan facilities from the SACCO. Majority of the respondents (91.6%) improved on their saving culture and more than a half (57.5%) had their sources of income increased by investing in shares. However, a considerable number of members (43.4%) were not aware of training and educational programmes offered by the Sacco. The study also found out that most of the respondents 55.6 % attributed their improvement in livelihoods to the social protection measures provided by the sacco . Imarisha sacco investments products have influenced livelihoods of its members greatly by availing shares , education and training, easy access to loans etc It

was recommended that the Sacco to make members to be aware of other FOSA products such as standing order services and provision of safe custody of assets and valuables of the members. Welfare fund was found to have improve the livelihoods of the members whereby it provided the members with relevant social protection measures. However the measures put in place were not comprehensive enough to adequately meet members social needs .Need assessment should be undertaken by the Sacco regarding members educational needs so that the product are tailored to meet their needs the Sacco should also enhance guidance given before loans are advanced to members especially the new members.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Savings and Credit Cooperative societies (SACCOs) are voluntary associations or cooperative financial institution owned and controlled by their members, they operated for the purposes of promoting saving, providing credit at low interest rates and providing other financial services to its members (Waweru , 2011). Members regularly pool their savings, and subsequently may obtain loans, which they may use for different purposes. Generally, the idea behind establishment of SACCOS is to promote savings and make credits available to the members. SACCOS are the important micro-financing institutions for mobilization of financial resources for various development activities.

Cooperatives are formed to meet peoples' mutual needs. They are based on the powerful idea that together, a group of people can achieve goals that none of them could achieve alone.

SACCOS can play a critical role in entrepreneurship development, through the delivery of, responsive, affordable and market oriented financial services tailored to the specific needs of their members. They provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy. As governments around the world cut services and withdraw from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members in cooperatives, help salary or wage earners save for the future, through a soft-felt monthly contribution that is deducted from source, own what might be difficult for individuals to own by their efforts, strengthen the communities in which they operate through job provision and payment of local taxes. Cooperatives generally provide an economic boost to the community as well.

SACCO societies play an important role in empowering their members socio-economic status all over the world, 760 million people around the world are members of SACCOS (Okoye, 2009). In Western Europe, there are around 11,000 local and regional savings and credit cooperatives with 33 million strong memberships and a market share of 17 percent (Ombado, 2010). This shows that the population as an influence in their livelihoods has embraced SACCO societies.

In the United States SACCOS serve 4 million members and their gross business is about \$93bn. fourteen of these SACCOS are included in the 'Fortune 500' List of the largest corporations. SACCO membership is 40% of the total population in USA.

Elsewhere in Latin America, there are numerous examples of successful SACCOS. For example, in Bolivia a poultry producer's SACCO in Cochabamba produces 60 per cent of the country's chickens and nearly 30 per cent of its eggs (Okoye, 2009).

In France Credit Mutual and the Rabobank in the Netherlands are the leading banks in their countries and in the industry globally (Okoye, 2009)

In India, where they play a major role in supporting the green revolution, 90,000 such SACCOS exist, where they supply 34 per cent of fertilizer inputs. The Anand SACCO movement is the largest producer of dairy products, comprising over 57,000 dairy co-operatives who receive payments through the SACCO with more than 6 million members (Okoye, 2009). Another example is Amul, an Indian dairy co-operative, which had a turnover of £750 million in 2008-2009 (www.amul.com).

In Bangladesh Co-operatives, provide utilities such as electricity, serving 28 million people (UKaid, 2010). That is a major economic development, which uplift the people livelihood both directly and indirectly. Co-operatives have also supported peace-building initiatives in countries such as Bosnia and Rwanda.

In Tanzania, the Financial Sector Assessment Program of the IMF (2003) found that micro credit accounted for less than 5 percent of all bank credit in Tanzania, or less than 0.4 percent of GDP (around US\$35,3 million). By January 2001, there were 646 registered SACCOS, of which 60 percent were rural. The total shares and deposits of the 40 percent urban SACCOS far outstripped that of the rural SACCOS. This demonstrates the extreme level of poverty of the rural poor, which mostly make out their existence through smallholder farming or small/micro enterprises, whereas members of urban SACCOS are often salaried income earners. (Kembo and Mwakujonga, 2013).

In Uganda among the various types of cooperatives, the savings and credit sector is the most active and vibrant. The high level of activity of SACCOs is due to the involvement of two major stakeholders namely, UCSCU and UCA, which have contributed enormously to fill the gap left by government.

According to the Ministry of Finance and Economic Planning, National SACCOs Statistical study of July 2008, it notes that there were 1513 active SACCOs in the country with a

membership of 644,318, and a share capital of USD 10,256,304. Members' savings amounted to USD 26,176,569 and loans to members totalled USD 31,139,825 (Kyazze, 2010).

In Kenya, a report to the 3rd Pan-African Consultative Forum 2005, it notes that there are more than 2.5 million members in Savings and Credit Co-operatives (SACCOs) out of the 5 million Co-operators while there are 3,000 SACCOs out of the 10,000 registered Co-operatives. The savings mobilized by SACCOs in Kenya are Kshs.110 billion (US\$1.5 billion) and the loans outstanding Kshs.95 billion (US\$1.3 billion) Co-operatives have been involved in the provision of credit for the purchase of land, farm inputs, housing, education, medication and development of various business ventures.

In a FSD Kenya Annual report, 2013, it says that Cooperatives provide financial services to their members through existing product or marketing societies, SACCOs and the Co-op Bank. Members also have the opportunity of saving with their marketing societies through banking sections of the district cooperative unions, which maintain savings account for their members. The 1997 amendments to the Co-operative Act, Cap 490, enabled SACCOs to make investments without approval from the Ministry of Co-operatives. This has greatly removed bureaucracy from the day-to-day operations of the societies but has increased the risk of making unsound investments. The most common product offered throughout the SACCO fraternity is the Credit and Loan services. Many of the Institutions have no Institutional capacity or capital base to offer other services.

Data from the Sacco Societies Regulatory Authority (SASRA) shows that as at end of August 2013, DTSS had given out loans worth KShs 180bn up from KShs 67bn in December and held KShs 490bn as savings. The total number of SACCOs licensed by the SACCOs Societies Regulatory Authority (SASRA) increased marginally to reach 130 in the first half of 2013, out of the estimated 215 taking deposits (FOSA) (FSD Kenya Annual report, 2013).

1.2 Statement of the problem

Imarisha Sacco was established in 1978 under the name Kipsigis Teachers SACCO which has a current membership of 35,000. Some of the strategies the Society has employed to sustain and ensure steady growth of its members and the share capital are; -Automatic annual increment of monthly share contribution, improved services that discourage the withdrawals of membership. Opening of the common bond to others like Civil Servants, employees of Parastatals and Board of Management staff of learning institutions. Increased and intensive education programmes to members annually that has strengthened patronage. However, there has not been adequate empirical evidence of the relationship between the products and programmes that the Sacco provides and members' improvement in their livelihood. This called for urgent measures to address this gap to ensure that the principles of cooperatives are not curtailed by any means. It was on this respect that this study sought to establish the influence of Sacco products and programmes on improvement of members' wellbeing.

1.3 Purpose of the study

The purpose of the study was to determine the influence of Imarisha Sacco investment programmes on member's livelihoods

1.4 Objectives of the study

The study was guided by the following objectives:

- i. To find out the extent to which Front Office Service Activities (FOSA) products influence the livelihood of Imarisha SACCO members.
- ii. To determine whether Shares influence the livelihood of Imarisha SACCO members.
- iii. To establish whether Social Welfare Fund has an influence on the livelihood of Imarisha SACCO members.

- iv. To assess the extent to which training influence the livelihood of Imarisha SACCO members.

1.5 Research questions

The study sought to answer the following research questions:

- i. To what extent do Front Office Activities (FOSA) products influence the livelihoods of Imarisha SACCO members?
- ii. How do Shares influence the livelihoods of Imarisha SACCO members?
- iii. How does Social welfare fund influence the livelihoods of Imarisha SACCO members?
- iv. To what extent does training influence the livelihoods of Imarisha SACCO members?

1.6 Significance of study

The study sought to examine the influence of Imarisha SACCO invest programmes on its member's livelihoods. It is hoped that the findings of this study would be of help to Imarisha SACCO to gauge the performance of their products in addition help them improve on the products that they offer to their members with the aim of improving their livelihoods.

The Sacco members also would benefit from this study by getting detailed information of the products available and its significance on their livelihoods. SACCO's in Kenya are increasing in number with various products tailored to influence their members livelihoods, it is hoped this study would help them mirror their products on members' wellbeing in social and in economical ways.

