

**FACTORS INFLUENCING PERFORMANCE OF SAVINGS AND CREDIT
CO-OPERATIVE SOCIETIES IN BOMET COUNTY**

BY

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DECLARATION

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

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

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DEDICATION

This research project report is dedicated to my beloved wife Janeth Langat and my children Gideon, Faith, Lydia, Abigael, Emmanuel and Debora for their support and belief that I could make it. It is also dedicated to my brothers Johnstone and Philip for their Moral Support and finally my pastor Caleb and my church members for their prayers.

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TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATION AND ACRONYMS	x
ABSTRACT.....	xi
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the study.....	1
1.2 Statement of the Problem	3
1.3 Purpose of the study.....	4
1.4 Objectives of the study	4
1.5 Research questions.....	4
1.6 Significance of the study.....	5
1.7 Delimitation of the study.....	5
1.8 Limitations of the Study	6
1.9 Assumptions of the study.....	6
1.10 Organization of the study.....	6
1.11 Definition of Significant terms as used in the study	7
CHAPTER TWO: LITERATURE REVIEW.....	8
2.1 Introduction.....	8
2.2 Review of the factors influencing performance of savings and credit co-operative society (SACCO).....	8
2.2.1 Modern portfolio Theory	13
2.3 Performance.....	15
2.3.1 Management Competency and performance of SACCOs.....	16
2.3.2 Personnel and performance of SACCOs.....	20
2.3.3 Computerization and performance of SACCOs.....	21
2.3.4 Market competition and performance of SACCOs	22
2.3.5 Financial stability and performance of SACCOs	25
2.4. Conceptual Framework	27
2.4.1 Explanation of Variables	28

2.4.2. Management Competency	28
2.4.3. Personnel	28
2.4.4. Computerization	29
2.4.5. Market competition.....	30
2.4.6 Financial stability	30
2.5. Summary of the Literature Review	30
CHAPTER THREE: RESEARCH METHODOLOGY.....	32
3.1 Introduction.....	32
3.2 Research design.....	32
3.3 Target population.....	32
3.4 Sample size and sampling procedures.....	33
3.5 Research Instruments	33
3.5.1 Piloting of instruments	34
3.5.2. Validity of research instruments	34
3.5.3 Reliability of research instruments	35
3.5.4 Data collection procedures.....	35
3.6. Data analysis techniques	36
3.7 Ethical Issues	36
CHAPTER FOUR: DATA ANALAYSIS AND PRESENTATION.....	39
4.1 Introduction.....	39
4.2 Response Return rate	39
4.3 Demographic information.....	39
4.4 Factors influencing performance of SACCOS in Bomet County.....	42
4.4.1 Influence of management competency on SACCO performance.....	42
4.4.2 Influence of personnel on SACCO performance.....	43
4.4.3 Influence of computerization on SACCO performance.....	43
4.4.4 Influence of market competition on SACCO performance.....	44
4.4.5 Influence of financial stability on SACCO performance.....	45
4.5 Other activities or projects the SACCO invested in.....	45
4.5.1 Sound SACCO performance evaluation criterion.....	46
4.5.2 Importance of SACCO performance.....	48
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION.....	49
5.1 Introduction.....	49
5.2 Summary	49
5.3 Conclusion.....	50

5.4.1 Management competency.....	50
5.4.2 Personnel.....	50
5.4.3 Computerization.....	50
5.4.4 Market competitor.....	51
5.4.5 Financial stability.....	51
5.5 Recommendation for the study.	51
5.5.1 Policy Recommendation.....	51
5.5.2 Recommendation for further studied.....	52
REFERENCES	53
APPENDICES	56
Appendix 1: Questionnaires.....	56
Appendix 2: Letter of transmittal	61
Appendix 3: Budget	62
Appendix 4: Bomet County Administrative Boundary.....	63
Appendix 5: Number of registered SACCOs in Bomet County	64
Appendix 6: R.V. Krejcie and Morgan Table	65

LIST OF TABLES

Table 3.1: Sample size	33
Table 3.2: Operationalization tables	37
Table 4.1: Gender of the respondents	39
Table 4.2: Age of respondents	40
Table 4.3: Position/Rank of respondents	40
Table 4.4: Years work or in membership in the company.....	41
Table 4.5: Academic qualification.....	41
Table 4.6: Marital status.....	42
Table 4.7: Influence of management competency on SACCO performance.....	42
Table 4.8: Influence of personnel on SACCO performance.....	43
Table 4.9: Influence of computerization on SACCO performance.....	44
Table 4.10: Influence of market competition on SACCO performance.....	44
Table 4.11: Influence of financial stability on SACCO performance.....	45
Table 4.12: Other activities the SACCO invested in.....	46
Table 4.13: Sound SACCO performance evaluation and criterion.....	47
Table 4.14: Importance of SACCO performance.....	48

LIST OF FIGURES

Figure 2.1: Conceptual framework.....	27
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LIST OF ABBREVIATIONS AND ACRONYMS

ACCOSCA	Africa Confederation of Savings and Credit Association
AGM	Annual General Meeting
CAP	Chapter
CBK	Central Bank of Kenya
CIS	Co-operative Insurance Society
CPI	Consumer Price Index
CWS	Co-operative Wholesale Society
FOSA	Front office Service Activity
GSFC	Gujarat State Fertilizer Company.
ICA	International Co-operative Alliance
ICMIF	International Co-operative and Mutual Insurance Federation
ILO	International Labour Organisation
KNFC	Kenya National Federation of Co-operatives
KUSCCO	Kenya Union of Savings and Credit Co-operative
M2	Money supply
MOCDM	Ministry of Co-operative Development and Marketing
MPT	Modern Portfolio Theory
NPLS	Non Performing Loans
PS	Permanent Secretary
SACCO	Savings and Credit Co-operative
UN	United Nation
USA	United States of America
WOCCU	World Council of Credit Unions

ABSTRACT

The ever changing socio-economic landscape in the co-operatives and Sacco sector in the country is bringing about the need for a total rethink and overhaul about the role this sector is supposed to play in socio-economic development of the country, poverty eradication with economic empowerment topping the agenda. In Bomet County there are 18 active Saccos and 10 dormant ones registered for the purpose of uplifting the living standards of the residents but little seemed to have been achieved. This study was guided by the following objectives:- to determine the extent to which management competency influence performance of SACCOs in Bomet County, to determine the extent to which personnel influence the performance of SACCOs in Bomet County, to determine the extent to which computerization influence performance of SACCOs in Bomet County, to determine the extent to which market competition influence performance of SACCOs in Bomet County, to determine the extent to which financial stability influence the performance of SACCOs in Bomet County and to come up with recommendations on how to improve performance of SACCOs for a stable co-operative movement in the country. The study was guided by modern "Portfolio Theory" or "Portfolio Management Theory" developed by Professor Horry Markwitz of the University of Chicago in 1952. The Theory guides institutions and savings investors on how to construct their investment portfolios and how to mitigate risks through portfolio diversifications and thus increase returns to investors. The study adopted a descriptive survey research design. By use of questionnaires, 150 respondents who were management staff of the Saccos, who in this case were the target population, were interviewed. Data was also collected using observation and key informant interviews. Simple random sampling was the main method of sampling techniques that was employed in this study. The findings will be significant to the researchers and scholars in that it will form a basis for further research, management of the Saccos as it will act as a guide to setting up strategies of improving their performance. In conclusions the study recommends that the management of Saccos should improve their performance by searching of the best ideas and taking advantage of the available opportunities, make proper financial plans, proper selection of personnel, adapt technological change and improve on competitiveness in order to win the markets and in overall have a financially stable and well managed co-operative movement in Bomet County.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Savings and credit co-operative societies has a number of principles one of which is the belief in co-operative and mutual self-help for the uplifting of the standards of living. (KUSCCO 2006). Members with common bond join hands to form those quasi-banks institutions. With finances mobilized through such joint efforts the savings and credit co-operative society members build up the capital which they can use through local arrangements to finance their own social as well as economic development. The primary purpose of savings and credit co-operative society is to meet the common needs of members. Co-operatives are perceived to be organization which are mobilized and controlled largely by small producers, workers and other less economically endowed members of the society who own and obtain service and other benefits from them. The statement of co-operative identify from ICA defines a co-operative as “an autonomous association of persons united voluntarily to meet their common economic social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”

The traditional form of co-operative involved working together on farms, hunting and gathering. All people have basic needs of food, shelter, security and belonging. People would invite neighbours to come and give a hand. Also people did not have money and resources, which enables individuals to employ people or machinery to do the work for them.

In any community co-operative usually exists in the form of associations of people who come together as a group driven by their social and economic needs in order to cope with their problems and improve their conditions of living MOCD (2006).

The impact of co-operative in the world economy is both extensive and impressive. It is estimated that there are 800 million people globally, who are members of the co-operatives and 100 million are employed by co-operatives. In nearly all developed countries, they have been the main contributors to

economic growth and poverty alleviation. Europe has 58,000 co-operatives, with a membership of 13.8 million. In the US, there are an estimated 72,000 co-operatives with over 140 million members, including 90 million members of SACCOs. Study show that co-operative are more sustainable than other entities and boast impressive survival and growth rate. Silas Kobia (2011).

Recent studies show that co-operatives in many developing countries are experiencing renaissance. For instance there were 554 registered co-operatives in Uganda in 1995 but recent estimates indicates more than 7500. Savings and credit co-operatives, housing, consumer and cottage industries are fast growing. There is potential for farmers producing co-operatives to meet demand from super markets, for fresh fruits, vegetables and dairy products. Marketing co-operatives are emerging in Ethiopia, Zambia and Tanzania.

According to National Micro and Small Enterprises (MSE) baseline survey (1999/2000) Kenya had a relatively well developed banking and formal financial sector. This consist of the central Bank, 43 commercial banks, 16 non-bank financial institutions, 2 mortgage finance companies, 4 building societies, 8 developed financial institutions, and about 387 savings and credit co-operative societies, 38 insurance companies, the National stock exchange and venture capital companies. The survey further indicates that nearly 89.6% of micro and small enterprises had never received credit and other financial services.

SACCOs face numerous challenges that hinders the exploitation of their full potential. Mudibo (2005) raised concerns on the caliber of leaders who run SACCOs noting that since these are voluntary organization, members can elect anybody they like, who may not necessarily have the skills to run a SACCO. He suggested that before a member is elected he should have certain number of shares so that he has something to loose if he mismanages the SACCO.

