

**TOTAL QUALITY MANAGEMENT CRITICAL SUCCESS FACTORS AND  
NON-FINANCIAL PERFORMANCE OF DEPOSIT TAKING SACCOS IN  
NAIROBI, KENYA**

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## DECLARATION

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

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Date

May Grace Wairimu Mbugua

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

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## **DEDICATION**

Every challenging work needs self-effort as well as assistance and guidance from friends. This project is dedicated to my dear friend Nicholas Omido who has been of great help.

## TABLE OF CONTENTS

|  |      |
|--|------|
| DECLARATION .....  | ii   |
| ACKNOWLEDGEMENTS .....   | iii  |
| DEDICATION .....   | iv   |
| LIST OF TABLES .....   | vii  |
| LIST OF FIGURES .....  | viii |
| LIST OF ABBREVIATIONS AND ACRONYMS .....   | ix   |
| ABSTRACT.....  | x    |
| CHAPTER ONE: INTRODUCTION.....   | 2    |
| 1.1 Background of the Study .....  | 2    |
| 1.1.1 Total Quality Management Critical Success Factors.....                                   | 3    |
| 1.1.2 Non-Financial Performance .....  | 4    |
| 1.1.3 Total Quality Management Critical Success Factors and Non-financial<br>Performance ..... | 6    |
| 1.1.4 Savings and Credit Cooperative Societies (Sacco's) in Nairobi.....                       | 7    |
| 1.2 Research Problem .....   | 9    |
| 1.3 Research Objectives.....   | 11   |
| 1.4 Value of the Study .....   | 11   |
| CHAPTER TWO: LITERATURE REVIEW .....   | 13   |
| 2.1 Introduction.....  | 13   |
| 2.2 Theories Underlying the Study .....  | 13   |
| 2.2.1 The TQM theory .....   | 13   |
| 2.2.2 Resource based theory .....  | 14   |
| 2.3 Total Quality Management .....   | 15   |
| 2.4 Total Quality Management Critical Success Factors.....                                     | 16   |
| 2.4.1 Top management commitment .....  | 19   |
| 2.4.2 People management .....  | 19   |
| 2.4.3 Customer focus .....   | 20   |
| 2.4.4 Process management.....  | 21   |
| 2.4.5 Systems Approach .....   | 21   |
| 2.5 Total Quality Management Critical Success Factors and Organizational<br>Performance .....  | 22   |
| 2.6 Conceptual Framework.....  | 24   |
| CHAPTER THREE: RESEARCH METHODOLOGY .....  | 26   |
| 3.1 Introduction.....  | 26   |
| 3.2 Research Design.....   | 26   |
| 3.3 Target Population.....   | 26   |

|   |    |
|---|----|
| 3.4 Data Collection .....   | 27 |
| 3.5 Data Analysis .....   | 28 |
| CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION .....         | 30 |
| 4.1 Introduction.....   | 30 |
| 4.2 General information .....                                     | 30 |
| 4.2.1 Duration in operation of Sacco's .....                      | 30 |
| 4.2.2 Staff number and Branches Operated .....                    | 31 |
| 4.3 Total Quality Management Critical Success Factors.....        | 32 |
| 4.3.1 Top Management Commitment .....                             | 32 |
| 4.3.2 People Management.....                                      | 34 |
| 4.3.3 Customer Focus .....  | 36 |
| 4.3.4 Process Management .....                                    | 38 |
| 4.3.5 Systems Approach .....                                      | 39 |
| 4.4 Non-Financial Performance .....                               | 40 |
| 4.6 Regression Equation .....                                     | 42 |
| CHAPTER FIVE SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ...         | 45 |
| 5.1 Introduction.....   | 45 |
| 5.2 Summary of the Finding .....                                  | 45 |
| 5.3 Conclusions.....  | 46 |
| 5.4 Limitations .....   | 47 |
| 5.5 Recommendations.....  | 48 |
| 5.6 Suggestion for further Research.....                          | 48 |
| REFERENCES .....  | 49 |
| APPENDIX I: COVER LETTER.....                                     | 52 |
| APPENDIX II: RESEARCH QUESTIONNAIRE .....                         | 53 |
| APPENDIX III: LIST OF SACCOS IN NAIROBI AS AT 31st DECEMBER 2015. | 57 |

## LIST OF TABLES

|  |    |
|--|----|
| Table 4.1 Operation period of Sacco's .....          | 31 |
| Table 4.2 Top management Commitment/leadership ..... | 33 |
| Table 4.3 People Management.....                     | 35 |
| Table 4.4 Customer focus .....                       | 37 |
| Table 4.5 Process Management .....                   | 38 |
| Table 4.6 Systems Approach .....                     | 40 |
| Table 4.7 Non-Financial Performance .....            | 41 |
| Table 4.8: Correlation Coefficient Matrix .....      | 43 |
| Table 4.9: Coefficient - Regression Results .....    | 44 |

## LIST OF FIGURES

|  |    |
|--|----|
| Figure 2.1: Conceptual framework ..... | 25 |
|--|----|



## **LIST OF ABBREVIATIONS AND ACRONYMS**

|                |  |
|----------------|--|
| <b>SD</b>      | Standard Deviation                         |
| <b>3CS</b>     | Culture, Communication and Commitment      |
| <b>4PS</b>     | Planning, People, Process and Performance  |
| <b>CSF</b>     | Critical Success Factor                    |
| <b>EFQM</b>    | European Foundation for Quality Management |
| <b>HPCE</b>    | Home and Personal Care-Europe              |
| <b>M</b>       | Mean                                       |
| <b>SACCO's</b> | Savings and Credit Co-Operative Societies  |
| <b>SASRA</b>   | Sacco Societies Regulatory Authority       |
| <b>TQM</b>     | Total Quality Management                   |

## **ABSTRACT**

Global competition has led organizations to come up with mechanism of improving their products and services by meeting the quality demanded by their customers. One way of addressing quality needs of customers and enhancement of firm performance is through the adoption of the Total Quality Management (TQM) practices. However, TQM by and large and not the basic achievement elements rehearses have been mainly concentrated on firms of bigger size, yet little has been explored in connection to savings and credit cooperative societies, as they present matchless difficulties to quality management because of their differing highlights. Therefore, the target of the study was to investigate the relationship between TQM basic achievement variables and non-financial performance of Sacco's in Nairobi. The exploration received an elucidating research outline whereby information was gathered utilizing a self-regulated survey that was appropriated to 18 senior and middle managers at the firms. It was found that if TQM critical success factors are executed legitimately, it will bring about an assortment of advantages such as addressing the clients' needs, enhanced inward correspondence and better critical thinking limit of the firm. The aftereffects of the study uncover noteworthy positive relationship between components of aggregate quality administration basic achievement elements and non-budgetary business execution of the organizations, and consequently bolster the model proposed. One constraint of this study is that it utilized perceptual information gave by generation supervisors/quality directors which may not give clear measures of execution. To get the maximum capacity of TQM it is vital prepare all individuals at all levels with a specific end goal to make TQM mindfulness, intrigue, longing and activity.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

There has been a paradigm shift for the last two decades in quality initiatives. This move is attributed to factors such as globalization, increasing advancements in technology and competition. Business are under pressure to offer unrivaled quality products, this pressure has made a requirement for quality administration as an instrument for upper hand and survival (Psychogios and Priporas, 2011). The paradigm of quality management will contribute to organizations becoming economically stable and competitive at the national level. The competitive success of a country is determined by its ability to integrate quality improvement which plays a bigger role in consumer satisfaction and profitability (kaynak, 2003). Indeed in an economy that has been liberalized, companies which consumers get satisfied with their products or services are more competitive than their competitors and can expand their market share easily. As a result, organizations have done numerous investigations on Total Quality Management to establish their importance in various sectors such as manufacturing and banking. In addition they have also studied organizations of various sizes such as savings and credit cooperative societies (Sacco's).

Savings and Credit cooperative societies have been charged as the soul of cutting edge economies (Ghobadian and Gallear, 2006) and perceived as the investment funds motor and in addition the foundation of monetary development for some nations. In Kenya, the savings and credit societies have been under intense pressures not only to perform their traditional function of offering their members a saving platform but also act as a micro-finance institution that can offer also front office service and compete

effectively with the established commercial banks. With these increased expectations come the challenges and opportunities alike that the cooperatives societies will be expected to meet. In order to realize the set objectives, the SACCOS in Kenya will be expected to come up with strategies that will make them adapt to the changes in the business environment that include offering products that are of high quality. Therefore, it is of importance for these Sacco's to practice TQM in line with their organizational needs so as to be able to compete with the larger firms (Kumar, R., D. and P. Kumar, 2006).

The resource based theory of the firm posits that the imperative factor for clarifying the accomplishment of a competitive advantage of an organization is the inner variables to the firm. Peculiar assets that are enriched to a firm make prevalent market positions that permit the firm to produce more significant returns (Barney, 1996). The theory further points that these resources include: knowledge, firms' attributes organizational processes, capabilities, information and assets and can be ordered into three classifications: authoritative, human and physical. In any case, as information administration turned out to be all the more generally executed and refined, the immaterial assets turned into the fundamental drivers of TQM and firm performance. This new accentuation on elusive assets in quality and firm performance underscores the need to comprehend the impact of TQM on firm performance.