Findings of the study may provide additional knowledge to existing and future institutions on the influence of SACCOs investments programmes on members' livelihoods in Kenya. This would expand their knowledge on influence of SACCOs investments programmes; also identify areas of further study. The study may be a source of reference material for future

researchers on other related topics; it would also help other academicians undertaking the same topic in their studies.

1.7 Basic assumptions of the study

The following assumptions were made for the purposes of this study:-Respondents chosen for the study were give truthful and accurate information to the researcher.

The sample chosen for the study was a fair representation of the entire targeted population. Finally, it was assumed that the instruments that were used for the study would appropriately bring out the status of members livelihoods due to influence of Sacco Investment Products.

1.8 Limitations of the study

Some of the constraints that were faced while undertaking the study included the unwillingness of some respondents to participate in the study. The researcher overcame this constraint by briefing the respondents of the relevance of the study and how the findings would benefit the respondents.

1.9 De-limitations of the study

The study was delimited to Imarisha Sacco, Kericho branch. Other Imarisha Sacco branches include Bomet, Kapkatet, Olenguruone, Sotik, Kipkelion and Litein, which were not covered by the study. Imarisha Kericho branch was selected because it was the headquarters of Imarisha Sacco; hence, all the key departments are available including Registry, Micro Credit and Loans departments. This would make the collection of the data from the target population viable and within a short time.

1.10 Definition of significant terms used in the study

FOSA Product: FOSA stands for Front Office Service Activities. This is the Section of the SACCO, which offers banking facilities to account holders who are Sacco members: deposit taking. FOSA products offer unique advantages and competitive interest rates compared to commercial banks.

Share holding: A legal ownership of part of the cooperative through contribution towards its development or investment in its programmes.

Educational programme: These are forums provided by the SACCO to enlighten members on various financial tenets i.e. investment opportunities. It also disseminates information that is beneficial to member's wellbeing.

Social Protection Programme: This is the societal security mechanisms in response to unexpected socio-economic scarcity and risks that people encounter in their livelihoods.

SACCO Investment Programmes: These are products provided by the Sacco to its members. They are tailored to suit the members' needs and are meant to improve the social and economic status of the members.

Livelihood: The assets (natural, physical, human, financial and Social capital), the activities, and the access to these (mediated by organisations, institutions and social relations) that together determine the living gained by the individual or household.

1.11 Organization of the study

The research project report organized into five chapters as follows;

Chapter one comprised of the background of the study, statement of the problem, purpose of the study, objectives of study, research questions, significance of the study, basic assumptions of the study, limitation of the study, de-limitation of the study and definition of significant terms used in the study. Chapter two captured the review of the literature review as per the research objectives, the theoretical framework and the conceptual framework. Chapter three comprised of research methodology to be employed and included the following sub-areas: research design, target population, sample size, sample selection, research instruments, validity and reliability of research instruments, data collection procedures, data analysis and ethical issues in research. Chapter four comprised of data analysis, presentation, interpretation and discussions while chapter five contained findings, conclusions and recommendations of the study and for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on the previous related studies based on the following sub-areas:- Concept of SACCO Investment Programmes, Concept of Livelihood, FOSA product as an influence on members livelihoods, Shares as an influence on members livelihoods, Educational programmes an influence on members livelihoods and Welfare Fund as an influence on members livelihoods. It also encompasses the theoretical framework and conceptual framework of the study.

2.2 Concept of SACCO Investment Programmes

These are products provided by the Sacco to its members. They are tailored to suit the members' needs, meant to improve the livelihoods of the members. Cooperatives were created for members and by members-whether clients, consumers producers or workers-to meet their needs. This means they must always be attentive and ready to innovate. Economic transformation has prompted cooperatives to be even more imaginative. The tools are at their

disposal (approach, products, niche markets, marketing values etc), and these are geared towards meeting the changing needs of their members and attracting future members (Kenya Institute of management, 2014)

A recent IMF study found that co-operative banks are more stable than commercial banks (Hesse and Cihak, 2007). If a co-operative needs investment to grow then its members can be a vital source of finance. Engaging members in multiple ways strengthens the competitive advantage of the business. Members who invest are more likely to be involved in the co-operative, as a customer, user or volunteer. Often members are willing to accept no or limited financial returns on their investment that will further enable growth and sustainability (KIM, 2014).

2.2.1 Concept of Livelihood

Livelihood is a condition that deprives the individual the necessities for existence like food, water, shelter and clothing as well as other fundamentals to life like health, education, security, opportunity and freedom (Spence, 2005). According to 2014 report by Kenya Institute of management, it emphasizes the fact that Cooperatives can contribute to the achievement of the MDGs by 2015 because of their inherent characteristics. The cooperatives are economic associations; they provide the opportunity for people to raise their incomes, they empower people to own their own solutions, and pool risks at the level of the enterprise and offer micro-insurance to increase security. In addition, there is increasing evidence indicating that cooperatives also contribute directly and indirectly to meeting several of the other MDGs, such as primary education for children, gender equality and reducing child mortality.

According to a study report by DFID (2008) it concludes that growth lies behind about 80% of poverty reduction. It is the most powerful instrument for reducing income

poverty and is needed to finance the achievement of all the MDGs. The involvement of poor people in economic growth is the best way to get people out of poverty and represents the exit strategy for aid. Some co-operatives are major private sector players with the potential to drive growth. Many offer the potential to make growth more inclusive by bringing economic benefits to their members, employees and consumers. Co-operatives can also be efficient private sector providers of utilities such as electricity and water, which are critical to growth.

In a study by Kenya Institute of management, (2014), it envisaged that directing the operations of cooperative societies to addressing poverty related issues is one of the possible livelihood strategies. Each particular strategy can be geared towards achievement of Livelihood Outcomes associated with the richness of the potential livelihood goals set by the group that has defined a common purpose and destiny.

2.3 Influence of Front Office Activities (FOSA) product on members' livelihoods

In Kenya, financial sector is ranked highly and so is the Sacco sub-sector. The total Sacco sub-sector was worth Kshs. 210 billion in 2010 while deposit taking Saccos (FOSA) had about Ksh171 billion of this amount (Sacco Society Regulatory Authority, 2010).

The Kenya Sacco subsector comprises both deposit taking and non-deposit taking Saccos. There were 5,544 registered Saccos in Kenya at December 31st 2010. Out of the 3983 active Saccos in Kenya, 218 or 6% operate FOSAs that is they are deposit taking. The rest or 94% do not have FOSAs. Thus, there is an effort to develop regulations to take care of the remaining non-deposit taking Sacco to ensure that the whole sector is prudentially regulated (SASRA, 2010).

According to the Kenya Economic report 2009, of the 20million Kenyan Adult Population, 22.5% are served by commercial banks and MFIs while Saccos serve 17.6%. Sacco's are distributed widely across the counties in the country and therefore better

positioned to bring more Kenyans under financial inclusion compared to other financial service providers (Njagi, Kimani & Ngugi, 2012).

In a study by Njagi et al (2012), on the impact of front office Sacco activity (FOSA) on Sacco performance in Kenya concluded that FOSAs, if operated can improve the members' welfare. FOSA operating Saccos have strong Capital base and therefore can serve their members better. The main activity of Saccos is offering credit to their members after accumulating savings. Front Office Sections attract non-members who open savings accounts, thus improving customer deposits. The membership of the Sacco grows in both FOSA and Back Office Sacco Activity (BOSA). This improves the volume of transactions, thus improving the revenue income of the society

In a study conducted by Akerele et al, (2014), on factors affecting loan repayment Performance among Members of Cooperative in Nigeria showed that 81.7 percent of the respondent source for their loan from cooperative society. This is as a result of low interest charges by cooperative society that give members easy means for loan repayment thereby promote their business growth. Majority of the members preferred to pay their loan by instalment than paying in full. Since, 79.8 percent of the members pay by instalment and 20.2 percent pay in full. This indicates that instalment payment is easier for members than full payment. About 31.7% of the respondents diverted the use of their loan from business purpose to other things, which consequently affect negatively their repayment level.

2.4 Influence of Shares on members' livelihoods

Hein (2008) conducted a study where it was found that increasing shareholder power would either have positive (finance-led), negative (normal) or intermediate (profits without investment) effects on capacity utilization, profits and capital accumulation.