In Bomet County, there are 28 registered savings and credit co-operative societies and despite the government efforts to register, promote and develop these SACCOs for the purpose of uplifting the standards of living of the residents little seemed to have been achieved as the SACCOs have not fully met the members needs to their satisfaction and expectations. They have a long string of pending loan

applications, some SACCOs pay little or no dividends /interests on members savings. Some others have low multiplying factor and a number of them have not computerized their services for the purposes of efficiency and accuracy in their delivery of services (Mwaura 2004).

According to Armstrong, performance is often defined in out put terms- the achievement of quality objectives. But performance is a matter not only of what people achieve but how they achieve it. High performance result from appropriate behaviour especially discretionary behaviour and the effective use of the required knowledge, skills and competencies.

1.2 Statement of the problem

Quite a number of SACCOs in Bomet County have a long string of pending loan applications from the members, some pay little or no dividends/interest on members savings. Some others have low multiplier factor or limited concurrent loans compared to some well performing counter parts like Kenya Highlands SACCO Ltd, Baringo Teachers SACCO which have even computerized all their services and offers ATM services for FOSA clients and manages to advance more than three times the members deposits without closing any application for the year and gives loans almost immediately its applied. As compared to other financial institutions some of the SACCOs in the County have their members and FOSA clients queue for long hours to receive their services because of the services not computerized leading to a number of complains from these clients and some are rudely answered due to poor public relations from staff.

According to Muchibo (2005) SACCOs face numerous challenges that hinder the exploitation of their full potential. He raised concerns on the caliber of leaders who run SACCOs noting that since these are voluntary organizations, members can elect anybody they like, who may not necessarily have skills to run a SACCO.

Judging from the above mentioned points it can be concluded that the main reason for this research project report is to fill a gap left by other researchers by way of critically analyzing the factors influencing the performance of SACCOs. Based on the evaluation there is a gap literature to warrant a

study to be conducted in this industry. This is what prompted the researcher to carry out a study to investigate the factors influencing the performance of SACCOs in Bomet County.

1.3 Purpose of the study

The purpose of this study was to investigate factors influencing the performance of savings and credit co-operative societies in Bomet County.

1.4 Objectives of the Study

This study was guided by the following objectives:

- i. To determine the extent to which management competency influence performance of Saccos in Bomet County.
- ii. To determine the extent to which personnel influence performance of Saccos in Bomet County.
- iii. To determine the extent to which computerization influence performance of Saccos in Bomet County.
- iv. To determine the extent to which market competition influence performance of Saccos in Bomet County.
- v. To determine the extent to which financial stability influence performance of Saccos in Bomet County.

1.5. Research Questions

The study sought to answer the following questions:-

- i. To what extent does management competency influence performance of Saccos in Bomet County?
- ii. To what extent do personnel influence performance of Saccos in Bomet County?
- iii. To what extent does computerization influence performance of Saccos in Bomet County?
- iv. To what extent does market competition influence performance of Saccos in Bomet County?
- v. To what extent does financial stability influence performance of Saccos in Bomet County?

1.6. Significance of the study

The findings of the study would be beneficial to the following stakeholders:

The results of this study would be valuable to researchers and scholars, as it forms a basis for further research. The researchers will use this study as a basis for discussions on savings and credit co-operatives (SACCOs) business in Kenya and the factors that influence their performance.

The management has an essential role to play in ensuring high performance of their organizations even in a highly competitive environment like the one being experienced by SACCOs in Kenya.

This study acts as a guide to setting up proper strategies in improving the competitiveness, recruitment and management of staff and adapting computerization as a means of offering efficient and effective services.

The study would give academicians, students and lecturers an insight on the causes of the competition and the implication to SACCOs and other financial institutions as to the effect it has to the economic development of the country. The study also forms a basis for further research for academicians and students on the effects of competition on savings and credit co-operatives societies (SACCO) business in Kenya, the challenges and the strategies to improve their performance.

The Saccos would benefit from the study in that it would enrich them with the necessary techniques of improving management competencies through training and exposure and also come up with competitive ways of attracting the market, better ways of offering effective and efficient services and hence have a sustainable and competitive co-operative movement .

1.7 Delimitation of the Study.

The study was confined to the factors influencing performance of Saccos and concentrated in Bomet County. The researcher believed that this would provide an adequate population and sample for the study and therefore gave reliable results and findings.

1.8 Limitations of the Study

The researcher experienced difficulties in getting enough money to finance the project through personal savings but applied for a loan from his the Sacco where he is a member.

The researcher also had time constraints as he tried to fit his study work into his official work schedule. To overcome this constraint, he took the advantage of lunch breaks and weekends to collect data and wrote the report. The researcher also expected a lot of interruptions from members coming to the SACCO for various reasons when data was being collected from the Sacco staff but managed to overcome it by making visits during the afternoons when majority of the customers had left their offices.

1.9 Basic Assumptions

It's assumed that there are factors influencing performance of savings and credit co-operative societies in Bomet County.

Further, the chosen methods and tools served the purpose of the study in terms of data that was collected. It was also assumed that the chosen sample population was representative enough so as to yield data valid and reliable when generated to other SACCOs.

1.10 Organization of the Study

The study was organized into five chapters; chapter one basically gives the introduction and describes the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, basic assumptions of the study, limitations of the study, delimitations of the study, definition of significant terms as used in the study and organization of the study. Chapter two provided a review of literature related to the study thematically as per the research objectives, the theoretical frame work, the conceptual framework as well as the summary of literature reviewed. Chapter three focuses on the research methodology discussed under the following sub-headings; research design, target population, sample size, sample selection, research instruments, pilot testing of instruments, validity of research instruments, reliability of research instruments, data

collection procedures, data analysis techniques and ethical issues in research. Chapter four gives the data analysis, presentation, interpretation and discussion, while chapter five provides for the summary of findings, conclusions and recommendations.

1.11 Definition of Significant Terms as used in the Study

The following terms were defined in accordance with the context which they were used in the study.

Co-operative	A business or other organizations owned by people who work in it, and who also share profits and losses that accrue from its business.
Co-operative Society	A group of persons or people who come together to form a business or organization with a common goal or objective of making business and sharing of profits and losses that accrues from the operations of the organization.
Credit	An arrangement to receive goods from a shop or money from a bank and pay for it later.
Factor	One of the things that influence an event happens or the way that it all happens.
Performance	According to Njihia (2005), to perform is to do a piece of work to the community. It is to act in an official way, to work or to function. Performance is an action or achievement considered in relation to how successful it is. It is the ability to operate efficiently or to react quickly
Savings	Money that you have saved in a bank or invested so that you can use it later

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter reviews literature related to factors influencing performance of SACCOs. These are discussed in the next subsection then followed by a conceptual framework drawn from the variables in the literature review.

2.2 Review of factors influencing performance of Savings and Credit Co-operative Societies. (SACCOs)

The industrial revolution in Europe in 18th Century disrupted the old order of predominantly agrarian societies and ushered in urbanized working classes. The factory workers faced harsh living conditions in terms of food supplies, housing, health and other amenities. It was under these circumstances that the idea of modern co-operative movement was born in 1844, at Rochdale in Manchester, England. A group of men some of them were weavers and skilled workers in related trades popularly known as “Rochdale Pioneers” got together and formed co-operative society (Birchall 1997). They formulated several principles to enable them open and own a consumer Co-operative shop. The principles created the foundation of the modern worldwide co-operative movement. Since then, many countries have embraced co-operative as instruments of poverty alleviation and wealth creation, with varied experiences. Globalization and application of rapidly changing technologies in the free market economic systems that have led to ever increasing corporate dominance of big corporations.

At the bottom of the multinational corporation is a mix of thousands and medium size enterprises, including co-operative operating in free competitive markets (Davis and Donaldson, 1998).

In the developed countries, the social movements contributed to the creation of many co-operatives particularly during the industrial revolution. Labour movements contributed to the formation of many

co-operatives in Britain, Belgium, France and the rural co-operatives in Germany, Denmark, United States, Canada, Australia and many other Developed countries.

According to MOCD Co-operatives are regulated by set of principles. These principles were formulated by a group of people who lived in a village in England known as Rochdale and were referred to as Rochdale Pioneers. These principles were intended for the regulations of co-operative societies worldwide.

The International Cooperative Alliance (ICA) Commission of 1966 adopted the following principles which are genuine for the running of a genuine cooperative society. Open and voluntary membership, democratic administration (one man, one vote), limited interest on share capital, payments of dividends and bonuses to members, promotion of education and cooperation with other co-operatives at local, national and international levels.

Consumer co-operatives began in Britain in the 1840s using the Rochdale model and are today market leaders in Switzerland, Italy, Singapore and Japan. But in the UK, consumer cooperatives have witnessed fierce competition from private consumer supermarket chains. They have a fifth of the market share and their presence is more in the small supermarket sector. This notwithstanding, the UK has the world's largest consumer co-operative- The Co-operative Wholesale Society(CWS) Group, which has both corporate and individual retail members. The CWS Group had an annual turnover of 9 billion pounds (Ksh 1,125 billion), 4,500 stores and branches, 87,000 employees and 4.5 million members (Susan, G.S. 2007). In Italy, Legacoop, had 414,383 employees over 7.7 million members an annual growth of 4.4% and a turnover of 50 billion Euros. Japan has a very large well developed consumer co-operative movement with over 14 million members. Retail co-operatives alone had a combined turnover of US \$21.184 billion in 2005. Switzerland has two large consumer co-operative supermarket chains. The largest of the two has two million out of the 7.2 million Swiss, and the second, known as Co-operative, which is over 100 years old, operates 1,437 shops and employs 45,000 people. The consumer co-operatives have also been dominant in the Scandinavian countries and many parts of Canada. One enduring characteristic of consumer co-operative is their strong record of creating decent work

environments for their employees and engaging in fair trade with producer co-operatives, setting industry standards for honest labeling and promoting health diet.

Housing co-operatives have also played significant role in the developed economies. A significant proportion of housing development in Norway and Sweden in the second half of 20th century has been co-operative supported. In the US, they have been popular among high income dwellers and retirees. Such co-operatives have proved beneficial whenever private or public renting has failed. Following the 2007/8 global economic crisis, 27,000 homes in New York abandoned by private landlords were taken over and renovated by housing co-operatives and re-designed for low-income people.