### **1.1.1 Total Quality Management Critical Success Factors**

TQM is a coordinated management logic and set of practices that stresses, in addition to other things, group based critical thinking, consistent change, meeting clients' prerequisites, aggressive benchmarking, decreasing revamp, handle update, expanded

representative contribution, long-extend considering, and collaboration, steady estimation of results, and nearer association with providers. Demirbagetal (2006) viewed TQM as an all encompassing management theory going for consistent change in all elements of an organization to create and convey products or services in accordance with clients' needs or necessities by better, less expensive, speedier, more secure, less demanding handling than contenders with the cooperation of all representatives under the authority of top management.

Clients are requesting quality in products, service and in life. They have turned out to be progressively observing and have begun searching for choices more tuned in to their fundamental needs, necessities and self-regard. Indeed, they are set up to pay a premium for a quality item or administration. One of the methodologies that appear to give the answer for the previously mentioned difficulties is the administration logic of aggregate quality administration. Be that as it may, Suresh chandar et al (2002) take note of that the basic achievement variables incorporate top administration duty/authority, individuals administration, client center, prepare administration and frameworks approach.

### **1.1.2 Non-Financial Performance**

While TQM seems to be well established in literature, performance remains a loose concept in the sense that different entities would most likely have different performance measures. Therefore, this multifaceted idea makes the determination of the most appropriate pointers troublesome. Past research on the connection between TQM practices and performance has secured generally the hard (financial) performance measures, for example, book keeping factors, income, net profit,

gainfulness, piece of the overall industry development and less studies has taken a gander at the delicate (non-money related) performance measures that is connected to immaterial and scholarly measurements of the wellsprings of upper hand. This point was noted by McAdam and Banister (2007) who propose, both hard and delicate measures of execution are required inside the TQM structure. Be that as it may, considering that TQM has a broad concentrate on immaterial and scholarly factors, investigation went for setting up the connection amongst TQM and non-money related measures have of late gotten unmistakable quality since the advancement of the 'adjusted scorecard (Abdel-Maksoud et al 2008).

According to the principles of TQM, it is postulated that it is to expected improve efficiency and enhance productivity; improve human resources management and also increasing customer satisfaction and loyalty (Handfield et al 2009). They advance contend that in TQM settings, non-money related assembling performance measures, for instance, are required to guarantee that procedures are in control and can be persistently made strides. He guarantees that non-monetary performance measures concentrate on consumer loyalty, worker fulfillment, and on perspectives like fruitful item improvement. Ittner and Larcker (2005) recommend that TQM practices are identified with Information Systems putting more prominent accentuation on non-budgetary performance measures. Non-money related performance measures have a few imperative advantages contrasted with monetary measures. They advance contend that non-money related measures are simpler to control than the monetary measures since they are once in a while subjected to open confirmation.

### **1.1.3 Total Quality Management Critical Success Factors and Non-financial Performance**

Total Quality Management goes about as an apparatus utilized for coordination of major administration hones, current change endeavors and specialized devices, all under a taught path, concentrating on consistent change. In this way, it can be clarified as an arrangement of administration that records for each range in an association and perseveringly attempts to accomplish and ideally outperform the necessities and desires of clients at diminished cost (Kumar et al2009) and at last enhancing the performance of the firm in all organizations aspects. For a powerful organization, it is fundamental to gauge execution through different parameters and TQM critical success elements are some of them.

TQM basic achievement components can be cleared up as inside and outside exercises impacting a business in a respectable or all the more terrifying way. They address the behavioral segment of association style, giving early encouraged to association to stay away from unanticipated conditions by underscoring on aggregate quality association of alliance. These TQM accomplishment components consolidate shopper dedication/focus, organization power, quality culture, supplier satisfaction, thing quality, laborer affiliation; get ready and preparing Rahman and Bullock (2005). These accomplishment segments are central for the accomplishment of total quality affiliation works out, as these can be used to beat pieces related to controlling of vital worth parameters.

Overall TQM critical success factors have positively been related to productivity and non-financial performance which includes employee satisfaction, customer

satisfaction, innovation capabilities, and competitive advantage. People management as a TQM critical success factor is very key in improving non-financial performance. Numerous effective organizations are firmly dedicated to care for their worker needs since they trust that association that cultivate representative fulfillment can secure more prominent worker duty. (Popoola et al 2007).

Customer focus is also a critical success factor that has been linked with the non-financial performance of an organization. It has been recognized as vital for any association trying to achieve a level of reasonable execution (Cai, 2009 and Mokhtar, 2013). It gives a great outcome of customer satisfaction. Organizations that adopt TQM critical success factors focus on achieving and sustaining a high performance.

#### **1.1.4 Savings and Credit Cooperative Societies (Sacco's) in Nairobi**

The SACCOs in Kenya are classified into main categories being Teacher based, Ministry based, Church based as well as Farmers based Co-operative Societies. According to the Sacco Societies Regulatory Authority (SASRA) statistics the total SACCO Sub-sector was worth 210 billion shillings in the year 2013 ([www.sasra.go.ke](http://www.sasra.go.ke)). The Kenya Sacco sector involves both deposit taking and non-deposit taking SACCOS. There were 5,544 enlisted SACCOS in Kenya as at December 31st 2011. Out of the 3,983 dynamic SACCOS in Kenya 218 or 6% work front office benefit conveyance that is they are store taking offices like those offered by Commercial Banks.

The Kenya bureau of statistics (2015) indicated that the Kenyan SACCO sub-sector had witnessed rapid growth in the recent years at the rate of about 25% per annum and



boasted of a savings mobilization of KShs.194 billion and an asset base of over Kshs. 200 billion. The reserve funds activated speak to 31% of the national investment funds. SACCOs have therefore played a key role in mobilization of financial resources and will be a major player in realization of the national Vision 2030 (SASRA annual report, 2015). The SACCO sub-division possesses a key position in the financial improvement of our nation Kenya and has a standout amongst the liveliest and element SACCO parts. They run from agricultural and livestock co-operative societies social in the rural areas to the savings and loan co-operative in the urban centers. SASRA has tremendously added to the national co-operative segment lead ventures and bolster activities by creating and actualizing applicable projects and exercises in helpful administration, wellbeing and security of individuals' stores, business process automation in the Sacco sub-area, innovative work in the SACCO sub-part, and in addition doing instruction and preparing programs for directed SACCOs. By benchmarking SACCOs with the best run credit union worldwide through usage of globally perceived prudential measures, SASRA looks to fabricate a first class SACCO sub-area ready to meet always showing signs of change part requests through prudential control.

The SACCOs have kept on becoming both regarding new contestants, client and store base, regionalization and expanded investigation from the controllers particularly the SASRA. This new move in the business can be ascribed to the progression of the area, expanded reception of data innovation and enhanced business environment because of changes being embraced in the political, monetary, social and social fields. With these progressions, the level of rivalry in the area has achieved an all level high and combined with an illuminated clients and expanded examination from the controllers,

the SACCOs have needed to move their thoughtfulness regarding top administration group differing qualities to guide the Sacco's through the aggressive working environment

## **1.2 Research Problem**

The lifted multifaceted nature of current business environment and extended worldwide rivalry make it vital for associations to upgrade quality execution by altering their quality practices in their attempt to fabricate their level of forcefulness (Vecchi and Brennan 2009). In both the worldwide and nearby market buyers have progressively requested astounding items and administrations; progressed administrative and producing hones; and accordingly add up to Total Quality Management (TQM) has witnessed increased dissemination during the last decades. Any decrease in consumer loyalty because of poor service quality would be a genuine cause of organizational failure. Appropriately, all business elements try to receive and actualize an arrangement of operations administration rehearses that have been fruitful somewhere else and that will help them to distinguish changes in their surroundings and to react proactively through nonstop change (Fassoula, 2006).

Various studies have been embraced on the relationship between aggregate quality administration (TQM) and authoritative execution, with most indicating positive connections (Forkeret al1997; Brahet al 2002; Joiner, 2007) also, some discovering negative connections (Yeung and Chan, 1998). There are huge contrasts in the relationship amongst TQM and authoritative execution crosswise over industry parts and diverse size organizations (MiléTerziovski and Danny Samson, 1999). Masood et al (2012) in their study on manufacturing firms in Pakistan reported that successful

adoption and implementation of TQM critical success factors results in improving the performance of organization. In Ghana, Appiah, Pesi and Owusu (2013) while inquiring about on assembling firms in Kumasi, they reported a positive relationship amongst TQM and authoritative execution. Waiguchu and Mwaura (2012) researched on the management of organizations in Africa in the changing business environment and concluded that the African public sector is dominated by bureaucracy that is either absolute or totally inept and for it to compete effectively with the other players in the international market, there is need to adopt modern operations management strategies such as total quality management that will enhance the quality services and performance of the public organizations.

From the above studies, it is evident that though a number of studies on TQM have been undertaken, most of the studies have tested the relationship between TQM practices and various forms of financial performance like earnings, growth rate, market share, cost and profits. However, as Kaplan and Norton (1996) opine, this approach is inadequate since in the present operating environment that has become so stiff, the interest of other stakeholders take priority as well as financial measures. Thusly, incorporation of non-money related measures, for example, consumer loyalty, representative fulfillment, nature of yield, conveyance execution, and successful product development is necessary in evaluating firm performance. This gap is what the present research sought to fill by answering the following research question: what is the relationship between TQM critical success factors and non-financial performance of SACCOs in Nairobi?