In the medium run, the positive (finance-led) effects may have to be maintained in a stable environment under very special conditions, whereas the negative (normal) and the intermediate (profits without investment) effects turn into cumulative disequilibrium processes with falling rates of capacity utilization, profits and capital accumulation and rising debt and renters' Equity-capital-ratios. The study recommends that increasing shareholder power was associated with decreasing managements' animal spirits, on the one hand, and increasing dividends distributed to shareholders, on the other hand. According to Hein (2008), the growth of members' wealth was determined by shareholders' power.

Remezani et al., (2002) conducted a study associating corporate performance and SACCOs value creation to growth in earnings and found that; Estimated Value Added (EVA), ROE and ROI would rise earnings and sales growth; firms with moderate growth in earnings showed highest rates of returns and value creation for their shareholders. In their recommendations, they said that; growth should not be the input to strategic planning but an outcome of sound investment strategy that is geared towards accepting value creating projects; and managers needed to shift their strategic goals from creating growth at the moment and waiting for surpluses later to enhancing profitable growth now. The study findings by Remezani et al., (2002) were very much concerned with growth of wealth.

In 1998, Mrema carried out a study on Tanzanian Women and Progress in Tuke Consumers' Marketing Cooperative. The study found that the SACCO Society had increased profits. It had also continued to pay dividends to members. Better-governed firms were relatively more profitable, more valuable, and paid out more dividends to their shareholders. This study noted that good governance was associated with the firm performance.

2.5 Social Protection Programme as an influence on members livelihoods

The United Nations Children's Fund (UNICEF) demographics report states that Africa will be home to two out of five children in the world by 2050, which will translate to 25 out of 100 people living in the world being Africans. The global population projections indicate that by mid-century, Africa will be home to around 41 per cent of all the world's births, 40 per cent of all global under-fives, 37 per cent of all children under-18 and 35 per cent of all adolescents.

The UNICEF report dubbed Generation 2030 Africa Report, states that the future of humanity is increasingly African as today, 16 among 100 of the world's inhabitants are African and based on current trends, within 35 years, 25 in 100 people will be African with this likely to continue to rise to almost 40 in 100 people by the end of the century.

As the world's population grows and ages, the challenge of providing a wide range of health care and social services becomes even greater. Governments and the private sector are not always up to the task of meeting all these emerging and growing needs. Some economist say health care will be the largest sector of the economy in the 21st century (KIM, 2014).

According to KIM 2014, it further notes that worldwide, Africa is the only region where the population is projected to keep increasing throughout the 21st century. Currently there are 1.2 billion people in Africa, more than five times the population in 1950. By 2050, Africa's population will double, to 2.4 billion and eventually reaching 4.2 billion by the end of the century.

According to a study by Wanyama et al 2008, on Cooperatives and Poverty Reduction in Africa, it notes that cooperatives have also invested in human capital by contributing to the improvement of the health of their members. SACCOs are, for example known to give loans to members to enable them pay medical bills or seek expensive medication in several countries including Ghana, Kenya and Uganda. In Rwanda, members obtain loans from their

credit cooperatives topay annual health insurance premiums in their mutual health schemes (Nyamwasa, 2007). Other cooperatives in the same country have set up health and insurance funds from their savings schemes, one example being Assetamorwa (Smith and Ross, 2006). In Egypt, the spinning and weaving workers' cooperative society at El-Mehala Al-Kubra gives financial support towards meeting the medical expenses of members and their families (Aal, 2007).

In the same study by Wanyama (2008), it notes that cooperatives in some countries participate in health promotion campaigns. This is the case in Ethiopia where five cooperative unions in Oromia region have established HIV/AIDS clubs for raising awareness about the disease and enhancing the use of prevention and control measures to reduce its spread among members. This effort has created a forum for exchanging experiences with people living with HIV/AIDS as well as disseminating information on the disease through the distribution of translated manuals provided by the ILO (Lemma, 2007). Similarly, Assetamorwa in Rwanda, pursuant to one of its objectives of fighting HIV/AIDS amongst public transport operators, has set up a club to combat the spread of the disease through awareness creation (Smith and Ross, 2006).

Savings and Credit Co-operative Societies (SACCOs) are started locally and have solid bases of small saving accounts constituting a stable and relatively low-cost source of funding and low administrative costs. More so, SACCOs are able to advance loans at interest rates lower than those charged by other financial providers. In addition, SACCOs have the ability and opportunity to reach clients in areas that are unattractive to banks, such as rural or poor areas (Branch, 2005). This has made SACCOs more attractive to customers, thus deeply entrenching themselves in the financial sectors of many countries (Munyiri, 2006). In fact, the core objective of SACCOs is to ensure members empowerment through mobilization of savings and disbursement of credit (Ofei, 2001). SACCOs have been efficient in achieving

this objective. In Kenya, for instance, SACCOs have mobilized over Kshs.200 billion in savings, accounting for over 30% to National Domestic Saving (Co-operative Bank of Kenya, 2010). Savings mobilization should be backed by adequate institutional capital, which ensures permanency, provide cushion to absorb losses and impairment of members' savings (Evans, 2001). The institutional capital, which comprises the core capital and less share capital, is mainly accumulated from appropriation of the surpluses. Therefore, SACCOs should strive to maximize on the earnings to build the institutional capital (Branch & Cifuentes, 2001; Ombado, 2010).

This institutional capital ensures the permanence and growth of the SACCOs even in turbulent economic times (Evans, 2001). In fact, it helps the SACCOs to grow and, remain economically and financially viable (Gijssels & Devetere, 2007). Such growth is enhanced by effective financial practices. Financial stewardship being the routine financial decision-making of the SACCO, should embrace sound business practices. This should also revolve around the SACCOs' financial discipline with a profound influence on the success of all businesses conducted by the SACCOs (Mudibo, 2005). The major financial decisions involved in financial stewardship, for instance, include decisions on finance staff, loan management, asset management and product innovation (Horne, 2003, and Mudibo, 2005). The financial stewardship should be capable of working to increase SACCOs' wealth, sustain the SACCOs' value and satisfy the shareholders' demands. Further, the financial stewardship aspect is also responsible for updating accounts, ensuring correctness of accounts, advance planning and reporting to members. Accordingly, the financial practice team identifies the most appropriate methods and structure of financing the SACCOs' assets. Such a structure should be in a position to optimize surpluses (Evans, 2001). More so, prudent funds allocation strategy is an important financial practice function in any SACCO society. This aspect usually involves decisions to commit the SACCOs' funds to planned investment

options. SACCOs need to make decisions to invest their funds more efficiently in anticipation of expected flow of benefits in the long run. Such investment decisions generally include expansion, acquisition, modernization and replacement of long-term assets (Maina, 2007). Thus, the SACCOs' value is deemed to increase where the investments are profitable and add to the wealth in the long run.

This situation is obtained where the SACCO involves itself with investments that yield benefits greater than the opportunity cost of capital. Imperatively, each SACCO needs to generate income which is adequate to cover all its operational costs, enhance the institutional capital, dividends and rebates. In this regard, financial practice is based on sound financial stewardship, solid capital structure, and prudent funds allocation strategy (Maina, 2007). Further, The Vision 2030 strategy among other things requires the financial services sector to play a critical role in mobilizing the savings and investments for development of the country by providing better intermediate between savings and investments than at present. This sector will assist the mobilization of investment funds required to implement the projects of Vision 2030. SACCOs are among the financial services strategies to be implemented in this exercise. Service provided by savings and credit cooperative organizations (SACCOs) and other major financial institutions will play a crucial role in improving the reach and access of financial services (currently only 19% of Kenyans have access to formal financial services).

In 1945, the Co-operative Ordinance Act was passed where the Government of Kenya (GoK) legally controlled the co-operatives. The act was amended in 1997 removing much of the control from the government through the Commissioner of Co-operatives under the Co-operative Societies Act 1997. This Act was enacted to provide a policy framework for co-operative development in Kenya therefore delineating these co-operatives from the control of the Government by necessitating the withdrawal of state control over the co-operative movement. The aim was to make co-operatives autonomous, self-reliant, self-controlled and

commercially viable institutions. The role of the government was redefined from one that sought to control co-operative development, to one that now seeks to regulate and facilitate their autonomy. This allowed the co-operatives to compete with other private enterprises in the marketing of agricultural produce (Republic of Kenya, 1997a). The 1997 Act was amended in 2004 through the Co-operative Societies (Amendment) Act of 2004 which was enacted to re-enforce state regulation of the co-operative movement through the office of the Commissioner for Co-operatives Development. The SACCO Societies Act of 2008 was enacted later to provide for the licensing, regulation, supervision and promotion of savings and credit co-operatives by the SACCO Societies Regulatory Authority. Thus, this Act provides for the establishment of the SACCO Societies Regulatory Authority (SASRA) whose functions include licensing SACCOs to carry out deposit-taking business as well as regulating and supervising SACCOs (Republic of Kenya, 2008b). (Wanyama, 2009).