Some of the world's biggest insurers are in the co-operative sector. The International Co-operative and Mutual Insurance Federation (ICMIF) has 184 co-operative insurance companies in its membership from 70 countries. Together, these co-operative insurers account for seven percent of the world's premium volume. The secret of success of co-operative insurance companies is the co-operative principle of pooling risks among large numbers of people within the co-operative family, who are also the investors at reasonable cost. The first co-operative insurer is the Co-operative Insurance Society (CIS) of the UK, founded in 1867. By the standards of other co-operative insurance companies in other developed countries, CIS group in 2010 was Sterling Pounds 3.5 billion, equivalent to Ksh 496 billion (2011). There are bigger co-operative insurers in the USA, Japan, Canada, or Sweden. Nationwide Co-operative Insurance of USA, although much smaller than Zenkyoren of Japan, was listed in the Fortune 500 at position 108 in 2000.

In Africa during the 1950s and 1960s, about 100 years since Rochdale, co-operatives were introduced as state project. The governments viewed co-operatives as mass organizations or instruments for economic emancipation of the rural population. The co-operatives formation and development was not a spontaneous initiative of the people through social movements as was the case in developed countries. The co-operative business model was borrowed from the developed countries, notably Britain, the Scandinavian countries and U.S.A for most of the Southern and East African countries.

There have been success stories of co-operatives in many developing countries in agricultural produce and marketing, consumer, credit and related financial services. The market liberalization of the 1990s saw the collapse of State sponsored co-operatives in many developing countries because they could not compete with the private sector.

Through the collaboration of the ICA, International Labour Organization (ILO) and United Nations (UN), new co-operatives have been formed in developing countries that are independent of their governments. The ICA identity statement and cooperative principles, the UN Guidelines (2001) and ILO Recommendation No. 193 on the promotion of cooperatives are useful references in forming co-operatives and limiting the role of government. Ideally, the government should only provide an enabling environment for sustainability and growth of these bodies. The governments' role should be limited to registration and regulation just like they do for other business enterprises. Co-operatives are private businesses and governments can unwittingly or deliberately stifle their growth and prosperity when they over supervise and control their operations.

Recent studies show that co-operatives in many developing countries are experiencing a renaissance. There were only 554 registered co-operative societies in Uganda in 1995, but recent estimates indicate more than 7,500. In many developing countries, savings and credit co-operatives, housing, consumer and cottage industries are growing. There is a great potential for farmers' produce co-operatives to meet growing demand from supermarkets for fresh fruit, vegetables and dairy products. Electricity in rural areas, water and sanitation for growing urban populations and healthcare are all opportunity sectors for co-operative development. Bolivia is using these institutions as the alternative to privatization of water services in towns. Brazil has the biggest co-operative medical system in the world, with 367 local members' co-operatives covering 80 percent of the country with more than 98,000 doctors, serving 12 million patients. In Argentina, 58 percent of rural electrification is supplied by co-operatives which are also strong in telecommunications. Electricity co-operatives are also doing well in the Philippines and Bangladesh. When 200 enterprises failed in 2001 in Argentina, the displaced workers got together and formed co-operatives. Marketing co-operatives are reemerging in Ethiopia, Zambia, Tanzania and

Honduras. The Tanzanian Government abolished co-operatives in the 1970s and replaced them with the *Ujamaa* System, which failed.

The modern co-operative model was imported and introduced during the last century by governments in developing countries as State sponsored projects. Co-operatives have had mixed areas. They were regarded as instruments of economic transformation of the rural areas. There have been success stories of co-operatives in many developing countries across sectors. Market liberalization of the 1990s saw the collapse of many States controlled co-operatives in some developing countries because they could not compete with the private sector. However, studies have shown that the co-operative sector in many developing countries is experiencing renaissance and there are hopes they can thrive.

The Kenya Federation of Co-operatives (KNFC) is the only apex society in the movement. It was formed with an objective of promoting, developing, guiding, assisting and upholding ideas of the co-operative principles. KNFC is the link between co-operatives in Kenya and the International co-operative Alliance of special mention here is the Africa Confederation of Co-operative Savings and Credit Association ((ACCOSCA), which is registered under the Societies Act, chapter 108 of the laws of Kenya. Its area of operation is Africa and the adjacent islands. Its head-quarters are in Nairobi. It has twenty five affiliated organizations. It is affiliated to the International Co-operative Alliance through its members into the World Council of Credit Unions (WOCCU). The Unions here above mentioned are Africa Co-operative bodies and their main objectives are to look at the possibilities of Africa Saccos making viable investments for the benefits of members.

In Kenya, Saccos have also made a great deal in making investment decision through the sale of shares for instance, the sale of Co-operative Insurance Company shares to the members. This is an investment decision line and hence called for the factors that could call for the same investments.

According to Odebo and Nyawinda (2004), savings and credit co-operatives societies (commonly referred to as SACCOs) accept monthly payments for shares from which, members may borrow an amount equivalent to two or three times their own savings if they can get other members to guarantee them. They say that growth in SACCOs in the last twenty years has been spectacular. According to

statistics from Kenya Union of Savings and Credit co-operative societies (KUSCCO), the number of SACCOs rose from 630 in 1978 to 3870 by the end of October 2002 while savings and share capital rose from Kshs. 375 million in 1978 to Kshs. 80 billion by 2003. Credit outreach similarly recorded significantly, having risen from 357 million in 1978 to Kshs. 70 billion by 2003. Saccos active members numbered over 1.5 million by 2002 having risen from 378,500 members in 1978. Their rapid growth indicates that they have filled a need which had not been made by the financial institutions, of the Kshs. 110 billion in the current share capital and deposit held by co-operatives, the statistics show that Kshs. 90 billion has been lent out to customers.

2.2.1 Modern Portfolio Theory

Modern Portfolio Theory (“MPT”) is also called “portfolio theory” or “portfolio management theory.” MPT is a sophisticated investment approach first developed by Professor Harry Markowitz of the University of Chicago, in 1952. He developed what has become the frame upon which institutions and savings investors construct their investment portfolios. Markowitz was among the first to quantify risk and demonstrate quantitatively why and how portfolio diversification can work to reduce risk, and increase returns for investors. Modern Portfolio Theory allows investors to estimate both the expected risks and returns, as measured statistically, for their investment portfolios.

In the Journal of Finance, in March (1952) and his article “Portfolio Selection”, Markowitz described how to combine assets into efficiently diversified portfolios. He demonstrated that investors failed to account correctly for the high correlation among security returns. It was his position that a portfolio’s risk could be reduced and the expected rate of return increased, when assets with dissimilar price movements were combined. Holding securities that tend to move in concert with each other does not lower your risk.

Diversification, he concluded “reduces risk only when assets are combined whose prices move inversely, or at different times in relation to each other.”

Markowitz formulated the portfolio problem as choices of the mean and variance of a portfolio of assets. He proved the fundamental theorem of mean variance portfolio theory, namely holding constant variance, maximize expected return and minimize variance. These two principles led to the formulation of an efficient frontier from which the investor could choose his or her preferred portfolio, depending on individual risk return preferences. The important message of the theory was that assets could not be selected only on characteristics that were unique to the security. Rather, an investor had to consider how each security co-moved with all other securities. Furthermore taking these co-movements into account resulted in an ability to construct a portfolio that had the same expected return and less risk than a portfolio constructed by ignoring the interactions between securities.

Diversification reduces volatility more efficiency than most people understand: The volatility of a diversified portfolio is less than the average of the volatilities of its component parts. While the technical underpinnings of MPT are complex, and drawn from financial economics, probability and statistical theory, its conclusion is simple and easy to understand: a diversified portfolio, of uncorrelated asset classes, can provide the highest returns with the least amount of volatility. Many investors are under the delusion that their portfolios are diversified if they are in individual stocks, mutual funds, bonds, and international stocks. While these are all different investments, they are all still in the same asset class and generally move in concert with each other. Proper diversification according to MPT is in different asset classes that move independently from one another.

Dr. John Lintner of Harvard University in a 1983 landmark study, "The Potential Role of Managed Futures Accounts in Portfolios of Stocks and Bonds." Thoroughly researched on the value of professionally managed futures. He asserts that, one of the most uncorrelated and independent investments versus stocks are professionally managed futures. Lintner wrote that "the combined portfolios of stocks (or stocks and bonds) after including judicious investments... in leveraged managed futures accounts show substantially less risk at every possible level of expected return than portfolios of stocks (or stocks and bonds) alone." Lintner specifically showed how managed futures can decrease portfolio risk, while simultaneously enhancing overall portfolio performance. It is worth noting that

trading futures and options involves substantial risk of loss no matter who is managing the money. Such an investment is not suitable for everyone.

2.3 Performance

According to Njihia (2005), to perform is to do a piece of work to the community. It is to act in an official way, to work or to function. Performance is an action or achievement considered in relation to how successful it is. It is the ability to operate efficiently or to react quickly.

According to Armstrong (2005), performance is often defined simply in output terms – the achievement of quantified objectives. But performance is a matter not only of what people achieve but how they achieve it. The oxford English dictionary confirms this by including the phrase “carrying out” in its definition of performance; the accomplishment, execution, working out, carrying out of anything ordered or undertaken. “High performance results from appropriate behavior, and the effective use for the required knowledge, skills and competencies.

Performance means both behaviors and results. Behaviors emulate from the performer and transforms performance from abstraction to action. Not just the instruments for results, behaviors are also outcomes in their own right – the product of mental physical effort applied to tasks – and can be judged apart from results.

This definition of performance leads to the conclusion that when managing performance both inputs (behavior) and outputs (results) need to be considered.

According to Johnson & Scholes (2007), many managers find a process for developing a useful set of performance indicators for their organizations difficult. One reason for this is that many indicators give a useful but only partial view of the overall picture. Also, some indicators are qualitative in nature, whilst the hard quantitative end of assessing performance has been dominated by financial analysis. In an attempt to cope with this very heterogeneous situation, balanced score cards have been used as a way of identifying a useful, but varied set of key measures, balance score cards combine both qualitative and

quantitative measures, acknowledge expectations of different stakeholder and relate an assessment of performance to choice of strategy.

According to Pearce and Robinson (2007), operational controls provide post action evaluation and controls over short periods from one month to one year. To be effective, operational controls must take four steps common to all post action controls; set standards of performance, measure actual performance and identify deviations from standards and initiate corrective actions.