### **1.3 Research Objectives**

#### **General Objective**

To establish the Relationship between Total Quality Management Critical Success Factors and Non-Financial Performance of Sacco's in Nairobi

#### **Specific Objectives**

- i. To establish the TQM critical success factors adopted by the Savings and Credit Cooperative Societies in Nairobi, Kenya.
- ii. To determine the relationship between TQM critical success factors and non-financial performance of Savings and Credit Cooperative Societies in Nairobi, Kenya.

### **1.4 Value of the Study**

TQM practices can be very challenging as a strategy yet they put a firm in a position to be competitive globally. Hence, it is important that any Sacco's try to put into practice all the necessary elements that entail TQM.

This study will be of value to the management of the Sacco's that operate in Kenya and more so in Nairobi whereby they will assess the impact of TQM critical success factors on the business and utilize the findings obtained from the current study to determine whether TQM critical success factors are currently being practiced partially or fully and if not how to incorporate the TQM concept in their daily operations.

This study will likewise profit the Government through the Ministry of Finance in settling on strategy choices whose general destinations are to quicken the rate of

development in the Sacco part through TQM basic achievement elements. This study is required to build the assemblage of learning to the researchers on the advantages of TQM basic achievement elements adaption in the administration business and particularly make them in contact with the interior and outer variables affecting administration quality. In essence, it will assist future scholars, researchers and practitioners in the area of service sector and TQM adoption as they will be able to find materials besides areas where they can advance their research on the related subjects.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

Chapter two of this project discussed the concepts of quality management and the theories of total quality management. The concepts include total quality management, organizational performance; critical success factors of TQM and organizational performance and also covers a summary of the section and the conceptual framework.

### **2.2 Theories Underlying the Study**

The concept of TQM critical success factors can be discussed in light of two theories namely: total quality management theory and the resource based view.

#### **2.2.1 The TQM theory**

Wilkinson and Wither (1990) attest that the nature of a product or service must be characterized by the individuals who get the product or service, including stakeholders. In like manner, public managers ought to draw in their staff in distinguishing the organizations internal and external partners and by deciding the criteria that every utilizations to judge the organization to be fruitful. This procedure proposes that the powerful organization is one that fulfills the desires of the clients' on the loose (Oakland, 2003). Service organizations and assembling companies transform raw materials to product or services through a gainful procedure. Both manufacturing and service utilize similar sorts of info assets, for example, physical offices, capital, materials, hardware, and individuals. In a few cases the procedures and items are comparable (Yang, 2006). In spite of these distinctions, the meaning of value and the fundamental standards of TQM can apply similarly well to service and manufacturing. Quality service can be characterized as "how well the administration

does what the client supposes it should do." However, the contrasts between giving administrations and assembling items make the administration of administration quality a testing procedure.

TQM theory therefore, may be seen to refer to creating a set of customer-based practices intending to improve quality, reduce costs and enhance process improvement with an ultimate goal of achieving customer satisfaction and loyalty. Satisfying the customer creates ambassadors that recruit more clients. Hence increase in client base, market share and eventually profitability and overall organizational performance.

### **2.2.2 Resource based theory**

This theory proposes that abilities are a vital donor to organizational performance (Tippins and Sohi, 2003). Capacities allude to an organizations capacity to gather, coordinate, and convey esteemed assets (Amit and Schoemaker, 1993). They are established in procedures and business schedules. Allow (1995) portrays a chain of command of hierarchical abilities, where particular capacities are coordinated into more extensive useful capacities, for example, promoting, assembling, and IT capacities. Practical abilities thus incorporate to shape cross-utilitarian capacities, for example, new item advancement capacity, client bolster capacity among others.

For a firm to pick up an upper hand,

For a firm to gain a competitive advantage, it needs to utilize assets that dwell inside a firm and thusly a worthwhile focused position of a firm is based on esteem making assets that are basic contributions to the creation and dispersion of its items and

administrations (Barney, 1991). Barney encourage recommends that accomplishing and keeping up a maintained upper hand requires the accessibility of vital assets that are heterogeneous in nature, not consummately portable, not imitable, and non-substitutable without incredible exertion. Examples of such rare and non-imitable resources could be the appropriate use and allocation of core competences (Lopez, 2005) then again the design of authoritative schedules in order to react better to the dynamic and fast changes of the market (Eisenhardt and Martin, 2000). They also reinforce by noting that TQM entails practices, such as empowering employees, investing in customer relations, and building effective communication channels within the organization. Therefore effective utilization of organization resources and appropriate allocation of core competencies and empowering the human capital using TQM practices will eventually lead to better performance in a firm.

### **2.3 Total Quality Management**

TQM has been portrayed as levelheadedness and moreover a course of action of coordinating guidelines that addresses the introduction of an unendingly improving affiliation (Besterfield et al 2008). Wilkinson and Wither (1990) took a gander at the thought from a three-word definition where "Total" means every individual is incorporated, including customers or suppliers. Quality means adjust fulfillment of customer necessities; and Management addresses full obligation of senior heads. They assist called attention to that TQM goes about as an apparatus utilized for joining of major administration hones, current change endeavors and specialized devices, all under a trained path, concentrating on consistent change.



This implies TQM is an arrangement of management that records for each zone in organization and perseveringly attempts to accomplish and ideally outperform the requirements and desires of clients at diminished cost (Kumar et al 2009). The basic achievement calculates that are caught under the TQM idea incorporate; Leadership components including mission/vision proclamations, quality arrangement, course, objectives, estimation, quality choices, client center, and key arranging; hard components like apparatuses and systems, methods, gauges, and determinations; and delicate components including cooperation, critical thinking approach, strengthening, motivating forces, and process-based approach.

#### **2.4 Total Quality Management Critical Success Factors.**

Total quality management critical success factors can be described as internal or external activities influencing a business in a good or more deplorable way. They address the behavioral component of administration style; giving early advised to management to keep away from unanticipated circumstances by underscoring on aggregate quality administration of organization. TQM is the way of life of an organization focused on consumer loyalty through ceaseless change. This culture changes starting with one nation then onto the next and between various ventures, however has certain fundamental standards, which can be actualized to secure more prominent piece of the pie, expanded benefits, and diminished costs (Kanji and Wallace, 2000). These TQM rehearses that have been viewed as fundamental by TQM dominant presences in any firm for an expanded execution has include: management responsibility; part of the quality division; Training and instruction; representative inclusion; persistent change; provider organization; item/benefit

outline; quality strategies; quality information and reporting; correspondence to enhance quality; and consumer loyalty introduction.

Suresh chandar et al (2008) extended the practices considerably further and turned out with 12 basic achievement figures that contain: beat administration duty and visionary initiative; human asset administration; particular structure; information and examination system; benchmarking; relentless change; customer focus; specialist satisfaction;; union mediation; social obligation; benefit extensions and administration culture.

Brah et al (2010) in their study on TQM and business performance in Singapore benefit division concocted 11 develops of TQM usage, which are: beat management bolster; client center; worker inclusion; representative preparing; representative strengthening; provider quality service; handle change; benefit plan; quality change rewards; benchmarking; and cleanliness and association. Client center and ceaseless change are among the standards of value that has been most composed about. All practices are chosen because of their value and pertinence to the administration associations. Brah et al (2010) have recognized that top management duty, client center, representative strengthening and worker inclusion are among the basic parts of TQM that can decide the achievement of TQM projects in the service environment.

A quality structure can give an unordinary state oversee to help a relationship to oversee quality. It fills in as a manual for direct the operators (Oakland 2003). Oakland recommended a TQM system with four Ps (sorting out, individuals, process and execution) and 3Cs (culture, correspondence and commitment). He proposed that

engineering, individuals and process are the key figures the quality system to pass on execution (4 Ps); while culture, correspondence and commitment (3Cs) support and affiliation the 4Ps to pass on the outcome. In this manner, arranged individuals, clear strategies, broad sort out, and compelling devices are basic for controlling quality. European Foundation for Quality Management (EFQM) is an eminent quality structure for business astonishing quality in Europe. It guides relationship to self-audit nine key spaces of the business. The fundamental five perspectives are called empowering administrators' or key achievement considers and include: association; individuals; game-plan and technique; connection and assets; and result. Another four zones are gotten away as results, they are: individuals works out as expected; client happens as expected; society results; and key execution happens. The vital awesome position of the system is that it drives for the consistent change (EFQM, 2010). Home and Personal Care-Europe (HPCE) has gotten a handle on EFQM quality structure for quality change. The convincing relationship of the structure changed the way of life of the affiliation, overhauled the ampleness of the workforce and amplified the business pay and favorable position by 20% (Oakland, 2003).

The eight basic achievement components arranged by Saraph et al (2012), on the premise of 78 things connected with TQM, are: part of divisional top administration, preparing, part of value office, handle administration, provider quality administration, quality information and reporting and worker relations. Thus the well known builds bolstered by various scientists redundantly incorporate top management duty, individual's management client, prepare administration, and frameworks approach.

#### **2.4.1 Top management commitment**

The top management support is unarguably a standout amongst the most critical variables hidden the accomplishment of TQM. Best management responsibility is said to be an imperative part in achievement of TQM (Minjoon et al 2006). TQM can't be completely actualized if there is an absence of coordination from top management. Great quality initiative by top administration has been highlighted and upheld by numerous analysts' management as the reason for legitimate execution of TQM with a specific end goal to accomplish work fulfillment.