A co-operative society is an association of persons united voluntarily to meet their common economic cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The key idea behind a co-operative society is to pool the scarce resources, eliminate the middlemen and to achieve a common goal or interest. Co-operatives are based on seven principles: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among co-operatives and concern for the community (Hans, 2006). Through Sessional Paper No. 6 of 1997, on “Co-operatives in a Liberalized Economic Environment”, the Government reviewed its involvement in the management of cooperatives. The Sessional Paper provided a framework under which co-operatives were to survive in a competitive economic environment. The Cooperative societies Act no.12, 1997 was amended in 2004 to instil some discipline in the sector. Kakamega Teachers Savings and Credit Co-operative Society Ltd (KATECO) was established in 1977 with a paltry 200 members but

currently boast of over 16000 members. The society draws its core membership from teachers in primary and post primary learning institutions in Kakamega and Vihiga Counties. KATECO is among the few SACCOs with FOSA granted license by SASRA to provide banking services in Kenya. The society offers ATM services to members in collaboration with Cooperative bank (SASRA Database, 2013).

In wisdom of the new institutional economies, Societies involve a variety of institutions that permit the transaction of information and reduction of transactions cost (Johnson, 1999). According to Rukunga (2000), in every community there are people with very bright ideas of business opportunities. They may be honest, hardworking, innovative and confident, but due to lack of startup capital, their great ideas never see the light of the day. Savings and credit cooperative societies mobilize savings from members through monthly contributions usually deducted by the employers at source and handed over to the society. They then provide credit facilities to the members (Rukunga, 2000). According to Kimuyu and Omit (2000), credit markets are partly shaped by lenders strategies for screening potential borrowers and for addressing opportunities behavior encouraged by the inter-temporal nature of loan contracts. The study by Moyi (2000) has shown that among the MSEs involved in manufacturing, credit related information needs are second only to market information needs. The results based on the baseline survey show that lack of credit.

2.6 Educational programme as an influence on members livelihoods

According to Tchami (2007), the fifth principle of the cooperative movement clearly highlight that cooperatives should provide education and training to their members. As much as ignorance or illiteracy tends to be manifestation of poverty, they are also causes of the same. Consequently, efforts towards improving the provision of educational are fundamental for poverty reduction.

In a study conducted by Wanyama et al (2008), on Cooperatives and Poverty Reduction in Africa, it noted that Cooperatives have contributed in different ways.

First, members of cooperative societies use the income that these societies make possible to educate their children, with a view to reducing poverty in future following children's employment. Loans from SACCOs have particularly been instrumental in this regard. In Kenya, the main type of back office loan offered by most SACCOs (at interest rates of 1 to 1.5 per cent on monthly reducing balances for a 12-month period) is for paying school fees (Evans, 2002).

In Uganda, a study of Jinja Teachers Savings and Credit Society showed three of the members who borrowed from the cooperative to pay their children's school fees have seen their three respective children graduate in medicine, engineering and finance. The children have been employed and are provide financial assistance to their relatives and parents (Mrema, 2007).

Secondly, cooperatives are also serving as educational centres for members. Many are the members that shade off some degree of ignorance on economic opportunities in their milieu through cooperative educational programmes. The case of Rooibos Tea Cooperative Society in South Africa is illustrative. Rooibos is a tea plant that grows naturally in a dry, mountainous region north of Cape Town. In 2000, fourteen small farmers, who had been introduced to organic tea farming by a representative of an environmental NGO, decided to form the cooperative with view to establishing a facility to process each member's tea before it could be delivered to a Rooibos marketing company. After some time, there was unhappiness with the price the company paid for the tea.

The organizational dynamics of the cooperative soon enabled members to learn that they could get a much better price by marketing their tea through a local fair trade agent who was promoting the marketing of organic agricultural produce rather than the company.

The better price that the farmers received on marketing their tea through the said agent served as a revelation to the economic potential of Rooibos tea farming that they decided to lease a centrally located facility to increase production. So successful was the venture that the cooperative started realizing a substantial surplus. The 100 South African Rands (US\$. 15.6) entrance fees contributed by the fourteen founding members in 2001 had raised an initial capital of only 1,400 Rands (US\$. 222.2). At the end of 2004 the cooperative membership had increased to 36 with a turnover of 1.25 million Rands (US\$. 198,412.7) and assets valued at 896, 708 Rands (US\$. 142,334.6), including a truck to deliver the tea, a welding machine and a tractor used in the production of tea.

Of significance to the educational needs of the members is that the cooperative has committed thirty per cent of its annual profit to the training of those members who, in the opinion of the board, have been most disadvantaged for their race and/or gender to undertake sustainable economic activities. The training and development programmes in this regard have included various topics ranging from financial management to global climatic changes that affect tea production (Theron, 2007).

In the same study, the Menshat Kasseb agricultural cooperative society in Giza region, Egypt not only supports members to market their produce, but also provides non-economic services like training female members in home economics and healthcare.

It also organizes members' rights and responsibilities awareness-raising workshops, which has helped to enlighten members on the virtues of cooperation. Besides such training initiatives by societies, all central cooperative unions in Egypt regularly organize training courses for the staff of affiliated societies to enhance managerial capacity (Aal, 2007). Kenyan cooperatives, with the support of donors, have undertaken similar initiatives to train their members.

The Swedish Cooperative Centre (SCC) funds co-operative members' education through specialized programmes. For example, it has funded Community Empowerment and Economic Development through Co-operatives (CEEDCO), a local NGO operating in Kiambu District, to educate members of Githunguri Dairy Farmers Co-operative Society on the value of co-operatives in development and their role as members of these enterprises (Wanyama, 2007). All these efforts have significantly contributed to the reduction of ignorance among co-operators and, therefore, improved on human capital.

2.7 Theoretical Framework

2.7.1 Agency Theory

This study was guided by agency theory as advanced by Jensen and Meckling (1976). The model of an employee portrayed in this theory is more of a self-interested, individualistic and are bounded rationality where rewards and punishments seem to take priority (Jensen & Meckling, 1976). This theory prescribes that employees must constitute a good governance structure since they are held accountable in their tasks and responsibilities. An explanatory power of agency theory is reduced if and when the principal decides to divest to a new business. An agent must be motivated and monitored to create wealth, portraying the agent as potentially fraudulent (Arthur & Busenitz, 2003).

According to Abdullah & Valentine (2009), agency theory explains the relationship between the principals, such as members and agents. In this theory, members who are the owners or principals of the SACCO, hires by electing the management board as their agent, Mitnick (2006).

Principals (members) delegate the running of business to the management board which in turn hire and delegate authority to the managers, Clarke (2004). Indeed, Daily et al. (2003) note that two factors can influence the prominence of agency theory. First, the theory

conceptually reduces the corporation to two participants of managers and the owners. Second, agency theory suggests that employees or managers in SACCOs can be self-interested. Shareholders expect the agents to act and make decisions in the principal's interest. On the contrary, the agent may not necessarily make decisions in the best interests of the principals, Padilla (2002). In agency theory, the agent may succumb to self-interest, opportunistic behavior and falling short of the agreement between the interest of the principal and the agent's pursuits. Although with such setbacks, agency theory was introduced basically as a separation of ownership and control, Bhimani (2008). Indeed, agency theory can be employed to explore the relationship between the ownership and management structure.