According to Mwaura (2005), lack of credit analysis, credit follow – ups as well as hostile lending are the key factors that contribute to poor performance in loan lending by SACCO societies in Kenya.

2.3.1. Management Competency and Performance of SACCOs

According to Noebere (2000) all studies of business failure points to poor management as the main cause. The success of a firm is measured by its profitability which depends on the efficiency of its management.

According to Kibera (1996), management can be defined as a set of activities directed at the efficient and effective utilization of resources in pursuit of one or more objectives. The resources are usually people, machines, materials, time and managerial know- how.

A need to embrace good corporate governance and the by-laws need to be reviewed to provide for minimum qualification standards for both the board members and delegates for efficient and sound management (KUSCCO 2003).

According to Ouma (1980), a structure for the organization of co-operatives has evolved over the years since Kenya achieved its independence in 1963. At the lower end we have primary co-operative units, which are composed of at least 12 individual persons. Primary co-operative societies are governed by the co-operative societies Act Cap 490 of the laws of Kenya.

However, the Act does not provide a clear definition of a co-operative society, apart from saying that it is a society registered under the Act. From the primary societies there is some kind of “hierarchical” arrangement, going unto the apex society at the top. A primary co-operative society is defined as a

society where membership is restricted to individual persons. It is managed by a management committee elected at the AGM. The management committee generally employs a full time manager to assist in the day –to – day running of operation of the society.

The primary co-operative societies are in turn organized to form what is called co-operative “unions” or similar to secondary co-operative societies. This covers a much larger and wider administrative area. The membership to a union is restricted to co-operative societies. At least two co-operative societies may form a union. Such a union normally operates on a wider area. These co-operative unions serve the primary co-operative societies as service agencies. For example, they provide societies with credit required to pay the growers in advance for their agricultural produce and with any other services that they might require. Co-operative unions tend to operate on a district basis; hence they are usually called “District Co-operative Unions”. They are managed by an executive committee who are elected from the primary co-operative societies. They are also served by a manager or secretary/manager assisted by staff of a considerable size. These unions in turn form an apex- a national co-operative body such as KNFC, whose role for the most part is advisory.

According to Sambu (2005), Mudibo (2005) raised concern on the caliber of leaders who run SACCOs. Since they are voluntary organizations, members can elect anybody they like, who may not necessarily have the skills to run a SACCO. To address this, he further pointed out that SACCO members are required through their by-laws to provide for minimum qualifications for their managers.

Shareholders ought to appoint directors and auditors and satisfy themselves that the appropriate governance structure is in place. The shareholders will also ensure that only reliable persons with competence are elected or appointed as directors. They can also change the composition of the board.

According to Mwaura (2005), actions of top management influence performance. He also recommended that members, when electing office bearers, including delegates, should ensure that they elect trustworthy persons. Success and hence performance depends on the caliber of the officials that they elect.

King(1975) once argued that investment ideas do not begin life in filing cabinet ready for evaluation . This implies that investment ideas , and moreover the best ideas , must be searched for support the strategy in order to achieve objectives. Furthermore, decision-makers are obliged to search for opportunities that will best support the strategy. However, it is important to bear in mind the integrated unique of capital investment process. This step consists two factors , namely; where to search for investment ideas , and who will search for such ideas . During the analysis of the industry and the formulation of the competitive strategy will emerge as objectives and strategies will become evident.

Seitz and Ellison (c1999) emphasize that strategy provides a framework within which capital investment opportunities are sought. In the above step it was emphasized that an industry analysis, internal and external, must be conducted before a strategy can be formulated. It was then further emphasized that such an analysis will indicate to the enterprise which strategy to follow in order to best defend itself or to take advantage of these internal and external factors.

Therefore, it was concluded that it was the strategy decided upon which directly influences and assists the company where” to search for investment ideas. However, this process requires decision –makers (actors) who must searchfor investment ideas. With regard to who will search forinvestment ideas, Matundu (1997) found in his study that more than 93 per cent of capital investment ideas are generated by top management. If it is borne in mind that strategy is formulated and implemented by top management, it can be inferred that these decisions makers will search forinvestment ideas within the parameters set by strategy as reported by Seitz and Ellison. In addition, Butter et al, (1993) and Seitz and Ellison (c1999) argue that top management must cultivate a culture which will encourage managers to search for and identify investment ideas. In contrast with this, the reward system of role players involved in the capital investment process deters innovation. After studying eight large international enterprises Maccarrone (1996) found that control, performance measurement and reward systems influence the decisions taken by managers. He refers to these variables as contingent variables and more specifically, firm parameters.

Additionally, Porte (1992) states that incentives to decision-makers are based on current profits. This will focus the attention of decision-makers on short-term investments. However, he suggests that this incentive compensation must rather be linked to the competitive position of the enterprise. This refers to long-term prosperity of the enterprise. One further important issue relating to the role players involved is their motivation for the project which can be political or personally motivated. Butler et al (1993) warn against decision-makers and their political self motivations. These could influence investment ideas taken by decision-makers. This could act then as third variable and could indirectly change the course of ideas generated. Nevertheless, if the company can direct such internal factors to its best advantage, this can only enhance the capital investment process and as a consequence also the company's competitive position.

Also, Volpe et al. (2002) conducted a study to analyze the investment literacy of online investors. The study included 530 online investors for the study to find out the difference in financial literacy level on the basis of age, gender, experience, education and income and previous online experience. The study came with the results that level of financial literacy varied with people's age, gender, experience, education and income. Also, online traders had higher knowledge than others.

Alternative investment ideas identified in the previous step need to be evaluated. At this stage only the alternative investment ideas are known. Further information about the various investment ideas with regard to cash flow estimations to and from the enterprise, the amount of risk as well as knowledge regarding the compliance with competitive strategy is known. Lumby and Jones (2001) argue that if alternative ideas do not exist, there is no need to choose. This may be the case with regard to certain investment opportunities where only one investment possibility exists without any alternatives. However, this will seldom be the case. Alternative investment ideas can only be thoroughly evaluated after they have been defined into investment proposals. In order to evaluate investment proposals, decision-makers need to gather information in terms of quantitative and qualitative aspects, according to Butler et al (1993) and Seitz and Ellison (c1999) These investment proposals are then evaluated according to financial and non-financial criteria.

Matundu (1997) established that of 92 percent of the respondents in his population, 47 percent “always” incorporated quantifiable as well as non-quantifiable criteria into the capital investment decision, 49 percent did “sometimes” and 4 percent “never” incorporated these criteria. The reason for not doing so was that the enterprises considered themselves as too small.

2.3.2 Personnel and performance of SACCOs

According to Noebue (2000) all studies of business failure points to poor management as the main cause. The success of a firm is measured by its profitability which depends on the efficiency of its management.

The management comprises of the chief executive officer and the same management team with the primary responsibility of ensuring performance. The major challenge addressed by corporate governance is how to grant managers discretionary power over the conduct of business while at the same time holding them accountable for the use of that power. Balancing of the two is essential to ensure that decisions made by the management are on long term interests of the shareholders. Specific management practices have been found to improve corporate performance:-

Three dimensional strategy comprise exploration of new horizons, selectivity and drive, making wisdom contagious by empowering independence, interaction and communication among employees, focusing on group performance rather than individual performance external process which include benchmarking, systems for feedback both from suppliers and customers and continuous innovation based on internal and external evaluation.

According to Cole (2004), there is no generally accepted definition of “management” as an activity, although the classical definition is still held to be that of Henry Fayol. His general statement about management is as follows: “To manage is to forecast and plan, to organize, to command, to coordinate and to control.” Management is a social process. The process consist planning control, coordination and motivation. Managing is an operational process initially best deselected by analyzing the managerial

functions. The five managerial functions are: planning, organizing, staffing, directing and controlling (Koontz and O Donnell 1984).

Recruitment of staff in the SACCOs in most cases is done without paying attention to the reflection of supply and demand of qualified personnel for the positions to be staffed. Selection is also done on the basis of ethnicity and the influence of the Board of the Directors and the members leading to mismanagement and poor performance. The right qualifications should be considered most.

It is also important therefore that SACCOs should embrace education and trainings for their personnel and should be taken very seriously if these SACCOs are to compete side by side with other business organizations and be able to fulfill members' aspirations. Improvement and standardization of training and education in the co-operative movement has been emphasized in every development plan since independence (Kerman 2006).

According to Ouma (1990), knowledge has been described generally as the key to success for any dynamic business enterprises. Education and training help people to acquire knowledge and develop skills which enables them to implement decisions effectively. In common with all business requires specific education and training for those who wish to operate it.

The challenges facing the SACCO movement especially the SACCOs in Bomet county requires leadership skills and capacity to develop and mobilize SACCO stakeholders around a shared vision, values and ability to translate them into concrete outcomes focusing on customer and membership loyalty, a commitment to integrity accountability and ethical practices. There is also need for staff with appealing public relations to attract more members or customers.

2.3.3 Computerization and performance of SACCOs

Co-operatives in Kenya have no option, if they have to remain relevant and stronger but adapt to change. The factors of environment, technology and globalization are neutral to any business organization, including SACCOs. The environment, technology and globalization impact on all businesses.

Globalization and application of rapidly changing technologies in the free market economic systems have led to ever increasing corporate dominance of big corporations. At the bottom of the multinational corporation is a mix of thousands of small and medium size business enterprises, including SACCOs operating in fiercely competitive markets (Davis and Donaldson 1998).

The SACCO business model and structure given its superior societal concept offers various opportunities to introduce desirable products and services to clients locally, naturally and internationally. The co-operative system therefore, especially in Bomet County is potential for equitable wealth and employment creation. But despite the known co-operative business model advantages, they cannot hope to overcome or even match competition in the market places unless they embrace, exploit and sustain change, that's computerization of services.

The development and increasing use of information technology will provide SACCOs with networking and innovative opportunities to strengthen their niche and competitive advantages.

According to Pearce and Robinson (2007) operational controls provide post action controls, sets standard of performance, identify deviations from standards and initiate corrective actions. Computerization of services is therefore paramount in serving this purpose.

Management of SACCOs ought to identify suitable hard and soft wares based on their needs. This will improve efficiency, accuracy and effectiveness in the delivery of their services and are able to sustain the business in the long run.