To accomplish add up to quality it is vital that the top supervisors ought to control their subordinates to accomplish objectives and too regard quality as an essential matter. They ought to give quality a first need to set models and assign adequate assets to nonstop quality change and reward representatives as indicated by their exhibitions (Minjoon et al 2006). Most associations have proclaimed unsuccessful to take after practices of TQM as a result of the carelessness shape best administration in assignment a few powers and enable representatives (Minjoon et al 2006). This is a vital component on the grounds that if the directors are not kidding taking care of representatives and engaging the representatives, the workers will be in charge of the nature of their work and they are responsible for the work and this how there would be change in the association.

#### **2.4.2 People management**

People Management, moreover implied as representative center and worker relationship, is in different studies suggested as a champion among the most vital parts essential a productive vocation of TQM, as TQM deduces including the whole

affiliation, i.e. each illustrative at all levels. Other than including workers in the basic leadership handle, consistent focus on direction and get ready of delegates is a basic variable concealed the supportability and redesign of various leveled destinations with data of significant worth thoughts and quantifiable methods furthermore regulatory aptitudes, with the purpose of upgrading systems, turning away mix ups and for thought period purposes. As the plan of laborer get ready and reinforcing is associated with costs for the affiliation, it must be changed in accordance with agent appraisals.

### **2.4.3 Customer focus**

Customer demand is continually changing in nature. Subsequently an organization needs to evaluate them routinely and change its operations as indicated by client's desires. Keeping in mind the end goal to end up an effective association it is important to put the clients first in each choice made. Organizations may outperform their opposition in the event that they can react rapidly to the clients' request with new thoughts and advances; create items that fulfill or surpass client desire and foresee and react to client developing needs and needs. Client must be reflected in the general arranging and execution of value endeavors.

Oakland (2005) specified that quality began with the comprehension of client needs and finished when those necessities were fulfilled.

#### **2.4.4 Process management**

The fundamental thought behind process administration is that an association should be seen as a plan of interrelated systems and that steady change of each strategy is a phase towards execution upgrades.

Inside the hypothesis of TQM, having a methodology organized approach underlines the need of having strategies expected to meet quality necessities. In addition, it is fundamental that essential and focus strategies are seen and maintained, remembering the true objective to ensure a fitting resource apportioning to layout, and upgrade these techniques.

#### **2.4.5 Systems Approach**

Creativity of the people managing a business unit or any other organization has been argued to determine to a large extent the performance of the entity. While creativity is difficult to determine, its strands are person, process, product and the relationship between the person and the environment (Minjoon et al 2006). This is because sometimes, focus has gone to management scientist concerning themselves more with quality than with results that the process generates and as a result, the reasoning behind the systems approach is that both the activity process and development of individuals is equally important as the outcome of the activity. The components that form the systems approach to the TQM are the social system that includes the environment, product or services and the technical system that looks at the characteristics of the organizations processes.

In addition, the systems approach to TQM looks at the transformation process which is concerned with the content, attitude of the staff and their capacity to deliver. In

addition, the management system in the organization that will entail the vision, mission, and administrative capacity on factors such as planning, coordination and controlling the organization activities is important in influencing the operational output of the firm (Saraph et al 2012). Subsequently, keeping in mind the end goal to be a working framework, the aggregate framework needs to characterize its targets and execution measures; the earth must be considered as an affecting variable; the assets must be resolved; the segments of the framework must be characterized; and the administration of the framework must be set. Basic mindfulness is worried with the progressing questionings that empower it to increase profound understanding of the upsides and downsides of the different techniques and approaches. Sociological mindfulness makes the clients of systems comprehend outcomes that can result through the utilization of approaches (Juran, 2011).

## **2.5 Total Quality Management Critical Success Factors and Organizational Performance**

There is assent among Crosby, Deming, Feigenbaum, Ishikawa, and Juran that the motivation behind quality administration, as a basic TQM achievement variable is to diminish costs and enhance consumer loyalty. This is accomplished through a better cost structure or being capable than separate items in a way that includes esteem for clients; through lessened adjust and funds that rise up out of enhancing item quality and by delivering items that better fulfill the prerequisites of clients. These ideas fit closely with the intention of the total quality management which is to improve organizational performance. Juran (2011) note that implementation of quality management by Toyota Corp. reduced the level of wastage and product recall by

around 22% and this positive step led to improvement in the overall performance of the company.

Albeit monetary performance is by and large acknowledged as a definitive point of business organizations, on account of investment funds and credit agreeable social orders, nonfinancial performance markers are likewise similarly essential in actualizing TQM standards. As Kaynack (2009), noticed that TQM practices may influence budgetary performance specifically, as well as in some backhanded routes, for example, expanding development; changing authoritative culture; showcase intensity; general hierarchical execution; representative assurance and profitability. Prajogo and Sohal (2011) reported two fundamental contentions on the relationship amongst TQM and development where the principal contention proposes that TQM is decidedly identified with expanding advancement limit of TQM rehearsing firms and the second contention concentrates on the negative relationship between TQM execution and imaginative execution of firms. Likewise, consumer loyalty has been observed to be in positive association with TQM procedure and in moderating relationship with performance (Deming, 2006).

Samson and Terziovski (2009) found support for the relationship between some non-cash related measures, for instance, convey improvement, bit of the general business improvement, progression advancement and cost of significant worth, et cetera.) and utilization of TQM practices. Because of venture supports and acknowledge associations, in any case, the affirmation is crude. Choi and Eboch (2010) declared that the way of positive relationship between plant presentations, as influenced by TQM practices, and customer unwavering quality, is still a long way from being



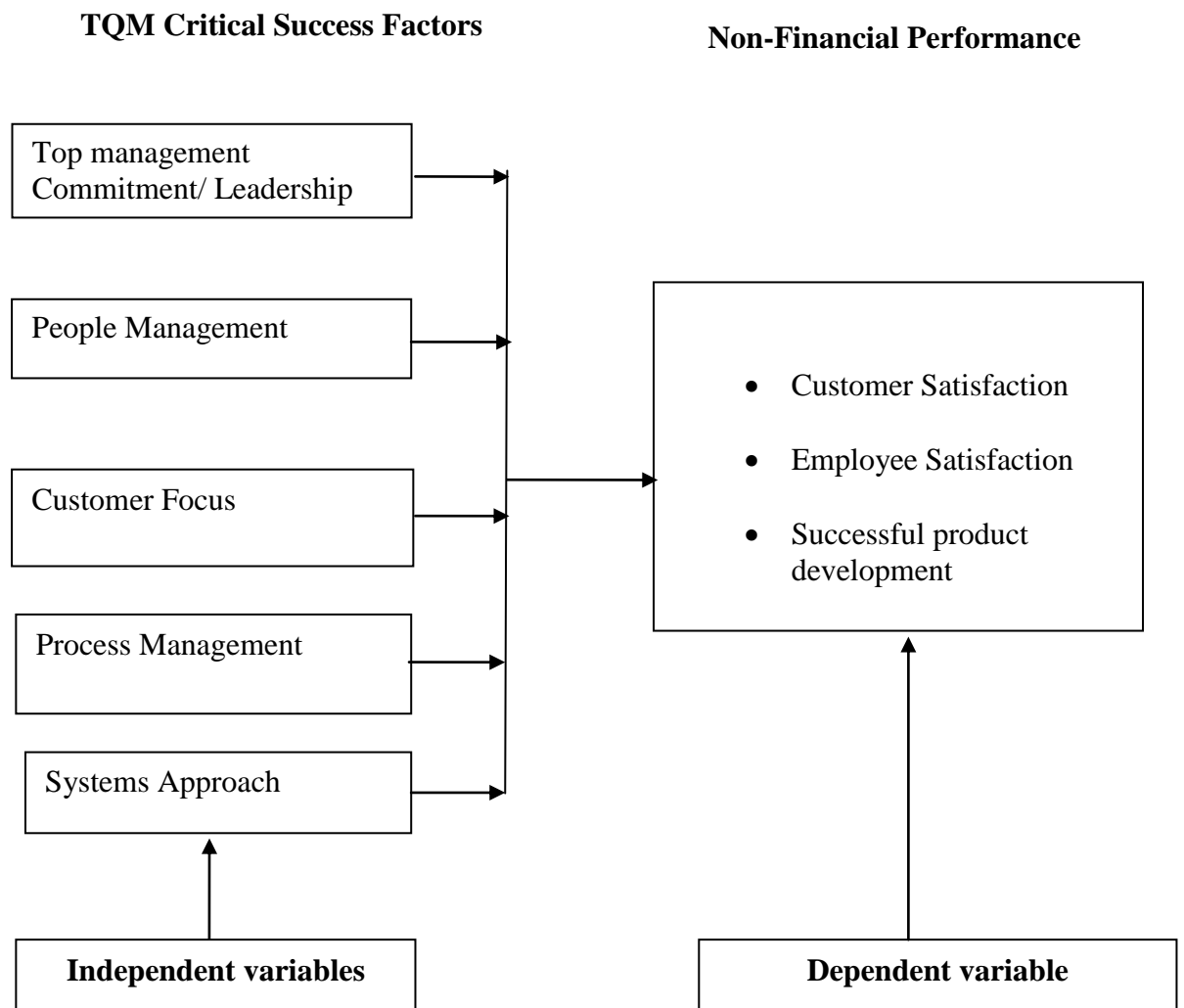
convincing. Samson and Terziovski (2009) noted negative relationship for more little size firms in their chart, while Lee (2004) reports that Chinese SMEs see positive relationship between TQM rehearses and non-budgetary execution measures, for example, creation execution, cost change and courses of action change. While there is no exposed key examination of the relationship between crucial TQM hones and non-budgetary execution for firms in the earlier creating, this study accept that there is a relationship between TQM applications and non-money related execution.