2.8 Conceptual Framework

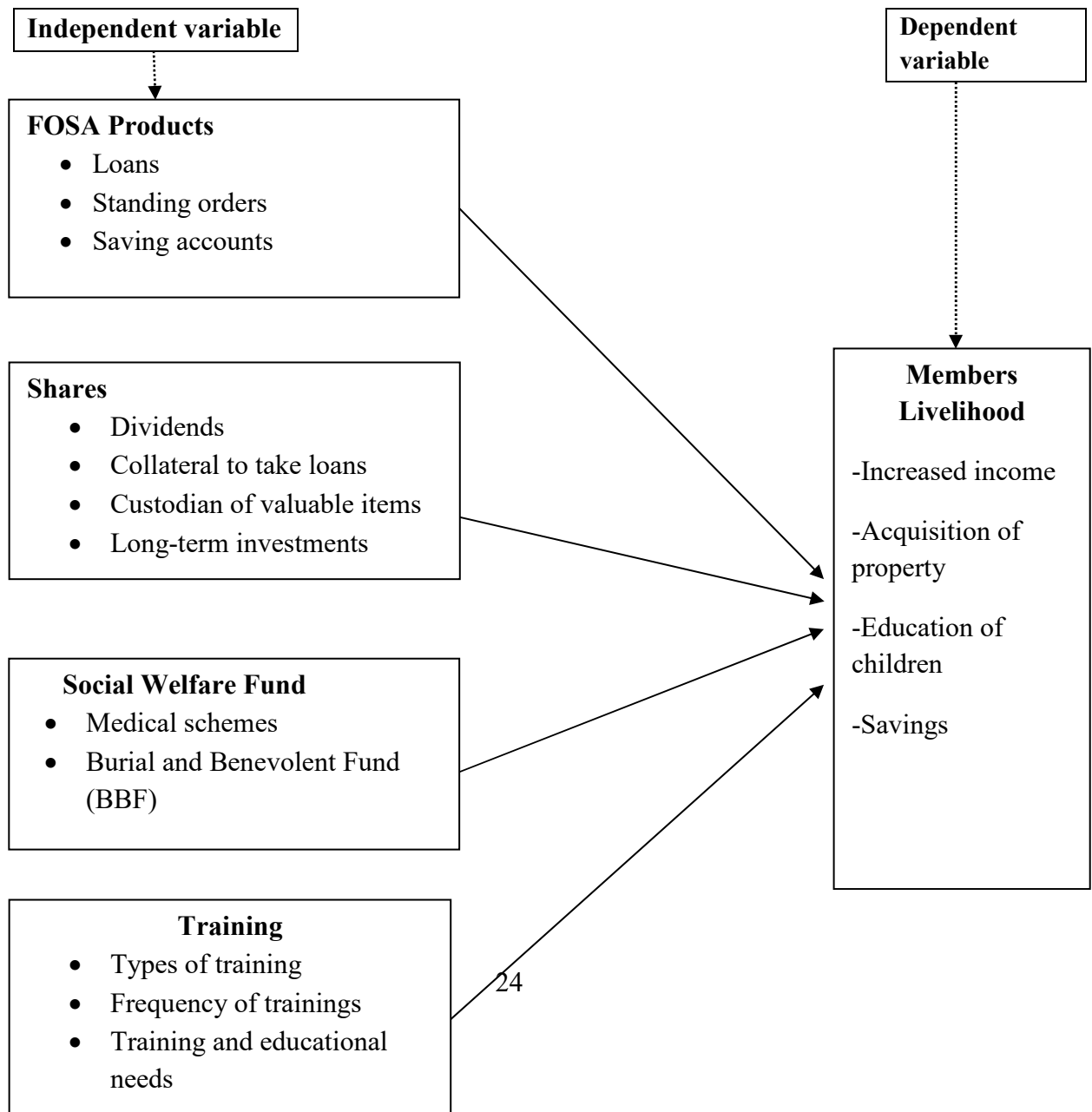


Figure 2.1: Conceptual framework

The schematic diagram (Fig 2.1) reflects the concept of Livelihood and Sacco investment products. The independent variables in this study were: FOSA products, share-holding, educational programme and social welfare fund; which have influence on members livelihoods. However, the influences are intervened by the SACCOS' policy (SASRA) which regulates the activities and check whether they operate within the set laws.

2.9 Summary of literature review

The literature review described the introduction, FOSA products and how they influenced member's livelihoods, share-holding and its influence on member's livelihood, Education and social welfare funds and their influence on member's livelihoods of Imarisha Sacco

FOSA products and services offered by Imarisha Sacco included giving out loans (Inua, pepea, normal, emergency, school fees, and e.t.c)

They also accepted standing orders, open, and maintain saving accounts for members. Many writers agree that various products offered by Saccos have made them more popular than commercial banks because they provide loans with ease, low interest rates etc. The check-off system is an easy way of saving and repaying loans

Shareholdings comprised of members savings and buying of shares in housing investment programmes, share certificates and being custodian of valuable items. Most researchers agree

that share certificates assist members to obtain loans in other financial institutions thus, increasing and widening their income base.

Education programmes provided by Saccos enlightened the members on the various investment opportunities available to them. They organize for education days, seminars, workshops etc. Researchers agree that majority of the members have been able to educate their children from the school fees loans they obtain from Saccos

Social welfare fund programmes has seen many members get assistance when they are bereaved thus reducing the agony during those difficult times. A number of them have received advance medical attention courtesy of the Saccos.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research procedures and techniques used in conducting the study. These are presented under the following headings: Research design, target research population, sample selection and sample size, research instruments, data analysis and ethical considerations.

3.2 Research Design

The study adopted a descriptive research design, which is concerned with describing the characteristics of a particular individual, or groups (Kothari, 2009). Descriptive research design is a method of collecting information by interviewing or administering questionnaires to a sample of individuals hence suitable for extensive research. It is convenient and enables fast collection of data while maintaining high level of confidentiality. It is an excellent vehicle for measurement of characteristics of large population (Orodho, 2003). Descriptive design was suitable for this study because it enabled the researcher to collect quantitative data from the Sacco members through questionnaires.

3.3 Target Population

The study targets members of Imarisha Sacco, Kericho branch. According to Imarisha Sacco 26th annual report 8,452 of 2014 the total population society members in all the branches were 24,225 of which 8,452 members were account holders in Kericho Branch.

3.4 Sample Size and Sample Selection

This section describes how the sample size for the study was obtained and the criteria used to select a sample from the total population identified.

3.4.1 Sample Size

The estimation of a sample size of SACCO members was obtained by using the following method at confidence level of 95% and error level of 5 % (Yamane, 1967).

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = Desired minimum sample (population less than 10,000)

N = Total population

e = level of precision at 95% confidence level e = 0.05

$$e^2 = (0.05)^2 = 0.0025$$

Therefore, sample size (n) = $8452 / 1 + 8452(0.0025)$

$$n = 8452 / 1 + 21.13 = 8452 / 22.13$$

$$n = 381$$

A sample size of 381 was obtained from the formulae.

3.4.2 Sample Selection

Sampling is the process of selecting that population that is suitable enough to represent the characteristic of the whole population. Sample size selection depends on population size, number of variables in the study, the type of research design, the risky selecting a "bad" sample, the method of data analysis & size of accessible population & the allowable sampling error (Israel, 1992)

The researcher used stratified sampling technique to select Sacco members from 4 sub-counties in Kericho County. Simple random sampling was then employed to select Sacco members from each strata who made up the sample size.

Table 3.1: Sample size

Sub-county	Sample size
Kipkelion	95
Londiani	95
Belgut	95
Kericho	96
Total	381

3.5 Research Instruments

Structured questionnaires were used as the main research tool in which the five point likert-type scale questionnaire with responses ranging from strongly Agree to strongly disagree and Yes and No items incorporated in the tool.

Both close-ended and open-ended items were used to seek the views from the respondents. The questionnaires were categorized into sections, with the first section comprising of background data; section 2 addressing the influence of FOSA products on

member's livelihoods. The third section focused on shares as an influence to member's livelihood. The fourth section looked into the welfare fund as an influence to member's livelihoods and finally the fifth section gathered information about welfare Fund product as an influence to member's livelihoods.

3.5.1 Pilot Testing

A pre-test sample of 10% of the total sample with similar characteristics was used for the study. Thirty eight (38) members of Imarisha SACCO in Kericho Sub-county were selected for this testing and were not included in the final study.

Questionnaires were administered to the selected SACCO members. This helped the researcher verify the validity of the instruments by studying responses to questions by the respondents to determine if all the respondents got what the questions meant. Pilot testing was important process because it revealed vague questions and unclear instructions in the questionnaires. Moreover, it assisted the researcher capture vital comments or suggestions from respondents that enabled the improvement of instruments' efficiency and adjustment of the strategies and approaches for high response rates during the main study.

3.5.2 Validity of Research Instruments

A research instrument is valid if it actually measures what it is supposed to measure and the data collected through it accurately and truthfully represents the respondent's opinions (Amin, 2005).

According to Mugenda and Mugenda (2003), validity tests the relationship between the data & the variable or construct of interest. Experts in Project Management and peer reviews were used to ascertain the validity of the items in the questionnaire. Their input was then incorporated in the final preparation of the research tool.

3.5.3 Reliability of Instruments

According to Mugenda and Mugenda (2003), reliability measures the degree to which a researcher instrument yields the same results or data after repeated trials. Responses from the pilot study were coded and summarized using Statistical Package for Social Sciences (SPSS) Version 20, where the researcher computed the Cronbach alpha index. A reliability alpha index of 0.73 (Appendix 2) was obtained which is above the index for a good reliable tool.