2.3.4Market Competition and performance

Johnson (1999) state that "Capital investment decisions involve the largest tangible investments of any firm". In turn, effective and strategic capital investments can ensure greater competitiveness. Seitz and Ellison (c1999) add to this and argue that a competitive advantage may prevent competitive forces from eliminating economic profits and positive net process will result in inferior decision-making and will not be beneficial to the company and its stakeholders.

The need to investigate the interface between capital budgeting and strategy is necessary, because “tomorrow’s business success depends on investment decisions made today” (Hall, 2000). Capital investment decisions influence the very survival and prosperity of an enterprise. Capital investments are important to the economy for two reasons. “In the short run, the business cycle is affected by the amount of demand for new capital investment” (Seitz & Ellison, c1999). Thus, ineffective and inefficient investments may result in cash flow problems for the company, which may cause a decline in work opportunities. In the long run, the competitiveness of a nation’s economy may deteriorate if companies do “not make adequate investments” (Seitz & Ellison, c1999).

Gitman, (c2003) and Seitz and Ellison (c1999) report that wealth creation is generally the overall goal set by enterprises to achieve. By formulating a goal the enterprise communicates how it wants to compete and what its economic and non-economic objectives are (Porter, 1998). The goal or mission is where the firm is striving to be. Goetsch and Davis (1997) state that goals are rather a “what” than a “how” exercise. They claim that these goals must be measurable, focused and indicate what the enterprise wants to accomplish. It must be remembered that: “If it can be measured, it can be managed.” “Objectives are the ‘ends’ and strategy is the ‘means’ of achieving them” (Thompson & Strickland, 2001). Strategy creates a path and sets direction to actions taken within a company by different role players. Porter (1998) argues that the essence of formulating a strategy is to relate an enterprise with its industry. The reason for this is that there are five forces driving competition within an industry. If the enterprise does not analyze the environment (industry) for the existence and the influence of these forces on itself, it may draw ineffective and inefficient conclusions with regard to capital investments. Therefore, Porter (1998) suggests that companies must analyze their environment with regard to the following forces before formulating a strategy, namely: Internal factors (Variables)-strengths and weakness, personal values of key role players; External factors (variables) – industry opportunities and threats, broader societal expectations.

Porte (1998) explains that a thorough analysis will enable the enterprise to position itself to utilize these forces in its favour and to best defend itself against such competitive forces. It must emphasis that it

is the strategy decided upon that will influence capital investment decisions rather than the industry analysis .

The reason is that external variables within an industry may be constant , relative to other enterprises within the same industry, internal variables vis-à-vis external variables and consequently strategies implemented by various enterprises within the same industry may differ .

Entrepreneurship is a process of creating value by bringing together a package of resources to exploit opportunities through a creative state of mind that can see a way round impossible barriers and react to unexpected problems as opportunities along the way (puvewal, D. and Seidle, R 2005). This implies that co-operative leaders ought to understand that opportunities are many but must be tapped at the right time before someone else grasps them or other factors complicate the landscape and diminish them. Many factors including competition, technology, labour, markets and globalization have made external environment very turbulent.

There are three possible outcomes that exist in the co-operative marketing and entrepreneurship which includes the birth of the business within an existing co-operative, transformation of existing co-operative and finally the innovation. Within the Kenyan co-operative movement co-operative insurance company (CIC) and the Co-operative Bank of Kenya adapted to co-operative marketing and entrepreneurship that is the continuous development of new products and internal co-operative venturing many years ago. That's how they managed to survive in the highly competitive financial services sector.

Its also important therefore that co-operative education and training should be taken seriously if SACCOs are to compete side by side with other business organizations and be able to fulfill members aspirations. Improvement and standardization of training and education in the co-operative movement has been emphasized in every development plan since independence (Kamau 2006).

2.3.5 Financial stability and performance of SACCOSs

According to Kibera (1996), management can be defined as a set of activities directed at the efficient and effective utilization of resources in pursuit of one or more objectives the resources are usually people, machines, materials, time and managerial know-how.

As SACCOs enter into the competitive financial market, it is now becoming increasingly important for them to address the critical marketing elements that will give them a competitive edge in the existing market that has its rules and standards. Being able financially to effectively and efficiently serve the members and customers needs at the right time is one of these important aspects.

According to Carilus Ademba of SACCO Society Regulatory Authority, SACCO Review (2011) the new rules contained in the Societies Act will give Saccos a four year grace period to fully comply. To ensure Saccos stay within their core business, investment in non interest earning assets to be restricted to 10 percent of total assets while investments in land and buildings are capped at 5 percent the same ceiling placed for loans to directors and staff. This therefore improves financial stability of SACCOs to meet their client needs.

Saccos are a guaranteed way of ensuring an effective financial penetration at the grassroots. They provide structures that have a reach in enabling rural communities to access credit conduct business and pool resources.

In terms of the UN Millennium Development goals (MDGs), it has been realized that the sure way to address the eight issues with poverty topping the list is to use the co-operative structures which provide a vibrant socio-economic structure for meeting relevant community needs.

According to Mwaura (2005) lack of credit analysis, credit follow ups as well as a hostile lending are key factors that contribute to poor performance in loan lending by Sacco societies in Kenya.

According to Muchemi (2005), non profitable investments should be discouraged because, despite the enormous amount of resources put in such projects, returns are almost nil, hence reducing the capital base where interest is drawn from.

The processing of loans in the SACCOs in Bomet County should be enhanced so that it can take the shortest time possible, multiplying factor ought also to be improved to more than three times the number of deposits to reduce the dissatisfaction from the members. Efficiency and effectiveness is key role that the management needs to put more emphasis in the delivery of services to avoid unnecessary long queues in their premises. Dividends once declared should be paid to motivate members invest more in shares and gain confidence.

2.4 Conceptual Framework

To conceptualize is to determine what will be measured and conceptualization of this study involves determination and explanation of the research variables. The conceptualization in this study will be based on the following variables: Management competency, personnel, computerization, market competition, financial stability (independent variables) and performance as the dependent variable as shown below.

Independent variables

Dependent variables

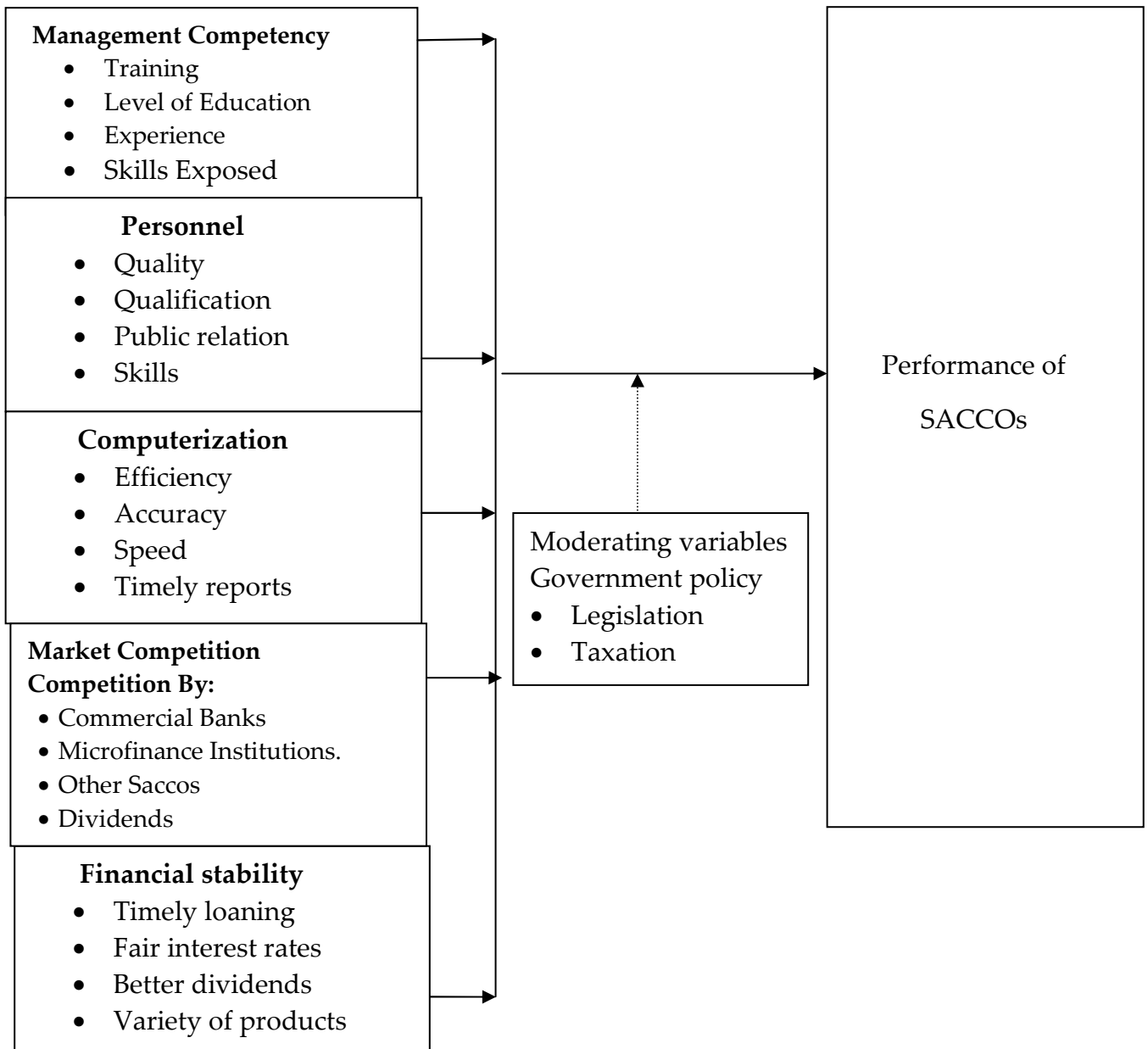


Figure 2.1

2.4.1.Explanation of Variables.

Performance of SACCOs is not governed by one or two factors, because the performance problem is not simply one of replacing old equipment by a new one, but is concerned with replacing an existing process in a system with another process which makes the entire system more effective. We discuss below some of the factors that influence performance.

2.4.2. Management Competency

If the management is progressive and has an aggressively marketing and growth outlook, it will encourage innovation and favor capital proposals which ensure better productivity on quality or both. In some industries where the product being designed is a simple standardized one, innovation is difficult and management would be extremely cost conscious. In contrast, in some industries, a firm cannot survive, if it follows a policy of 'make-do' with its existing equipment. The management has to be progressive and innovation must be encouraged in such cases.