## **2.6 Conceptual Framework**

A conceptual framework is a diagrammatical research instrument proposed to help the analyst to create mindfulness and comprehension of the circumstance under investigation and to impart this. A calculated system is utilized as a part of research to framework conceivable strategies or to introduce a favoured way to deal with a thought or thought. The interconnection of these pieces finishes the structure for certain normal results. A calculated structure has both autonomous and ward variable.

An independent variable is one that is dared to influence or decide a reliant variable. It can be changed as required, and its qualities don't speak to an issue requiring clarification in an investigation, however are taken just as given. The free factors in the study will be: Top management leadership, people management, customer focus, process management and systems approach. A dependent variable is what is measured in the experiment and what is affected during the experiment, it responds to the independent variable. In the study the customer satisfaction and employee satisfaction.

**Figure 2.1: Conceptual framework**



**Source: Researcher 2016**

The link can be observed by testing the following hypothesis.

H1: Total quality management critical success factors have a positive impact on non financial performance.

The conceptual framework explains the relationship between Total Quality management critical success factors (independent variables) and non financial performance (dependent variables).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This section talked about the exploration plan which the analyst utilized, the study factors, where the information was gathered from, the examining systems and finally the example measure assurance and additionally the development of research instruments. Likewise, the information accumulation instrument and the investigation approach were talked about.

### **3.2 Research Design**

This study embraced a spellbinding exploration outline. As per Cooper and Schindler (2000), "an unmistakable research plan is worried with discovering the; who, what, where, when and the amount." This examination layout was regarded appropriate in light of the fact that the essential interest was be to explore the relationship between fundamental accomplishment segments of Total Quality Management and the non-budgetary execution among Savings and Credit social requests in Nairobi.

### **3.3 Target Population**

According to Sacco Societies Regulatory Authority (SASRA) website, there are 36 Sacco's operating in Nairobi. The population of this study consisted of all the 36 Sacco's operating in Nairobi (Appendix 1). The researcher settled for this industry due to the accessibility and the unwavering quality of the monetary articulations. The announcements of the Sacco's working in Nairobi are subjected to obligatory review. All the Sacco's their home office are situated inside Nairobi and its environs and this made it advantageous as far as time and openness to the specialist when gathering

information. The study was an enumeration study because of the predetermined number of the respondents.

### **3.4 Data Collection**

The study used primary data. The choice of primary data was because there are no available secondary data in this study area. Its appropriateness is also in the picking of peoples' attitudes as well as having subjective answers. Robson (2002) asserts that when using a questionnaire as the main instrument of data collection it's easy to formulate and administer. This type of data collection instrument provided a relatively simple and straightforward approach to the study of motives, beliefs, values and attitudes. The questionnaire for this study had both open and closed ended questions; this enabled the researcher to receive responses which would help in qualitative and quantitative analysis. The research adopted a Likert scale format whereby 5 represented a strong positive response and 1 represented a weak response. The questionnaire contained two parts. Part A covered the respondent and organizational details (General Information) and part B covered the critical success factors of TQM. Part C covered the effect of the critical success factors of the TQM on the non-financial performance.

The questionnaire was administered through "drop and pick later" method to the Sacco's managers. There was a follow-up to ensure that questionnaires were collected on time and assistance to the respondents having difficulty in completing the questionnaires was offered. Follow-up calls were made to ensure that the questionnaires were dully filled within a reasonable period of time.

### 3.5 Data Analysis

Data collected was analyzed using descriptive statistics including percentages, mean and standard deviation. The data presentation was in form of tables and pie- charts. The analysis sought to meet the research objectives.

Part A of the questionnaire sought to determine the respondent and organizational information. The analysis of this section was done by determining the percentage of the respondents and presentation done using tables and pie chart. Part B of the questionnaire sought to establish TQM critical success factors being practiced in the Sacco's and a mean of 3 or above on was used to indicate the extent to which the critical success factors influences the non-performance factors of the Sacco. A standard deviation of 1 or above indicated there was a high variation among the respondents on the extent to which the variable influence the non-financial performance of the organization. The organizational performance was evaluated by part B of the questionnaire.

To establish the relationship, a regression was used. For each critical TQM practice, an overall mean is to be determined and matched with the overall mean of the organization non-financial performance. From this relationship, the model was generated to determine the relationship.

The regression equation was in form below;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \alpha$$

Where: Y was non-financial performance;  $\beta_i$  ( $i = 0 - 5$ ) is the regression coefficient;  $X_1$  to  $X_5$  was top organizational leadership, people management, customer focus, process management and Systems approach.

$\alpha$  represented unexplained variables not explained by the model. Pearson correlation was applied to check the direction of relationship of CSFs of TQM with non-financial constructs. In addition, the constructs was put in regression analysis. For this purpose, multiple regression analysis was performed to predict the degree of influence of CSFs of TQM on the non-financial performance of the Sacco's.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

The analyst objective was to set up the relationship between Total Quality Management basic achievement elements and non-monetary execution of store taking Sacco's in Nairobi, Kenya.

This part talked about the examination, discoveries and the exchange with respect to the target. The investigation is exhibited in mean and standard deviations while the discoveries are introduced in recurrence dispersions and tables.

### **4.2 General information**

The general information considered in the study was Sacco's operations period in Kenya, average number of employees in the Sacco and the number of branches that it operates. Sums of 35 surveys were issued out. The finished questionnaires were checked for culmination and consistency and of the 35 surveys dispersed, 28 were returned. They gave back surveys' spoken to a reaction rate of 80% and this reaction rate was esteemed to be satisfactory in the acknowledgment of the examination.

#### **4.2.1 Duration in operation of Sacco's**

This section of the questionnaire sought to establish the duration that the sampled Sacco's had been operating in Kenya as seen in the table 4.1.

**Table 4.1 Operation period of Sacco's**

|               | Frequency | Percent | Cumulative<br>Percent |
|---------------|-----------|---------|-----------------------|
| 1-5 years     | 6         | 21.1    | 21.1                  |
| 5-10 years    | 9         | 31.6    | 52.6                  |
| Over 10 years | 13        | 47.4    | 100.0                 |
| Total         | 28        | 100.0   |                       |

The discoveries demonstrates that greater part of the Sacco's(47.4 %) had been in operations for over 10 years while 31.6 % of the respondents showed that their Sacco's had worked for somewhere around 5 and 10 years. This implies more than 77% of the associations inspected had been operation for over 5 years and this infers they had received suitable operational procedures with a view to enhancing their authoritative execution and subsequently meeting their client needs. Just 6 of the respondents demonstrated that their Sacco had worked for less than 5 years.

#### **4.2.2 Staff number and Branches Operated**

This researcher also sought to find out, on average, how many staff numbers the Sacco's have and also the number of branches. The findings were that majority (78%) of the Sacco's had one branch while another 12% had more than 5 branches. The findings were also that the majority of the Sacco's had between 15 and 30 members of staff the study establish a correlation between the number of employees and the branch network and this means that most of the Sacco's are labour based and have not automated most of their operation and adopt such strategies as self-service. The loan applications and processing is still manual and this explains the relationship between



the number of staff and branch network. In addition, majority of the Sacco's offer front and back office services, a further indication that most of the Sacco's have not automated their processes.

### **4.3 Total Quality Management Critical Success Factors**

This section of the questionnaire sought to establish from the respondents the extent to which their Sacco's practiced different form of Total Quality Management. On the question of whether the firms had adopted TQM in their operations, all the respondents answered to the affirmative meaning that all the Sacco's had recognized the importance of TQM practices as a catalyst to improving their performance. This finding is steady to the prior view that in the present day business environment, firms would look to embrace and actualize an arrangement of operations administration hones that have been effective somewhere else and that will help them to recognize changes in their surroundings and to react proactively through nonstop change (Fassoula, 2006). TQM is an all encompassing management theory going for ceaseless change in all elements of an association to create and convey products or services in accordance with clients' needs or prerequisites by better, less expensive, speedier with the assistance of accomplishment variables can be clarified as inner or outer exercises affecting a business in a decent or more terrible way.

#### **4.3.1 Top Management Commitment**

TQM is a culture of an organization towards as a means to customer satisfaction through continuous improvement can only be successful if it enjoys the top management support. This section of the questionnaire sought to get from the respondents the top management commitment/leadership as a critical factor of total

quality management. A standard deviation of  $> 0.9$  implies a significant difference on the impact of the variable among respondents.