3.6 Data Collection Procedure

For the data to be collected from respondents, the researcher obtained an introductory letter from the university and a permit from the National Commission for Science and Technology. Research assistants were subjected to a thorough training on research ethics, data collection process and use of collection tool.

The researcher and research assistants administered the questionnaires to the respondents who filled them in and handed them back. This ensured high return rate of the questionnaires, however, in some instances, respondents requested for more time to fill in the questionnaires. They were then collected from them later.

3.7 Data Analysis Techniques

Field editing was done to bring the instruments together and this ensured that errors were reduced and that the instruments had the required information. Then followed by grouping and coding of data. Statistical Package for Social Sciences (SPSS) Version 20 was then used for analysis. The data was entered, analyzed and the output presented in frequency and percentage tables.

3.8 Ethical issues in research

According to Mugenda and Mugenda (2008) the protection of the rights and welfare of participants ought to be the major obligation of all the parties involved in the study. The researcher explained to participants the purpose of study and how their responses were to be confidential. The participants were informed that they could voluntarily and at will to withdraw from the study at any time without any consequences. A permit and research from the National council of science & Technology was obtained and authorization from Imarisha SACCO management Kericho branch was obtained before commencing data collection.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATIONS, INTERPRETATIONS AND DISCUSSION

4.1 Introduction

This chapter presents the findings, interpretations and discussion as per the objectives of the study. It also gives the demographic information of the respondents and the return rate of the research tool used.

4.2 General demographic information

This section presents the return rate of the questionnaires and the general demographic information of the respondents.

4.2.1 Return rate

Questionnaires were administered to Imarisha SACCO members from Kericho branch. The rate of response is shown in Table 4.1.

Table 4.1: Return Rate

Number Issued	Number Returned
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SACCO members	381(100%)	320 (84%)
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The sample size of SACCO members was 381. However, the actual samples size as indicated in Table 4.1 was 320 (84.0%) SACCO members.

4.2.2 Demographic data on Gender

The researcher wanted to find out the gender of the respondents. This was analysed and presented in Table 4.2 where males were more than half (60.6%) and females were less than (39.4%).

Table 4.2: Gender

Gender	Frequency	Percentage
Male	194	60.6
Female	126	39.4
Total	320	100.0

4.2.2 Demographic data on age

The age bracket of the respondents is summarized in Table 4.3

Table 4.3: Age of respondents

Age	Frequency	Percentage
18-28	27	8.4
29-39	160	50.0
40-50	129	40.3
51-61	4	1.3
Total	320	100

Table 4.3 shows that half of the respondents 160 (50.0%) fell in the age bracket of between 29 and 39 years followed by those in the age bracket of 40 to 50 years who comprise of 129 (40.3%) of the respondents. A small number of the respondents 27 (8.4%) were between 18 and 28 years of age.

4.2.3 Demographic data on occupation

Researcher sought to find out the occupation of the respondents and the results are presented in Table 4.4.

Table 4.4: Occupation of respondents

Occupation	Frequency	Percentage
Teacher	280	87.5
Business person	13	4.1
Farmer	15	4.7
Private sector employee	12	3.8
Total	320	100

Table 4.4 shows that majority 280 (87.5%) of the members are teachers while business persons, farmers and private sector employees were the minority comprising of 13 (4.1%), 15(4.7%) and 12 (3.8%) respectively.

4.2.4 Demographic data on level of education

The researcher sought to find out the educational of the respondents since this could influence the products and the programmes offered by the Sacco. The findings are presented in Table 4.5.

Table 4.5: Educational level

Level of education	Frequency	Percentage (%)
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Secondary	7	2.19
Tertiary College	189	59.06
University	124	38.75
Total	320	100

Table 4.5 shows that most of the members had tertiary college education as represented by 59.06%. About 38.75% had university education while a few 7 (2.19%) had secondary education.

4.2.4 Demographic data on marital status

It was important to establish marital status of the respondents because this could influence major decisions such as savings and investments. The results are shown in Table 4.6.

Table 4.6: Marital status

Status	Frequency	Percentage
Single	37	11.56
Married	278	86.88
Widowed	5	1.56
Total	320	100

Table 4.6 indicates that majority of the respondents 278 (86.88%) while less than a quarter 37 (11.56%) were single, and very few of them 5 (1.56%) had been widowed.

4.3 Influence of FOSA products on members' livelihoods

The study's first objective was to establish how Front Office Sacco Activity (FOSA) as a product influenced the livelihoods of Imarisha SACCO members. In order to achieve this, the researcher looked into the ease of obtaining loans, provision of savings account, standing

order services, provision of safe custody of assets and valuables, and sufficiency of loans to meet members' needs. The findings are presented as follows:

4.3.1 Influence of obtaining loans on members' livelihood

The researcher sought to find out the extent to which ease of obtaining loans from the SACCO influenced the members' livelihood. The findings are given in Table 4.7

Table 4.7: Easy access to loans and members' livelihood

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Easy access to loans</i>	40	12.5%	261	87.5%	320	100.0%

Table 4.7 shows that respondents who agreed to have easy access to loans had their livelihood improve by great margin of 261 (87.2% while those who did not have easy access to loans had minimal improvement in their livelihood at 40 (12.8%). The low improvement could however, be attributed to other factors apart from accessing loan products from the Sacco. The majority of those who had their livelihood improve were of the view that the Sacco had less complicated procedures and rules for members who want to take loans. This finding is in agreement by a study by Waweru (2011) that SACCOs provided members with loan facilities at ease.

4.3.2 Provision of savings account

The researcher wanted to find out if the provision of savings account to members influenced their livelihood. The results are as presented in Table 4.8.

Table 4.8: The SACCO provides a savings account

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Provision of savings account</i>	38	11.9%	282	88.1%	320	100.0%

Table 4.8 shows that majority of the respondents 282 (88.1%) agreed that the provision of a savings account improved their livelihood while a few 38 (11.9%) did not attribute their improvement in livelihood to this product from the Sacco. The few members that did not agree might indicate those who were not aware of such a product offered and only maintained Back Office Sacco Activity (BOSA) for their share contribution. The majority of those who agreed that they are provided with a savings account is in line with a study by Njagi et al. (2012) that the Saccos has brought more Kenyans under financial inclusion compared to other financial providers.

4.3.3 Provision of standing order services

The researcher also wanted to find out whether the Sacco provided their members with standing order services and how members attributed this product to their improvement in their livelihood. The results are shown in table 4.9.

Table 4.9: Provision of standing order services

	LIVELIHOOD		Total
	NO	YES	

	F	%	F	%	F	%
<i>Provision of savings standing order services</i>	139	43.4%	162	56.6%	320	100.0%

Table 4.9 more than a half 162 (56.6%) of the respondents attributed their improvement in their livelihood to the provision of the standing order services while less than a half 139 (43.3%), did not attribute their improvement in livelihood to this service. This could represent those who were not aware of such services and therefore might not have used them. This is in line with the study by Waweru (2011) that Saccos provided members with additional financial services.

4.3.4 Provision of safe custody of assets and valuables

The researcher sought to find out if the Sacco provided safe custody of assets and valuables, and how this influenced members' livelihood. The respondents' views were as shown in Table 4.10.

Table 4.10: Provision of safe custody of assets and valuables

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Provision of safe custody</i>	122	38.1%	198	61.9%	320	100.0%

Table 4.10 shows that majority of the respondents 198 (61.9%) attributed their improvement in livelihood to the provision of safe custody of assets and valuables by the Sacco. However, a number of them 122 (38.1%) did not attribute this to their improvement in livelihood.

4.3.5 Sufficiency of loans to meet members’ needs

The ability of the Sacco to meet members’ needs and its influence on members’ livelihood was also established. The findings are shown in Table 4.11.

Table 4.11: Sufficiency of loans to meet members’ needs

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Provision of safe custody</i>	43	13.4%	277	86.6%	320	100.0%

Table 4.11 shows that majority of the respondents 277 (86.6%) were of the view that their livelihood improved due to Sacco meeting their loan requirements sufficiently while a few of them 43 (13.4%) did not attribute improvement in their livelihood to loans from the Sacco. This finding is in agreement with a study by Akerele et al, (2014) that most members of Cooperative source for their loan from cooperative society. This could be because the interest rates charged on Sacco loans were relatively lower compared with the rates charged by other financial institutions.