The focus of co-operative governance will ensure long-term strategic objectives and plans are established and that proper management structure is in place to achieve those objectives while at the same time making sure that the structure functions to maintain the company's integrity, reputation and accountability to its relevant constituencies. The right systems of check and balances should be on the basis of merit or any corporate governance system. Skillful persons are entrusted with this responsibility.

2.4.3 Personnel

Leadership is a major factor in co-operative organization and management development. Co-operatives deserved visionary competent, dynamic and professional leadership given their elaborate business model of ownership, purpose, structure, principles and values. Inappropriate interpretation and application of co-operative principles inhibits the development of many co-operative enterprises in Kenya. If co-operatives are led and managed prudently they can provide alternative channels to ordinary people to improve their quality of life and fight increasing pangs of poverty.

Increased emphasis on the training of members and training of personnel will therefore continue to be maintained. The education and training core related to the needs of co-operatives and the community and its goals are geared towards the development of the individuals talent and capacities to the full. Professionalism is key in the management of personnel and SACCO businesses.

2.4.4 Computerization

Globalization and application of rapidly changing technologies in the free market economic systems have led to ever increasing corporate dominance of big corporations. At the bottom of the multinational corporations is a mix of thousands of small and medium size business enterprises, including co-operatives, operating in fiercely competitive markets (Davis and Donaldson, 1998). The co-operative business model and structure, given its superior societal concept, offers opportunities to introduce desirable elements of consumer choice, economic democracy and distributive justice to small producers, workers and consumers to counter the distortion of markets and other inadequacies of the multinationals. The co-operative system, especially in Kenya, has potential for equitable wealth and employment creation. But despite the well known co-operative business model advantages, they cannot hope to overcome or even match competition in the market place unless they embrace, exploit and sustain change, new technology and competitive strategies. The Kenyan co-operative have to shed their traditional silo business structures and adopt comprehensive and integrated infrastructures. Silostructures here refer to co-operative organizations that specialize in a single commodity or service. Developing and increasing the use of Information Technology will provide co-operatives with networking and innovative opportunities to strengthen their niche and competitive advantages. Co-operatives can position themselves to have integrative infrastructures that create possibilities of transiting from local to national, regional and ultimately global levels through innovations, networks, consolidations or mergers. Change is important for growth and change is driven by creative ideas and technology.

2.4.5 Market Competition

Competitors' strategy regarding capital investment exerts significant influence on the performance of a company. If competitors continue to install more equipment and succeed in turning out better products/services, the existence of the company not following suit would be seriously threatened. This reaction to a rival's policy regarding capital investment often forces decision on a company. As SACCOs therefore enter into the competitive financial market, it is becoming increasingly important for them to address the critical marketing elements that will give them a competitive edge in the existing markets that has rules and standards.

2.4.6 Financial stability

The role of SACCOs in promoting and incubating co-operatives ventures similar to rural banking SACCOs should be emerged. The saccos non performing assets should be activated and reinvested in more vibrant and productive areas. The saccos have to reinvent or have their roles reviewed to survive the threats that are likely to face many types of intermediaries because of technology and other factors. Co-operatives need to give priority to education, training, leadership, marketing, technology, research and product development, product and service innovations or value addition to stimulate co-operatives organizations growth.

2.5 Summary of the literature review

From the literature review in this section its noted that there are factors influencing the performance of savings and credit co-operative societies and these factors were addressed.

According to KUSCCO (2000) co-operative societies in Kenya vary in size. The size of an enterprise is especially important in its economic aspects. One of the problem in every co-operative society is to reach a size which allows the economic effects or co-operation to gain their full advantage. The disadvantage of small co-operatives are that their unfavourable cost structure limits their ability and competitiveness such that they cannot afford qualified staff and the specialized equipment necessary to a

high standard of service, that they have difficulties in gaining the access to credit and that they are restricted in their advertising techniques. Further research will undertake to establish whether the factors determining the performance of SACCOs affect the big and small SACCOs annually. It should also be found out whether the factors impact the same on urban and rural SACCOs on the same way. This research sought to establish among others the impact of management competency, personnel, computerization, market competition, and financial stability on savings and credit co-operative societies which became an evidence that performance of Saccos depends on these factors. The research also sought to establish why despite past studies problems still persist. Exploration of the possibilities to overcome the persistent factors influencing performance should continue. The study therefore sought to exhaustively explore these factors and gave suggestions as to how negative influences could be eliminated and advice on how to take advantage of them for the stable well being of the SACCO movement. The study also accessed the applicability of the reforms taking place in the sector. Suggestions earlier put forward by other researchers which have not been considered to date, have also been looked into.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter begins by addressing the research design of the study. It goes a head and discusses the target population, Sample size and Sampling Procedures and instruments. A method of pretesting is reviewed and finally discusses the methods of data collection and data analysis methods used.

3.2 Research Design

In this study a descriptive survey was used. Descriptive research portrays an accurate profile of persons, events, or situation (Robson, 2002). Surveys allow the collection of large amount of data from a sizeable population in highly economical way. It allows one to collect quantitative data, which will be analyzed quantitatively using descriptive and inferential statistics (Saunders et al 2007). Therefore, the descriptive survey was deemed the best strategy to fulfill the objectives of this study. Descriptive Research is the investigation in which quantity data is collected and analyzed in order to describe the specific phenomenon in its current trends, current events and linkages between different factors at the current time. Descriptive research design was chosen because it enabled the researcher to generalize the findings to a larger population.

3.3. Target Population

According to Cooper and Schindler (2000), target population is the total collection of elements about which we wish to make inferences. This definition ensures that target population of interest is homogeneous. Target Population studies also called census are more representative because everyone has equal chance to be included in the final sample that is drawn. The population consisted of all the 28 savings and credit co-operative societies (SACCOs) in Bomet County. The researcher targeted a total population of 150 SACCO staff and members who were categorized into three namely:

Senior management Level, Middle Level and members.

3.4 Sample size and Sampling Procedures.

The sample size of this study was all staffs in the management level and members in Sacco's in Bomet County. The researcher conducted a census study. According to Cooper & Schindler (2007), a census is feasible when the population is small and necessary when the elements are quite different from each other. When the population is small and variable, any sample we draw may not be representative of the population from which it is drawn. Therefore, for this case, the study was appropriate for researcher to choose census method to be used because the population was small and the institutions were easily assessable to reach. Noting that performance impacts the organization as whole (all departments), the researcher interviewed the senior managers and members across all departments from the selected SACCOs. According to Krejeie and Morgan (1970) a sample size of 108 is appropriate for a target population of 150.

Table 3.1 Sample Size.

Category	Target population	sample size
Senior management level	50	36
Middle level management	50	36
Members	50	36
Total	150	108

3.5 Research Instruments

The researcher collected primary data through self administered questionnaire. According to Sproul (1998), a self administered questionnaire is the only way to elicit self report on people's opinion, attitudes, beliefs and values. Primary data was obtained through self-administered questionnaires with closed and open-ended questions (see appendix I). As much as possible, a 5-point likert scale was used. The questionnaires included structured and unstructured questions and was administered through drop

and pick method to respondents who were senior managers and members in the organization. The closed ended questions assisted the researcher to collect quantitative data while open-ended questions enabled the researcher to collect qualitative data.

3.5.1 Piloting Instruments

A pilot study was conducted to test the accuracy of the instruments. This was done before the actual fieldwork. This involved 10 individuals who were part of the sampling frame but who were not in the sample. The reason for the pilot study was to test questions. Some questions may have been vague sensitive, instructive or difficult hence may not hadelicited the wanted responses, or worse still, they may had elicited no responses at all.

Such questions could be changed. The pilot studywas also expected to give an estimate of the time that it took to complete one instrument.

3.5.2 Validity of the research instrument

Validity is the extent to which an instrument captures what it purports to measure ,It is the accuracy and meaningfulness of inference which are based on the research results .It is the degree to which results obtain from the analysis of data actually represent the phenomenon under study (Mugenda & Mugenda ,2003).validity deals with how accurate the instrument represent the variables of the study .If a method is valid then differences in results between individuals or groups or organizations can be taken as representing true differences in the characteristics under study (ibid).Content validity of a measuring instrument is the extent to which it provides adequate coverage of investigative questions guiding the study (Mugenda & Mugenda,2003).These experts looked at every question in the questionnaire and made appropriate recommendations which were taken into improving the instrument .

3.5.3. Reliability of Research instrument

Reliability is a measure of the degree to which research instrument yields consistent results or data after repeated trials. Reliability in research is influenced by random error (Mugenda & Mugenda, 2003). This definition implies one method for assessing reliability the test-retest method, where the research is exactly replicated. A comparison of the two application indicates the reliability, or lack of it.

3.5.4 Data collection procedure

3.5.5 Observation

Observation involves a situation where the researcher presence in a social context is maintained for scientific investigation/ purpose.

In this case the researcher maintained a constant presence with members and staff of the Saccos in Bomet County. During visits to various Saccos, observed the types of Sacco projects in their premises and gender dynamic in terms of who between men and women was doing what in the respective offices. Detailed observation was important because it was used to verify some of the information produced during interview session. Observation was used throughout during data collection and was mainly to produce qualitative data.

3.5.6 Survey Method

This was the main method of data collection that involved the use of a questionnaire as the instruments for data collection. The semi-structured questionnaire was issued to 150 respondents who were senior managers and members in the organization. The closed ended Questionnaires assisted the researcher to collect qualitative data.

3.6. Dataanalysis Techniques.

The whole process starts immediately after collection and ends at the point of interpretation and processing data is data analysis (Cooper & Schindler, 2003). The data analysis method that was used was based on quantitative approach using descriptive statistics. The collected data was thoroughly examined and checked for completeness and comprehensibility. The data was summarized, edited, classified, coded and entered. This ensured a better and efficient analysis. The coded data was entered into the Statistical Package for Social Sciences (SPSS) for analysis.

Descriptive statistics such as mean, standard deviation and variance was used to analyze the data. SPSS was used to perform the analysis as it aided in organizing and summarizing the data by the use of descriptive statistics such as tables, charts and graphs including frequency percentages of subgroups to the total population for disclosing reliability of the study also helped to measure variables, distribution size, shape and their relationship. This ensured that the gathered information was clearly understood.