**Table 4.2 Top management Commitment/leadership**

|  | <b>Mean</b>  | <b>Std. Deviation</b> |
|--|--------------|-----------------------|
| The departmental heads accept responsibility for quality of goods  | 4.284        | .820                  |
| Top management of the Sacco clearly understands the fundamental spirits and principles of quality management | 3.979        | .961                  |
| Quality management is incorporated in the Sacco vision   | 3.368        | .955                  |
| Data is analyzed using computer for managers to make decisions   | 3.241        | .895                  |
| The company's plan always incorporates external customers, suppliers and other stakeholders                  | 3.317        | .820                  |
| <b>Overall Mean</b>  | <b>3.638</b> |                       |

From the results above, towards incorporation of TQM practices in the firm, the departmental heads were found to accept responsibility for producing quality goods and services to customers (M=4.284) and this spirit was being inculcated to all the staff through the guidance of the top management of the Sacco (M= 3.979). In addition, to a moderate extent, the study found that the organizations had incorporate quality management in their Vision and Mission just like incorporation of their external customer, suppliers and stakeholders in decision making (M=3.317). From the findings it can be concluded that the Sacco's heads department had taken responsibilities for quality of goods and initially understood the spirit and principal of

quality management. The findings were consistent with that of Terziovski and Samson (1999) who observed that there was an expanded propensity of supervisors to proceed with an internal focus for TQM as opposed to receiving a client, and this could clarify why there is a move in notoriety from TQM to ISO9000, which is maybe symptomatic of directors' pre-occupation with accomplishing fleeting results. TQM requires finish support of top administration, who understand that it is not an impermanent cost lessening venture yet rather a long haul wander and as Ishikawa (1985) called attention to, top administration responsibility ought to be appeared by embracing the lead part in usage of the same.

#### **4.3.2 People Management**

The implementation of total quality management in an organization is done through the participation of all cadres of employees down the organization structure. There need to have a TQM culture in an organization such that every employee in the firm recognizes the importance of a service process that aims to meet customer satisfaction with low cost input. The role of people management in the TQM process was investigated and the results is presented in Table 4.3 below

**Table 4.3 People Management**

|  | <b>Mean</b>  | <b>Std. Deviation</b> |
|--|--------------|-----------------------|
| High level of ethics and integrity among employees                                     | 3.942        | .765                  |
| Employees are highly committed to quality improvement                                  | 3.737        | .653                  |
| The employees are provided with feedback on their quality performance                  | 3.579        | .769                  |
| Employees are given opportunity to suggest quality improvement                         | 3.526        | .772                  |
| Are employees well rewarded, given incentives and well compensated for work well done. | 3.474        | 1.073                 |
| Employees are involved in decision making that affect their work                       | 3.421        | .838                  |
| Regular trainings undertaken to improve on quality                                     | 3.421        | .769                  |
| <b>Overall Mean</b>  | <b>3.586</b> |                       |

The results indicate that the component that the Sacco management strive to inculcate in managing their staff as well as external stakeholders is maintenance of high level of ethics and integrity in their dealings (M=3.942) and avoid situations that can comprise their work relations and also educating the staff on the need to be committed to quality improvement was found to be the best result of effective people management (M=3.373). As a result of their commitment to quality management practices, the management also undertake feedback on their quality performance periodically (M=3.579). However, a surprising result was that there was few training and development session on quality management being offered by the Sacco's (M=3.421), just like their employees being involved in decision making at a minimal level. Consistent with Birdi et al. (2007) results, the success of an organization's TQM

practices is dependent upon several organizational and environmental factors and it is the role of the management to combine effectively the internal resources for a successful outcome. This same point supports the Resource Based Theory as advanced by Westerfelt (1984) and further supported by Barney (1991) who further opined that it is the internal imitable resources that will differentiate a firm's competitiveness from other players in the market. Further, the unpredictability of the relationship among hierarchical ecological elements was called attention to as components of the 'consistent learning society' in associations. Facilitate, Crosby (1996) points that quality issues require cross-utilitarian correspondence over the association and is best accomplished through a collaboration procedure. For this cross-useful support, TQM usage requires an association culture where all people are worried with quality, need to deliver quality items, and where they can uninhibitedly address rehearses that don't create quality.

#### **4.3.3 Customer Focus**

A firm's customer defines quality and is the most important part of the production line and it is in the recognition of this that Total Quality Management has consumer orientation because the level of customer satisfaction drives market share and profits. On the question of whether the firm's TQM practices meet the customer focus tenet, the results are presented in Table 4.4 below.

**Table 4.4 Customer focus**

|  | Mean        | Std. Deviation |
|--|-------------|----------------|
| The Sacco responds quickly to customers complaints                       | 4.184       | .946           |
| The Sacco has effective process for resolving customer complaints        | 3.832       | .955           |
| The Sacco undertakes customer orientation to the changing market demands | 3.632       | .761           |
| The Sacco visits its customers after offering the financial services     | 3.312       | .885           |
| <b>Overall mean</b>  | <b>3.74</b> |                |

Towards addressing the customer concern, the study found that to a large extent, Sacco were found to respond promptly to customers complaints (M=4.184) and this is achieved through having effective procedure of resolving customer complaints and continuously reorienting their operations to the changing customer and market demands (M=3.632). Consumer loyalty has been observed to be in positive association with TQM procedure and in directing association with execution (Juran, 1995). These outcomes bolster the discoveries made by Brah and Lim (2012) that discover that that an association's operational execution has a positive relationship with general hierarchical execution. One conceivable clarification could be because of the accomplishment of TQM usage as measured by speed of conveyance, high adaptability and high efficiency would prompt achievement in the optional measures, for example, money related and non-monetary execution. Purchasers are turning out to be progressively mindful of rising principles in item/benefit quality, provoked by focused patterns, which have created higher desires. It subsequently gets to be occupant upon the association's administration to utilize fitting inward assets to endeavor and address client issues.

#### 4.3.4 Process Management

Process management is the utilization of learning aptitudes instrument and procedures in framework to characterize, imagine, measure and enhance forms with the objective to meet client prerequisites productively. Hence it is the use of a repeatable process to improve the outcome of an activity with an aim of increasing the entity performance. On the question of whether the Sacco's TQM practices meet the continuous improvement tenet, the results are presented in Table 4.5 below.

**Table 4.5 Process Management**

|   | Mean         | Std.<br>Deviation |
|---|--------------|-------------------|
| The Sacco improves employees competencies through trainings                                       | 3.879        | .838              |
| Corporate quality strategy communicated to all employees in the Sacco                             | 3.579        | .769              |
| The Sacco undertakes quality audits and evaluation regularly                                      | 3.526        | .905              |
| Regular departmental and employee appraisals are carried out in the Sacco                         | 3.421        | .902              |
| Use of customer complaints as a method to initiate improvements in current processes in the Sacco | 3.421        | .961              |
| <b>Overall Mean</b>   | <b>3.565</b> |                   |

From the results, it was found that the Sacco's endeavor to improve employee's competencies through trainings and regularly communicate the organizations strategies corporate quality strategy communicated to them (M=3.879). Further, one

other form of process improvement in the Sacco's was the undertaking quality audits and evaluation of the Sacco performance on monthly basis (M=3.421). However, the use of customer complaints as a method to initiate improvements in current processes in the Sacco was found to be the least popular process management method adopted by the Sacco's. (M=3.421). From the findings, there seems to be an agreement from the results and that of Deming, Feigenbaum, Ishikawa, and Juran that the objective of a firm's continuous improvement strategy is to reduce costs and improve customer satisfaction. This implies the discoveries will bolster the market-based hypothesis that the upper hand emerging from a better cost structure or being capable than separate items in a way that includes esteem for clients and by delivering items that better fulfill the prerequisites of clients, there is the potential for separation.

#### **4.3.5 Systems Approach**

The system concentrates on the association of different elements of the association and outside components in settling on choices in an association with a point of addressing client's needs. This approach appears differently in relation to an exceptionally useful or investigative approach where choices made by every specialty unit are separate from those made in different ranges of the association. The TQM philosophy advocates the collaboration of different departments to form a synergy in their interdependence relationship. On the question of whether the Sacco's TQM practices meet the systems approach tenet are presented in Table 4.6 below.



**Table 4.6 Systems Approach**

|   | Mean         | Std. Deviation |
|---|--------------|----------------|
| The Sacco's systems are goal oriented                                       | 3.679        | .837           |
| The Sacco's systems receives feedback from the environment about its output | 3.368        | .597           |
| The Sacco's systems have inputs from their environment;                     | 3.263        | .872           |
| The Sacco's systems have outputs to achieve their goals                     | 3.263        | .734           |
| <b>Overall Mean</b>   | <b>3.393</b> |                |

The findings suggest that the Sacco's systems are goal oriented (M=3.679) such that the interrelation's of the various department in an organization should be towards achieving a certain goal that underlines its operations. In order to achieve the same, the Sacco's systems receives feedback from the environment, notably external customers about its output (M=3.368). However, to a lower extent, the Sacco's generates output to enable them to compare against the set targets that had been determined in the beginning (M=3.263).

#### **4.4 Non-Financial Performance**

This section of the questionnaire sought to get from the respondents the changes in various non-financial measures of the Sacco's as a result of adopting the TQM philosophy. Earlier, creators focused on measuring progressive execution simply through financial pointers like advantages, cost, and bit of the pie, improvement rate and benefit. Be that as it may, a couple reprovved this thought as a result of its complement on past execution just and pushed on fuse of non-cash related markers, for instance, purchaser steadfastness, laborer soul, gainfulness, delegate satisfaction,

nature of yield, transport execution, and operational efficiencies (Kaplan and Norton, 1996). The Likert scale range varied from 0 – 10% (1) to over 41% (5). The results are presented in Table 4.7 below.