4.4 Influence of Share-holding and members’ livelihoods

The second objective was to determine how members’ share-holding influenced their livelihoods. To address this, the researcher considered the improvement of saving culture, availability of dividends, shares used as collateral security and investing in shares perceived as a long-term investment plan. The findings were presented as follows:

4.4.1 Improvement on saving culture

The researcher sought to find out members' views on their saving culture in the Sacco and how that influenced their livelihood. The results are shown in Table 4.12.

Table 4.12: Improvement on saving culture

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Provision of safe custody</i>	27	8.4%	293	91.6%	320	100.0%

Table 4.12 shows that majority of the respondents 293 (91.6%) attributed the improvement in their livelihood to saving culture developed by the Sacco while a few 27 (8.4%) did not attribute to the saving culture initiated by the Sacco. The improved saving culture could have been due to the use of members' savings as collateral when taking loans. Improvement of the saving culture of the members is also reported in the study by Waweru (2011). Members are therefore able to make better financial management decisions and able to meet their obligations from the savings made.

4.4.2 Dividends increasing sources of income

The respondents indicated if being shareholders of the Sacco enabled them to increase their source of income in form of dividends and how it has influenced their livelihood. The results are as shown in table 4.13.

Table 4.13: Increase in sources of income

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Increase in sources of income</i>	136	42.5%	184	57.5%	320	100.0%

Table 4.13 shows that more than a half of the respondents 184 (57.5%) attribute their improvement in livelihood to the increased sources of income resulting from investing in shares. However, a considerable number 136 (42.5%) did not attribute the improvement of livelihood to increased sources of income from investment in shares.. This could indicate that some members have not felt the impact of investing in shares.

4.4.3 Shares used as collateral security

Respondents were asked if they have used their shares as collateral to take loan from the Sacco and how this influenced their livelihood. The findings are presented in Table 4.14.

Table 4.14: Shares used as collateral security

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Shares used as collateral security</i>	83	25.9%	237	74.1%	320	100.0%

The results in table 4.14 shows that majority of the respondents 237 (74.1%) attributed improvement in their livelihood to the use of shares as collateral to take loans while a quarter 83 (25.9%) did not attribute to the use of shares as collateral. This indicates that most members might have benefited from the shares they have bought by accessing loan products

from the Sacco hence able to earn more income, educate their children and acquire more property.

4.4.4 Long-term investment plan

The respondents were asked if they view their investment in shares to be a long-term investment plan and how this has influenced their livelihood. Their response is as shown in table 4.15.

Table 4.15: Shares as a long-term investment

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Shares used as collateral security</i>	158	49.4%	162	50.6%	320	100.0%

Table 4.15 shows that slightly more than a half 162 (50.6%) of the respondents attributed their improvement in livelihood to investment in shares as a long-term investment plan while almost a half 158 (49.4) did not view their livelihood to has improved from investing in shares as long-term investment plan.

4.5 Influence of Training on members' livelihoods

The third objective was to establish how educational programme influenced the livelihoods of Imarisha SACCO members. The researcher sought to find out if the SACCO provided educational and training programmes and how this has impacted on its members. The findings are presented as follows:

4.5.1 Provision of training programmes

Respondents were asked if the provision of training programmes by Sacco has improved their livelihood. The findings are presented in Table 4.16.

Table 4.16: Provision of training programmes

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Provision of training programmes</i>	139	43.4%	181	56.6%	320	100.0%

Most of the respondents 181 (56.6%) attributed the improvement in livelihood to the provision of training and educational programmes while about 139 (43.4%) did not attribute it to this. The researcher further wanted to find out the number of times that those who agreed that the Sacco provided training and educational programmes, have attended such programmes as organized by the Sacco. The results are as presented in Table 4.17.

Table 4.17: Attendance of training programmes

			LIVELIHOOD		Total
			YES		
<i>Attendance of training programmes</i>	never	F	13	13	
		%	7.2%	7.2%	
	twice	F	81	81	
		%	44.8%	44.8%	
	thrice	F	87	87	
		%	48.1%	48.1%	
Total	F	181	181		
	% of Total	100.0%	100.0%		

Table 4.17 indicated that most respondents have attended training and educational programmes organized by the Sacco either once or twice 81 (44.8% and 87 (48.0%) respectively). A few 13 (7.2%) have never attended while none has ever attended three time or more.

4.5.2 Meeting educational and training needs

The respondents were asked if the Sacco provided programmes to meet their educational and training needs have led to improvement of their livelihood. These represented those who had agreed (181; 56.4%) that the Sacco provided them with such programmes. The results are as shown in Table 4.18.

Table 4.18: Programme meeting educational and training needs

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>educational and training needs met</i>	93	51.4%	181	48.6%	320	100.0%

Table 4.18 shows that majority of the respondents 93 (51.4%) did not view that the improvement of their livelihood was a result of the Sacco to meet their educational needs while about a half of the respondents 181 (48.6%) attributed it to provision of education to members. This implies that most members might not have had optimum benefit from the educational programmes offered by the Sacco. Educational needs cited by most of the respondents were how to save and invest wisely.

4.5.3 Training before given loans

The researcher sought to find out if members were guided before given loans, on how to use them wisely and how it influenced their livelihood. The results are presented in Table 4.19.

Table 4.19: Training before given loans

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Training before given loans</i>	166	51.9%	154	48.1%	320	100.0%

Table 4.19 shows that slightly more than half of the respondents 166 (51.9%) do not attribute their improvement in livelihood to training the Sacco gives before advancing loans to them while almost a half 154 (48.1%) attributed it to the training they received before being given loans.

4.6 Influence of Welfare Fund on members' livelihoods

The fourth objective was to assess how Welfare Fund as a product influenced the livelihoods of Imarisha SACCO members. In order to achieve this objective, the researcher sought to find out its relevance as a social protection measure. The findings are presented as follows:

4.6.1 Relevant social protection measures

The respondents were asked the social protection measures put in place by the Sacco were relevant to them. Their views are presented in Table 4.20.

Table 4.20: Relevance of social protection measures

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Training before given loans</i>	89	27.8%	231	72.2%	320	100.0%

Table 4.20 shows that most of the respondents 231 (72.2%) attribute their improvement in livelihood to availability of relevant social protection measures in the Sacco while a few 89 (27.8%) do not attribute to the availability of this measure. From these findings, it indicates that majority were of the view that social protection measures offered by the Sacco were relevant to them. The provision of social security by the Sacco is in tandem with the finding by Wanyama (2008) that cooperatives have contributed in improvement of members' health in various ways. They may include meeting hospital bills for the members or burial and benevolent funds given to the deceased's family members.

4.6.2 Monthly contribution sufficient to cover member and dependants

The respondents were asked if their monthly contributions toward welfare programme were sufficient to cover them and their dependants and how this has influenced their livelihood.

The results are presented in table 4.21.

Table 4.21: Sufficient cover

	LIVELIHOOD				Total	
	NO		YES		F	%
	F	%	F	%		
<i>Sufficient cover</i>	162	50.6%	158	49.4%	320	100.0%

Table 4.21 shows that about a half 162 (50.6%) of the respondents did not attribute the improvement in their livelihood to the monthly contributions toward welfare programmes which was to cover them and their members while almost a half 158 (49.4%) attributed the improvement in livelihood to it. High cost of treating chronic illness was one of the reasons given for some members having to join welfare scheme. However, lack of comprehensible cover for the entire family was one of the reasons why some members sought other schemes.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusion and recommendations from the study findings, and finally the suggestions for further research.

5.2 Summary of the findings

The purpose of the study was to determine the influence of Imarisha Sacco investment programmes on member's livelihoods. It was established that the Sacco had a great impact on members' livelihoods as indicated by majority of their responses concerning the products the Sacco availed to them. The study found out that majority of the members were males (60.6%) while females were the minority (39.4%). Regarding the age of the members, the majority were in the age bracket of between 29 and 39, representing 50% of the respondents. This was closely followed by those between 40 to 50 years, which had 40.3% of the respondents. In addition, members' occupation was majorly made up of teachers (87.5%) which was made up of 280 members out of 320. Furthermore, most of the members had tertiary college education as represented by 59.06%, followed by those with university education at 38.75% and a few (2.19%) had secondary education as their highest level attained. On marital status, majority of them were married comprising of 278 out of 320 (86.88%), followed by those who were single (11.56%) and a few (1.56%) were widowed.