The study also used inferential statistics such as the Pearson correlation and the regression to test the strength and the relationship between dependent and independent variables.

3.7. Ethical Issues

During the planning and period of carrying out the research, as well as in reporting research findings, there were certain considerations and obligations that the researcher had to fulfill in the course of the work. During the data collection, the management and members of organizations selected were approached in the course of doing study and were informed about the nature of the study, through a formal letter, requesting for permission to carry out data collection in their organizations, stating the objectives of the study and any risks to the business that the study could create by involving its employees. The confidentiality of the respondents was upheld and the information collected was used for this research only. This study also adhered to the principles of research and the research findings which were solely for academic purposes.

Table 3.2 OPERATIONALIZATION TABLE

OBJECTIVES	VARIABLES	INDICATORS	MEASURES	SCALE
1. To determine the extent to which management competency influence the performance of savings and credit co-operative societies in Bomet county	Management competency	Training level of education	If the management are trained on management issues	Nominal
		Experience	If the management have the right educational qualification How experienced the management are in the management roles and duties	Nominal Ordinal
		Skills exposed	How much the management been exposed to various fields	Ordinal
2. To determine the extent to which personnel influence the performance of Saccos in Bomet County	Personnel	Qualification ,	If the personnel are qualified enough in their respective offices	Nominal
		Professionalism	If the personnel work with professionalism	Nominal
		Skills	If the personnel have the necessary skills, training and experience in delivery of service	Nominal
		Public relation	How personnel interact with the members and customers	Ordinal
3. To determine the extent to which computerization influence the performance of Saccos in Bomet county	Computerization	Efficiency	How efficient the services are in the Saccos	Ordinal
		Accuracy	How accurate the information's are as transacted and produced in the Saccos	Ordinal
		Speed	If the software work with speed that serves the purpose	Nominal

		Timely reports	If the reports are timely generated when required	Nominal
4. To determine the extent to which market competition influence performance of Saccos in Bomet County	Market competition	Competition from commercial banks	If Saccos are able to compete well with commercial banks	Nominal
		Micro- financial institutions	If micro-finance institutions give competitive products than saccos	Nominal
		Other saccos	How saccos among themselves compete in their business in search for members and customers	Ordinal
		Dividends	How often the dividends are paid to the sacco clients	Ordinal
5. To determine the extent to which financial stability influence the performance of Saccos in Bomet county	Financial stability	Timely loaning	If loans are continuously given out when demanded	Nominal
		Fair interest rates	How interest rates on deposits and savings favour members and FOSA customers	Ordinal
		Variety of products	If there are variety of products that meets the customers needs	Nominal
		Better dividends	If the dividends paid is better than those of other financial institutions	Nominal

CHAPTER FOUR

DATA ANALYSIS PRESENTATION AND INTERPRETATION

4.1 INTRODUCTION

This chapter presents the analysis and results of the study. The analysis is based on the data collected from the questionnaires sent to the employees and members. 150 questionnaires were sent to the field and 110 were successfully dully filled.

4.2 Response Return Rate

With regard to the sample design a total of 150 respondents were targeted, 73%of the respondents gave back their questionnaires. This was a result of the fact that some of the respondents were members who took the questionnaires home and were unable to bring themback and some of the senior managers went on leave and some attended some courses outside their offices.

4.3 Demographic information

In this section the researcher sought to find out the personal characteristics of respondents who took part in the study; this include information such as gender, age, marital status, position/rank, years worked in the SACCO and highest academic qualification attained.

Table 4.1 Gender of the respondent

SEX OF THE RESPONDENTS	FREQUENCY	PERCENTAGE
Male	65	59
Females	45	41
Total	110	100

Sources: Research, 2012

Findings in table 4.1 revealed that there were more males than females respondents that participated in the study. Males comprised of 59% while 41% were female respondents.

Table 4.2 Age of the respondents

Age bracket	Frequency	Percentage
20-25 years	5	5
26-30 years	20	18
31-35 years	23	21
36-40 years	40	36
Above 40 years	22	20
Total	110	100

The results in table 4.2 above revealed that majority of the respondents had ages between 31-35 years and 36-40 years old. This is the age considered as the age of maturity and experience by the SACCOs in the county.

Table 4.3 Position /Rank

Position/ Rank of the Respondents	Frequency	Percentage
Senior management level	34	31
Middle level management	46	42
Members	30	27
Total	110	100

Source: Researcher, 2012

Findings showed in table 4.3 revealed that majority of the respondents were in middle level management comprising 42 percent while 31percent were in senior management level and 27percent were members.

Table 4.4 years worked or in membership in the company

Years in the Sacco	frequency	percentage
Less than 3 years	12	11
3-5 years	15	14
6-7 years	30	27
8-10 years	28	25
Above 10 years	25	23
TOTAL	110	100

The results revealed that most of the respondents had worked for a period 5-7years comprising 27percent while 25percent had worked for a period of between 8 and 10years. Only 11 percent had worked for a period of 3 years.

Table 4.5 Academic qualification

Level of education	Frequency	Percent
O-level	8	7
Certificate	20	18
Diploma	38	35
Degree	32	29
Masters	12	11
Total	110	100

Results in Table 4.4 above indicated that most of the respondents had diploma level of education comprising 35% while 29% had degree level of education, 18% had certificate level of education, 11% had masters degree level of education while 7% had O level qualifications.

Table 4.6 Marital status of the respondents

Marital status	Frequency	percentage
Married	98	89
Not married	12	11
Total	110	110

Its clear from the findings in the table 4.6 that most (89%) of the respondents were married. It was observed that marital status goes along with responsibilities and demands.

4.4 Factors influencing performance of savings and credit co-operative societies in Bomet County

The Purpose of this study was to investigate the factors influencing the performance of savings and credit co-operative societies in Bomet County.

The respondents indicated that performance of their respective SACCOs are influenced by management competency, personnel, computerization, market competition and financial stability.

4.4.1 Influence of management competency on performance of SACCO.

This section inquired on the extent management competency influence performance of the Saccos.

Table 4:7 Influence of management competency on performance of SACCO.

Management competence	frequency	Percentage
Influences business growth	55	50
Encourages more members to join	33	30
Improves decision making	21	19
Has little impact	1	1
Total	110	100

The result in table 4.7 above revealed that majority of the respondents did agree that management competence influence performance of Saccos. The scores of 55%, 33%, 21% on management competency supporting that it influences business growth, encourages more members to join and improve decision making while 1% showed that it has little impact.

4.4.2 Influence of personnel on performance of Saccos

In establishing whether personnel influence the performance of SACCOs in Bomet County the respondents were asked if they were in agreement with the statement that personnel improves professionalism, link Board and members, recruit more members and give skilful services as these are the main personnel roles.

Table 4.8 Influence of personnel on performance of Sacco

Personnel	Frequency	percentage
Improves professionalism	53	8
Link board and members	11	10
Recruit more members	18	16
Giveskilful services	31	28
Total	110	100

From these results, personnel in an organization play important roles and thus influence the performance of Saccos in many ways as indicated above by the respondents. Personnel improves professionalism 48%, gives skilful services 28%, recruit members 16% and link board and members.

4.4.3 Influence of computerization on performance of Saccos.

This section inquired on the extent of agreement on the influence of computerization on the performance of the Saccos.

Table 4.9Extent computerization influence performance of Sacco

Influence of computerization on performance of Saccos	Frequency	percentage
Improves efficiency	72	65
Reduces errors	13	12
Creates more confidence	16	15
Improves Sacco General Business	9	8
Total	110	100

Result revealed that computerization influence the performance of Saccos as the system serves in the improvement of efficiency of services as was shown by scores of 65%, creates confidence 15%, reduces errors 12% and improves the general Sacco business 8%.

4.4.4 Extent market competition influence performance of Saccos.

This section sought to determine the extent market competition influence performance of Saccos. This majorly discussed on the impact of competition from other competitors.

Table 4.10Extent market competion influence performance of Saccos.

Influence of market competitors Performance of Saccos	Frequency	percentage
Commercial banks	66	60
Micro finance institutions	30	27
Self help groups	4	4
Other Saccos	10	9
TOTAL	110	100

It is evident from the response of majority of the respondents that SACCO faces competition mainly from commercial banks and micro-finance institutions and therefore the management need to improve on their marketing strategies to overcome the challenge and also for them to be competitive and win the market share.

4.4.5 Influence of financial stability on performance of SACCOs

The researcher inquired in this section the extent the respondents would agree on the influence of financial stability on the performance of SACCOs.

Table 4.11 Influence of financial stability on performance of Sacco.

Influence of financial stability on performance of SACCOs	Frequency	Percentage
Makes the Sacco meet her obligation	46	42
Members loan demand is attended to on time	37	34
Members' confidence is built.	16	14
Experience less liquidity problem	11	10
Total	110	100

42 % of the respondents indicated that financial stability makes SACCOs meet their obligations, 34% agreed that members loan demand is met when the Sacco is sound financially. It is therefore conclusive that financial stability influence Sacco performance in so many important ways.

4.5 Other activities or projects the Sacco invested in

This section of the study inquired on the extent the organization has invested in various projects or activities and utilized a scale of 1-5 where 5- very great extent, 4 great extent, 3 moderate extent, 2 little extent and 1 no extent. Table 4.12 summarizes the findings that were recorded.

Table 4.12 Other activities or projects the Sacco invested in

Projects or activities	Frequency	Percentage
Training and marketing	46	42
Product innovation	28	25
Modern technology (ATM, E-banking, computerization)	20	18
Other investment such as adverting, research and development and management consulting	16	15
Total	110	100

Source: Researcher 2012.

Findings from Table 4.5 above showed that the organization had invested majority in training and marketing comprising of 42%, 25% was invested in product innovation while 18% was invested in modern technology and only 15 percent in advertising research and development management. The study further inquired on what other investment projects or activities the organization was planning to undertake. The respondents cited other projects such as establishing college, real estate and investing in information technology.

4. 5.1 Sound SACCO performance evaluation criterion

This section inquired on the extent of agreement on various statements on sound SACCO performance evaluation criterion. Likert scale of 1-5 where 5 strongly agree, 4 agree, 3 neutral, 2 disagree and 1 strongly disagree was utilized.