**Table 4.7 Non-Financial Performance**

|   | Mean         | Std. Deviation |
|---|--------------|----------------|
| Reduced number of customer complaints                   | 4.158        | .688           |
| Improved product functionality                          | 4.053        | .524           |
| Reduced number of absenteeism from staff                | 4.000        | .817           |
| Improved service reliability                            | 4.000        | .667           |
| Improved schedule adherence                             | 3.895        | .737           |
| Improved Efficiency (std hours produced/hrs worked)     | 3.842        | .958           |
| Increased number of on time delivery of services        | 3.737        | .806           |
| Improved Capacity utilization (hrs worked/budgeted hrs) | 3.684        | .946           |
| <b>Overall Mean</b>                                     | <b>3.421</b> |                |

The results of the study show that most of the firms' performance indicators had changed positively between 21 – 30%. The reduced number of customer complains had registered a positive change of between 31 – 40% while improved product functionality had positively changed by 21 – 30 %. This result reinforces the view that adoption of TQM has positive performance in the firm's performance. The performance improvement has been registered across firms' production to customer support. This is in line with the views of Kaynak, (2003) that TQM can be seen as a broad, all encompassing administration rationality that covers all the business operations and looks to constantly enhance them from asset obtainment and

procurement as far as possible up to the arrangement of client support and after deal benefit. Salaheldin (2009) further found that TQM has a positive and significant effect on operational and organizational performance. This result were different with of Powell (2009) whose result show that only soft factors of TQM yield a positive correlation with performance.

#### **4.6 Regression Equation**

For quantitative analysis the study used correlation and regression analysis to establish the relationship between the adoption of TQM and the net effect it has had on the non-financial performance of the Sacco's has measured in section 4.7 above. To determine the same, the relationship between the overall mean of each of the TQM practices covered under section 4.3 was regressed with the resultant mean from the performance measure in section 4.4. As Gill and Beger (2012) noted there is a probability of endogeneity happening whereby when certain factors are precluded, it prompts estimation blunders. To minimize endogeneity issues, the most imperative factors that constitute basic TQM practices were utilized.

**Table 4.8: Correlation Coefficient Matrix**

| Constructs         | Mean  | SD    | 1       | 2       | 3       | 4       | 5 |
|--------------------|-------|-------|---------|---------|---------|---------|---|
| Top Management     | 3.628 | 0.848 | 1       |         |         |         |   |
| People Management  | 3.586 | 0.928 | 0.683** | 1       |         |         |   |
| Customer Focus     | 3.740 | 0.814 | 0.752** | 0.537** | 1       |         |   |
| Process Management | 3.565 | 0.924 | 0.612   | 0.735** | 0.654** | 1       |   |
| System Approach    | 3.393 | 0.724 | 0.521** | 0.659** | 0.683** | 0.713** | 1 |

\*\* Correlation is significant at 0.01 level (2-tailed).

**Source: Researchers' computation**

Aftereffects of Table 4.8 uncover noteworthy positive relationship of CSFs of TQM with non-money related, as estimations of uncommon more prominent than 0.50 in every one of the cases. Additionally, huge positive relationship has been found between CSFs of TQM and non-money related measures, aside from if there should be an occurrence of process administration. Moreover, abnormal state of client center (M = 3.74, SD = 0.814) and best administration (M = 3.628, SD = 0.848) has been found among administration of Sacco's.

Similarly, the impact of various Critical Success Factors of TQM on the non-financial performance of the Sacco's was tested and the results of regression are presented in Table 4.9,

**Table 4.9: Coefficient - Regression Results**

| Model | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig.  | Collinearity Statistics |       |       |
|-------|-----------------------------|------------|---------------------------|-------|-------|-------------------------|-------|-------|
|       | B                           | Std. Error | Beta                      |       |       | Tolerance               | VIF   |       |
|       | (Constant)                  | 0.572      | 0.105                     |       | 1.373 | 0.174                   |       |       |
|       | X <sub>1</sub>              | 0.257      | 0.098                     | 0.007 | 0.067 | 0.947                   | 0.902 | .893  |
|       | X <sub>2</sub>              | 0.925      | 0.183                     | 0.071 | 0.690 | 0.492                   | 0.934 | 1.071 |
|       | X <sub>3</sub>              | 2.012      | 0.354                     | 0.086 | 0.789 | 0.433                   | 0.833 | 0.972 |
|       | X <sub>4</sub>              | 0.929      | 0.413                     | 0.093 | 2.861 | 0.392                   | 0.854 | 1.171 |
|       | X <sub>5</sub>              | 1.025      | 0.732                     | 0.071 | 0.825 | 0.471                   | 0.826 | 1.924 |

Note: Dependent variable – Non-Financial performance; X<sub>1</sub> = Top management Commitment; X<sub>2</sub> = People Management; X<sub>3</sub> = Customer Focus; X<sub>4</sub> = Process Management; X<sub>5</sub> = System Approach

Furthermore, the CSFs were checked for multicollinearity and the results show that no problem of multicollinearity since the values of Tolerance were greater than 0.01 and values of VIF was less than 10 and (Meyers *et al.*, 2006).

# **CHAPTER FIVE SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

## **5.1 Introduction**

This section displays a rundown of the key discoveries of the study and also the conclusions, impediments of the study, and proposals for further research.

## **5.2 Summary of the Finding**

This study was confined keeping in mind the end goal to discover the relationship between CSFs of TQM on the non-monetary execution. Comes about have indicated direct positive association between CSFs of TQM, consumer loyalty and worker fulfillment. Additionally, the effect of CSFs of TQM monetary execution has been exactly tried and significantly affects the company's execution has been built up. The examination model of current study has been figured on the premise of writing audit and the discoveries approved the outcomes.

The findings from this research can confirm that the Critical success factors of TQM had made departmental heads accept responsibility for quality of service being offered in their departments and this required them to appreciate the fundamental spirits and principles of quality management. On the part of Sacco employees the adoption of CSFs of TQM had made them embrace ethical practice and practice integrity in their dealings. Further employees were found have also embraced quality improvement in their processes and this has been necessitated through provision of feedback on their quality performance. The study further established that the employees continuously suggest ways of improving their services and this ownership of product delivery was found to have increased service reliability and the rate of absenteeism among the staff.

The study found that if CSF of TQM were actualized appropriately, it brings about an assortment of advantages such addressing the clients' needs, enhanced inner correspondence and better critical thinking limit of the firm. It was additionally found that the accomplishment of a CSF of TQM prompts an arrangement of a corporate culture and the penetration of the new business rationality in the association. Appropriation of the TQM logic, for example, quality administration and human asset advancement and TQM systems as quality data expanded consumer loyalty and business execution. The change of TQM theory may require significant investment however the appropriation of the TQM methods can be accomplished in a brief timeframe period to acquire a few advantages.

### **5.3 Conclusions**

This study examined relationship between total quality management critical success factors and non-financial performance of Sacco's in Nairobi. Based on the research findings and theoretical discovery of other researchers, it can be concluded that Sacco's should strive to build the relationship because of its associated benefits to them and their customers in terms of responsibility for quality of goods. The Sacco's should exploit the potential benefits of relationship between total quality management critical success factors and non-financial performance to improve their services and improve on capacity utilization. It can also be said that the relationship build high level of ethics and integrity among employees and this should improve the organizations performance.

In addition, Sacco's have been making significant strides in making their services and information available to their customers. However, it is evident that the success of total quality management depends on Sacco's people management, process management, and customer focus and system approach. There is need for the Sacco's to build the relationship for better performance and also in the management of its staff.

#### **5.4 Limitations**

The constraint of the study was that as with other research that used questionnaires as the instrument to gather information, there might be an issue of social attractive quality. A few respondents may tend to overstate or give reactions esteemed to be attractive by others, rather than giving fair reactions. The outcomes and suggestions drawn from this study ought to be seen in light of the exploration strategy utilized. A portion of the irregularities watched could have emerged from the way of the example. The example originated from a solitary segment and subsequently the generalizability of the outcomes is constrained.

The respondents may be hesitant to give some information to the researcher, which they regard as confidential in nature. To overcome this limitation, the researcher will assure the respondents that the information will strictly be used for the study. The respondents will not be asked to write their names on the questionnaire and the employee demographics page will be detached immediately after data entry to ensure confidentiality.



## **5.5 Recommendations**

This study recommends that Sacco's need to build a strong relationship between total quality management critical success factors and non-financial performance. Most of Sacco's have ventured into markets to achieve competitive advantage over their competitors. It is recommended therefore that for success factors of total quality management Sacco's need to develop strong bold to support them.

However, there is need for the Sacco's to prioritize and enhance total quality management training process to help in preparing employees towards managing the total quality management, so as to be able to identify and contribute to ongoing quality improvement process of services to the customers. The study also recommends more advancement on system of the Sacco's. This will enable good achievement of goals in short time and enhance better communication from the environment about its output.