The first objective of the study was to establish how Front Office Sacco Activity (FOSA) as a product influenced the livelihoods of Imarisha SACCO members. This was established by considering the ease of obtaining loans, provision of savings account, standing order services, provision of safe custody of assets and valuables, and sufficiency of loans to meet members' needs. The study found out that majority of the members (87.2%) had their

livelihood improve due to easy access to loan facilities from the SACCO. This might have been due to less complicated procedures and rules that the SACCO has put in place for members who want to take loans. Majority of the respondents (88.1%) also attributed improvement in their livelihood to Sacco's provision of a savings account while a few (11.9%) did not attribute to it. Provision of standing order services was seen to have contributed to improved livelihood by slightly more than a half (56.6%) of the respondents. More than a half (61.9%) of the respondents were of the view that their improvement in livelihood was due to Sacco's provision of a safe custody of assets and valuables. In addition, majority of the respondents perceived that their livelihood improved due to the ability of the Sacco to meet their loan requirements sufficiently with minimal number (13.4%) disagreeing.

The second objective of the study was to determine how members' share holding influenced their livelihoods. To address this, the researcher considered the improvement of saving culture, availability of dividends, shares used as collateral security and investing in shares perceived as a long-term investment plan. Majority of the respondents (91.6%) attributed their improvement of livelihood to the Sacco enabling them develop a saving culture and more than a half of the respondents (57.5%) agreed that their sources of income had increased by investing in shares. Almost three-quarters of the respondents (74.1%) agreed that they used their shares as collateral to take loans. On investment in shares as a long-term investment plan, slightly more than a half (50.6%) of the respondents agreed.

The third objective was to establish how educational programme influenced the livelihoods of Imarisha SACCO members. It was found out that more than a half of the respondents (56.6%) attributed the improvement of their livelihood to provision of training and educational programmes. However, a considerable number (43.4%) did not attribute it to such programmes. On the other hand, most respondents also indicated to have attended training and educational programmes organized by the Sacco either once (44.8%) or twice

(48.0%). About 51.4% attributed the improvement in their livelihood to the training offered by the Sacco. However, a large number disagreed that the Sacco offered guidance before loans were given on how to use it wisely.

The last objective of the study was to assess how Welfare Fund as a product influenced the livelihoods of Imarisha SACCO members. It was found that most respondents (55.6%) attributed their improvement in livelihood to the relevant social protection measures provided by the Sacco, followed by more than a quarter (32.2%) who strongly agreed to this view. However, a small number (4.1%) strongly disagreed that the Sacco provided them with relevant social protection measures. Furthermore, slightly more than a half (50.6%) of the respondents did not view the improvement of their livelihood to have resulted from the cover given by the Sacco for them and their members while almost a half (49.4%) agreed that it was sufficient.

5.3 Conclusions

The summary of the study findings leads to a conclusion that Imarisha Sacco investment programmes have influenced the livelihood of its members greatly. Such programmes included FOSA products, availing of shares, education and training programmes, and provision of welfare fund to members for their social protection.

The study found out that FOSA products improved members' livelihood by enabling them to obtain loans with ease, providing them with a savings account, and sufficiency of loans to meet members' needs. However, most members were not aware of other services such as standing order services, and provision of a safe custody of assets and valuables.

Ability of members to own shares provided them with improved access to diverse sources of income such as the dividends they received at the end of financial year. More so,

members were able to use them as collateral when taking loans hence able to meet financial needs easily.

Educational and training programmes enabled most members to invest and save wisely. However, a considerable number were not aware of such programmes offered by the Sacco. In addition, most of the respondents disagreed that the Sacco gave guidance to members before advancing loans to them.

Welfare fund was found to have improved the livelihoods of the members whereby the Sacco provided them with relevant social protection measures. However, the measures put in place were not comprehensive enough to adequately meet members' social needs.

5.4 Recommendations

From the findings, the following recommendations are made:

- i. There is need for the Sacco to make members to be aware of other FOSA products such as standing order services and provision of safe custody of assets and valuables of the members.
- ii. Educational and training programmes need to be enhanced to reach more members and encourage them to attend so that they are more enlightened.
- iii. Need assessment should be undertaken by the Sacco regarding members' educational needs so that the organized programmes are tailored to most of their needs.
- iv. The Sacco should enhance guidance given before loans are advanced to the members especially for new members.
- v. The social welfare schemes provided by the Sacco need to be made more comprehensible so as to provide adequate cover to the members and their dependants.

5.5 Contribution to the body of knowledge

Objective	Contributions to the body of knowledge
To establish how the FOSA as a product influence the livelihoods of Imarisha SACCO members.	FOSA products enabled members to obtain loans with ease, own a savings account, access salary advance and therefore able to meet their financial needs such as educating their children.
To determine how Share-holding influence the livelihoods of Imarisha SACCO members.	It improves the saving culture, increases sources of income in form of dividends and acts as a long-term investment plan.
To establish how Educational programme influence the livelihoods of Imarisha SACCO members.	It promotes educational needs of members such as how to save and invest wisely.
To assess how Welfare Fund as a product influence the livelihoods of Imarisha SACCO members.	Provides social security to members such as meeting high cost of treating chronic illnesses.

5.6 Suggestions for further research

The following suggestions for further study:

- i. A study may be conducted on the influence that various SACCOs have on members' livelihoods so as to allow for a wide comparison among different types of SACCOs.

- ii. Factors affecting the provision of training and educational programmes by Saccos may be studied with an aim of addressing the ineffectiveness of such programmes by Saccos.

APPENDICES

APPENDIX I: QUESTIONNAIRES

RESEARCH QUESTIONNAIRE FOR MEMBERS OF IMAARISHA SACCO, KERICHO BRANCH

Please answer the following questions either by ticking the appropriate box or by filling in the blank spaces where appropriate.

SECTION 1:

1. What is your gender? Male Female

2. What is your age in years?
 - 18-28
 - 29-39
 - 40-50
 - 51-61
 - 61 and above

3. What is your occupation?
 - a) teacher
 - b) Civil servant
 - c) Business person
 - d) Farmer
 - e) Others, specify

4. What is your highest education qualification?
 - University
 - Tertiary college
 - Secondary

Primary

Others specify.....

6. What is your marital status?

a) Single

b) Married

c) Widowed

SECTION 2

FOSA PRODUCT AND THE MEMBERS LIVELIHOODS

Questions	Yes	No
1 Obtaining loan is not complicated with processes and rules		
2 Imarisha Sacco provides me with a savings account		
3 Imarisha Sacco provides me standing order services		
4 Imarisha Sacco provides me with a safe custody of my assets/ valuables		
5 Types of loans offered are sufficient to meet my needs		
6. Loans have helped me educate my children and myself		

SECTION 3

SHARES AND MEMBERS' LIVELIHOODS

Questions	Yes	No
1. Shares have help me improve my saving culture		
2. I have been educated on investing in shares		
3. The dividends I receive have increased my source of income		
4. I have used shares as collateral security to take loan.		

SECTION 4

WELFARE FUND AND THE MEMBERS LIVELIHOODS

Questions		Yes	No
1.	The social protection measures put in place are relevant to me		
2.	Medical scheme provided by the Sacco helps me save on medical expenses		

3.(a) Does the monthly contribution you make sufficient to cover you and your dependants?

Yes No

(b) Explain your answer.....

4.(a) Are there any improvements you would like to see your SACCO put in place to regarding Welfare Fund?

Yes No

(b) If yes, mention them.....

SECTION 5

TRAINING AND MEMBERS LIVELIHOODS

1. (a) Does your SACCO provide you with training and educational programmes?

Yes No

(b) If yes, state them.....

2. How many times have you attended training programmes organized by your SACCO?

Never Once Twice Thrice More than 3 times

3. (a) Do the programmes organized by your SACCO *meet your educational needs*?

Yes No

(b) If yes, explain.....

4. Before I am given loan, I am educated and guided by Imarisha Sacco on how to use it wisely

Yes No

5. (a) Are there some improvements you would like your SACCO to consider in their educational programmes?

Yes No

(b) If yes, mention them.....

SECTION 6: MEMBERS' LIVELIHOODS

1. (a) Has Imarisha Sacco products improved your livelihood as a member?

Yes No

(b) If yes, to what extent?

High

Average

Low:

APPENDIX II: RELIABILITY STATISTICS

1. Reliability Statistics: FOSA Products

Cronbach's	
Alpha	N of Items
.671	7

2. Reliability Statistics: Share-holding

Cronbach's	
Alpha	N of Items
.761	6

3. Reliability Statistics: Education and Training

Cronbach's	No of
Alpha	Items
.687	5

4. Reliability Statistics: Welfare Fund

Cronbach's	No of
Alpha	Items
.791	4

The overall Reliability index is 0.73

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