## **5.6 Suggestion for further Research**

The study focused on relationship between aggregate quality administrations basic achievement elements and non-money related execution of Sacco's in Nairobi. The exploration proposes that further examination on relationship between aggregate quality administration basic achievement elements and non-budgetary execution. Moreover, different analysts can test different arbitrators to aggregate quality administration basic achievement calculates and recognizing which of the factors have the most huge impact on the association with non-monetary execution of a firm.

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## **APPENDIX I: COVER LETTER**

May Mbugua

P.O. Box 72452 NAIROBI 00200

**Nairobi.**

June, 2016

Dear Respondent,

### **RE: RESEARCH QUESTIONNAIRE**

This questionnaire (attached) is designed to gather information on total quality management and performance of the Savings and Credit Societies in Nairobi, Kenya.

This study is being carried out for a management project paper as a requirement in partial fulfillment of the Master of Business Administration, University of Nairobi

Please note that this is strictly an academic exercise towards the attainment of the above purpose. You are hereby assured that the information will be treated with the strictest confidence. Your co-operation will be highly appreciated.

Thank you for your anticipated kind response.

**Yours Sincerely,**

**May Mbugua**

## APPENDIX II: RESEARCH QUESTIONNAIRE

Please give answers in the spaces provided and tick (✓) in the box that matches your response to the questions where applicable.

### Part A: General Information

1. Name of SACCO(Optional)

.....

2. What's your position in the SACCO?

.....

3. How long (years) has your SACCO been in operations in Kenya?

1-5 Years \_\_\_\_\_ 5-10 Years \_\_\_\_\_ over 10 Years \_\_\_\_\_

4. How many staff does your Sacco have? .....

5. How many branches does your organization have in Kenya? .....

.....

6. Does your SACCO offer Front office services or back office services?

.....

### Part B: Total Quality Management Critical Success Factors

7. Has your SACCO adopted Total Quality Management critical success factors?

Yes ( ) No ( )

8. Please indicate the extent to which the following total quality management critical success factors has influenced the performance of your Sacco?

Where **1 - Strongly disagree; 2 -Disagree; 3 - Moderate extent; 4 - Agree; 5 - Strongly Agree**

| <b>TQM Critical Success Factors</b> |  |          |          |          |          |          |
|-------------------------------------|--|----------|----------|----------|----------|----------|
|                                     | <b>Top management commitment/Leadership</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| 1                                   | Top management of the Sacco clearly understands the fundamental spirits and principles of quality management |          |          |          |          |          |
| 2                                   | The departmental heads accept responsibility for quality of goods  |          |          |          |          |          |
| 3                                   | Quality management is incorporated in the Sacco vision   |          |          |          |          |          |
| 4                                   | The company's plan always incorporates external customers, suppliers and other stakeholders                  |          |          |          |          |          |
| 5                                   | Data is analyzed using computer for managers to make decisions   |          |          |          |          |          |
|                                     |  |          |          |          |          |          |
| <b>People Management</b>            |  |          |          |          |          |          |
| 1                                   | Employees are involved in decision making that affect their work   |          |          |          |          |          |
| 2                                   | Employees are given opportunity to suggest quality improvement   |          |          |          |          |          |
| 3                                   | Employees are highly committed to quality improvement  |          |          |          |          |          |
| 4                                   | High level of ethics and integrity among employees   |          |          |          |          |          |
| 5                                   | The employees are provided with feedback on their quality performance  |          |          |          |          |          |
| 6                                   | Regular trainings undertaken to improve on quality   |          |          |          |          |          |
| 7                                   | Are employees well rewarded, given incentives and well compensated for work well done.                       |          |          |          |          |          |
|                                     |  |          |          |          |          |          |
| <b>Customer Focus</b>               |  |          |          |          |          |          |

|   |   |  |  |  |  |  |
|---|---|--|--|--|--|--|
| 1 | The Sacco responds quickly to customers complaints  |  |  |  |  |  |
| 2 | The Sacco has effective process for resolving customer complaints                                 |  |  |  |  |  |
| 3 | The Sacco undertakes customer orientation to the changing market demands                          |  |  |  |  |  |
| 4 | The Sacco visits its customers after offering the financial services                              |  |  |  |  |  |
|   |   |  |  |  |  |  |
|   | <b>Process Management</b>   |  |  |  |  |  |
| 1 | The Sacco undertakes quality audits and evaluation regularly                                      |  |  |  |  |  |
| 2 | The Sacco improves employees competencies through trainings                                       |  |  |  |  |  |
| 3 | Regular departmental and employee appraisals are carried out in the Sacco                         |  |  |  |  |  |
| 4 | Corporate quality strategy communicated to all employees in the Sacco                             |  |  |  |  |  |
| 5 | Use of customer complaints as a method to initiate improvements in current processes in the Sacco |  |  |  |  |  |
| 6 | The Sacco improves employees competencies through trainings                                       |  |  |  |  |  |
|   |   |  |  |  |  |  |
|   | <b>Systems Approach</b>   |  |  |  |  |  |
| 1 | The Sacco's systems are goal oriented   |  |  |  |  |  |
| 2 | The Sacco's systems have inputs from their environment;   |  |  |  |  |  |
| 3 | The Sacco's systems have outputs to achieve their goals   |  |  |  |  |  |
| 4 | The Sacco's systems receives feedback from the environment about its output                       |  |  |  |  |  |



**Part C: Effects of TQM critical success factors on Non-Financial Performance**

9. Indicate in terms of average percentage the extent to which the following non-financial performance measures have improved positively in your Sacco over the last five years due to implementation of TQM critical success factors. Where,

**1 = (0% – 10%); 2 = (11% – 20%); 3 = (21% – 30%); 4 = (31% - 40%); 5 = (Over 41%)**

| <b>Non-Financial Performance</b>                        | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|---|----------|----------|----------|----------|----------|
| Increased number of on time delivery of services        |          |          |          |          |          |
| Reduced number of customer complains                    |          |          |          |          |          |
| Reduced number of absenteeism from staff                |          |          |          |          |          |
| Improved product functionality                          |          |          |          |          |          |
| Improved service reliability                            |          |          |          |          |          |
| Improved schedule adherence                             |          |          |          |          |          |
| Improved Capacity utilization (hrs worked/budgeted hrs) |          |          |          |          |          |
| Improved Efficiency (std hours produced/hrs worked)     |          |          |          |          |          |

10. Please indicate any other Non-Financial measure that has been affected by the adoption of the TQM critical success factors

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.....

**THANK YOU SO MUCH FOR YOU TIME.**

**APPENDIX III: LIST OF SACCOS IN NAIROBI AS AT 31st DECEMBER****2015**

| <b>NO</b> | <b>NAME</b>         | <b>AFFLIATE BODY</b>     |
|-----------|---------------------|--------------------------|
| 1         | AFYA SACCO          | NURSES & DOCTORS         |
| 2         | BANK KUU SACCO      | CENTRAL BANK             |
| 3         | CHUNA               | UNIVERSITY OF NAIROBI    |
| 4         | FEP SACCO           | BUSINESS COMMUNITY       |
| 5         | FUNDILIMA SACCO     | JOMO KENYATTA UNIVERSITY |
| 6         | GOOD LIFE SACCO     | BUSINESS COMMUNITY       |
| 7         | HARAMBEE SACCO      | DEFENCE FORCE            |
| 8         | HAZINA SACCO        | GOVERNMENT MINISTRIES    |
| 9         | KENPIPE SACCO       | PIPELINE                 |
| 10        | KENVERISITY SACCO   | KENYATTA UNIVERSITY      |
| 11        | KIMISITU SACCO      | NGOS                     |
| 12        | KINGDOM SACCO       | BUSINESS COMMUNITY       |
| 13        | MAISHA BORA         | FMCG COMPANIES           |
| 14        | METROPOLITANT SACCO | TEACHERS                 |
| 15        | MHASIBU SACCO       | ACCOUNTANTS              |
| 16        | MWALIMU SACCO       | TSC                      |
| 17        | NACICO SACCO        | CITY COUNCIL             |
| 18        | NAFAKA SACCO        | KENYA CEREALS BOARD      |
| 19        | NEW MILIMANI SACCO  | BUSINESS COMMUNITY       |
| 20        | NSSF SACCO          | NSSF                     |
| 21        | RAILWAYS SACCO      | RAILWAY                  |

|    |                      |                         |
|----|----------------------|-------------------------|
| 22 | STIMA SACCO          | KPLC & KENGEN           |
| 23 | TELEPOSTA SACCO      | KENYA POST OFFICE       |
| 24 | UKULIMA SACCO        | OPEN                    |
| 25 | UNAITAS              | OPEN                    |
| 26 | UNITED NATIONS SACCO | UN                      |
| 27 | WANANDEGE SACCO      | AIRWAYS                 |
| 28 | WAUMINI SACCO        | CATHOLIC GROUP          |
| 29 | KENYA BANKERS SACCO  | BANKS                   |
| 30 | JAMII SACCO          | BUSINESS COMMUNITY      |
| 31 | MAGEREZA SACCO       | PRISONS                 |
| 32 | KENYA POLICE SACCO   | POLICE                  |
| 33 | SHIRIKA SACCO        | MINISTRY OF COOPERATIVE |
| 34 | NYATI SACCO          | SECURITY COMPANIES      |
| 35 | TEMBO SACCO          | EABL                    |
| 36 | SAFARICOM SACCO      | SAFARICOM               |

Source: [www.sasra.go.ke](http://www.sasra.go.ke)