Table 4.13 Sound SACCO performance evaluation criterion

Sound performance evaluation criterion	Frequency	Percentage
It should consider all cash flows to determine the true profitability	24	22
It should provide for an objective and an ambiguous way of separating good projects from bad projects	21	19
It should help ranking of projects according to their time profitability	19	17
It should recognize the fact that bigger cash flows are preferable to later ones.	10	9
It should help to choose among mutually exclusive projects that maximizes the shareholders wealth.	28	26
It should be a criterion which is applicable to any conceivable investment project independent of others	8	7
Total	110	100

Results revealed that most respondents strongly agreed that sound SACCO performance evaluation criterion should help to choose among mutually exclusive projects that maximizes the shareholders wealth, it should consider all cash flows to determine the true profitability of the project, it should provide for an objective and unambiguous way of separating good projects from bad projects, it should help ranking of projects according to their true profitability and it should be a criterion which is applicable to any conceivable investment project of others.

4.5.2 Importance of performance

This section inquired on the extent of agreement on various statement on SACCO performance. This section used likert scale of 1-5 where 5 strongly agree, 4 agree, 3 neutral, 2 disagree and 1 strongly disagree.

Table 4.14 Importance of SACCO performance

SACCO performance	Frequency	Percentage
It influence customers confidence and trust.	24	22
Attracts investors to save with the SACCO	18	16
It provides staff job security	20	18
It ensures health returns to the shareholders	18	16
It provides an indicator of sustainability	30	28
Total	110	100

Most respondents agreed that SACCO performance provides the SACCO sustainability in the long run, it influence the customers confidence and trust; provides staff job security and ensures good returns to the shareholders as was shown by the scores of 22%,16%,18%,16% and 28% respectively.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section of research provides a discussion on the findings of the research, the conclusions of the study and the recommendations of the study which sought to investigate the factors influencing the performance of savings and credit co-operative societies in Bomet County.

5.2 Summary

This section of this chapter confirms the stated objects. It gives the strength of each factor and the perception of each respondent.

From the analysis in chapter four, the study found that most of the respondents were male comprising of 59 percent while 41 percent were females. Further, a majority of the respondents were in middle level management comprising 42 percent while 31 percent were in senior level management and 27 percent were members.

In addition, most of the respondents had worked or stayed in membership for a period between 5 and 7 years comprising of 27 percent while 25 percent had worked for a period of less than 3 years. Only 11 percent had worked for a period between 3 and 5 years and 25 percent had worked for a period of 8 and above 10 years. On education, most of the respondents had diploma level of education comprising of 38% while 30% had degree level of education, 13% had certificate level of education, while 12 percent had masters level and 7% had O level qualifications.

From the analysis in chapter four it is evident that the performance of SACCOs depends on the management competency, personnel, computerization, market competition as well as financial stability.

The presence or absence of long term investment also influences the performance of the SACCO as indicated by the respondents in the questionnaires. The response was high enough to enable the generalization of the findings to cover for all the SACCOs under study.

5.3 CONCLUSION

Considering the responses that were received, the following conclusion can be made:

5.4.1 Management competency

Most of the respondent indicated that the employee training influence the SACCO performance which means that the SACCO performance is dependent on education and training of the staff, board members and general membership. Education and training is considered by the employees and the members of the SACCO as critical in their performance as it would provide new information and skills which enhance performance by the members.

5.4.2 Personnel

The majority of the respondents indicates that leadership is a major factor in co-operative organization and management development. Saccos deserve visionary, competent, dynamic and professional members of staff for their Success.

Continuous staff training need to be emphasized and maintained.

5.4.3 Computerization

On the area of computerization, most respondents strongly agreed that there is urgent need for all the Saccos to adapt modern technology and in particular computerization of services for effectiveness and efficiency. The Sacco management ought to identify suitable hard and softwares based on their needs.

5.4.4 Market competition of the study

The fourth objective was to examine the extent to which market competition influences the performance of SACCOs. It was found out that marketing of SACCO products and services, innovation and branding of new products together with the adoption of modern technology play key and significant roles in the competitiveness of SACCOs in the delivery of their services.

5.4.5 Financial stability

As SACCOs enter into the competitive financial market, it is now becoming increasingly important for them to address the critical marketing elements that will give them a competitive edge in the existing market that has its rules and standards. Being able financially to efficiently and effectively serve the customers' needs at the right time and to their expectation is one of the most important aspects.

5.5 Recommendation for the study

The study provided a fertile ground to understand the factors that influence the performance of SACCOs in Bomet County. The conclusion made thereof provides a basis for these recommendations. The management of these SACCOs should focus their attention on these as they provide a backbone for their performances. It is therefore recommended that the same factors should be considered and implemented to improve the performance of these SACCOs.

5.5.1 Policy Recommendation

1. The management should provide training and education for the staff and committee members as well as their general members so that they can improve their contributions and shares. The management should also provide training on the areas of public relations and marketing to enhance marketing competitiveness and professionalism.

2. The SACCO management should also invest majority on advertising, research and development and management consultancy for the continuous improvement of their products and services.
3. Moreover there is need for the SACCO management in Bomet County to improve Capital investment decision and there is need to involve commitment of large amount of funds by the management
4. The management should encourage members to save and accumulate funds for long term investment.

5.5.2 Recommendation for further studies

From this study the following suggestions for further studies are made.

1. Similar studies should be carried out in other parts of the country focusing on factors influencing the performance of savings and credit co-operative societies.
2. There is need to look at other factors, including the effects that are emerging like HIV/AIDS has on the performance of SACCOs.
3. A study is also required to look at the general sustainability of savings and credit co-operative societies.

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APPENDICES

APPENDIX 1: Questionnaire

Instructions: *Tick where appropriate*

Section A: Demographic Information

1. Name (Optional).....
2. Kindly indicate your gender
Male [] Female []
3. Age
20-25 years []
26-30 years []
31-35 years []
36-40 years []
Over 40 years []
4. Marital status
Single []
Married []
Separated []
Divorced []
Widow/widower []
5. Position/Rank []
 Senior Level Management []
 Middle level Management []
 Member []
6. How many years have you worked or been a member in the Company?
Less than 3 years []
3 -5 years []
6 -7 years []
8 – 10 years []
Above 10 years []
7. What's your highest academic qualification?
 O – level []
 Certificate []
 Diploma []

Degree []

Masters []

Any other(Specify)

Section B

8. To what extent has your SACCO invest in the following projects or activities? Use a scale of 1-5; where 5 very great extent, 4 great extent, 3 moderate extend, 2 little extent and 1 not extent.

	1	2	3	4	5
Training and marketing					
Product innovation					
Modern technology (ATM, E-Banking, computerization)					
Other investment projects such as advertising, research and development and management consulting					

9.What other investment projects or activities is your SACCO planning to undertake other than the one named above?.....

.....
.....

Section C

10. To what extent do you agree that management competency influence performance of your Sacco?

Use a scale of 1 – 5 where: 5 strongly agree, 4 agree, 3 neutral, 2 disagree and 1 strongly disagree.

Management competency	1	2	3	4	5
Influences Business growth					
Encourages more members to join					
Improves decision making					
Has little impact					

11. Do you think that personnel in your Sacco influence the performance of your Sacco?

Yes [] No []

If yes use a scale of 1 – 5 where 5 very great extent, 4 great extent, 3 moderate extent, 2 little extent and 1 no extent.

Personnel	1	2	3	4	5
Improves professionalism					
Link the Board and the members					
Recruit more customers					
Gives skilful services.					

12. To what extent do you agree that computerization influence performance of your Sacco?

Use a scale of 1 – 5 where 5 very great extent, 4 great extent, 3 moderate extent, 2 little extent and 1 no extent.

computerization	1	2	3	4	5
Improves efficiency					
Reduces errors					
Creates more confidence					
Improves Sacco general business					

13. Do you agree that the following institutions are your Saccos competitors?

Use a scale of 1 – 5 where 5 very great extent, 4 great extent, 3 moderate extent, 2 little extent and 1 no extent.

market competitor	1	2	3	4	5
Commercial banks					
Micro-finance Institutions					
Self help groups					
Other SACCOs					

14. To what extent do you agree the following statements on the influence of financial stability on performance of your Sacco?

Use a scale of 1 – 5 where 5 very great extent, 4 great extent, 3 moderate extent, 2 little extent and 1 no extent.

Financial stability	1	2	3	4	5
Make the Sacco meet her obligation					
Members loans demand is attended on time					
Members confidence is built					
Experience less liquidity problem					

15. To what extent do you agree with the following statements on long-term investment decisions?

	1	2	3	4	5
Capital investment decisions involve the largest tangible investments of our organization					
Effective and strategic capital investments ensure greater competitiveness					
Capital investment decisions influence the very survival and prosperity of our organization					
Ineffective and inefficient investments may result in cash flow problems for the company					

Section D

16. To what extent do the following factors influence performance in your organization? Use a scale of 1 – 5 where 5 very great extent, 4 great extent, 3 moderate extent, 2 little extent and 1 no extent.

	1	2	3	4	5
Management Competency					
Personnel					
Computerization					
Market competition					
Financial stability					

Section E

17. To what extent do the following statements on sound SACCO performance evaluation criterion? Use a scale of 1-5 where 5 strongly agree, 4 agree, 3 neutral, 2 disagree and 1 strongly disagree.

	1	2	3	4	5
It should consider all cash flows to determine the true profitability of the project					
It should provide for an objective and unambiguous way of separating good projects from bad projects					
It should help ranking of projects according to their true profitability					
It should recognize the fact that bigger cash flows are preferable to smaller ones and early cash flows are preferable to later ones					
It should help to choose among mutually exclusive projects that project which maximizes the shareholders' wealth					
It should be a criterion which is applicable to any conceivable investment project independent of others.					

Section F

18. Importance of performance

To what extent do you agree with the following statements on importance of SACCO performance? Use a scale of 1 -5 where 5 strongly agree, 4 agree, 3 neutral, 2 disagree and 1 strongly disagree.

	1	2	3	4	5
It influence customers confidence and trust					
Attracts investors to save with the SACCO					
It provides staff job security					
It ensures healthy returns to the shareholders					
It provides an indicator of sustainability					

End

Thanks for your co-operation.

APPENDIX 2
LETTER OF TRANSMITTAL
TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: PERMISSION TO CARRY OUT RESEARCH IN YOUR SACCO

My name is JoseahKiprono Langat Reg. No. L50/62352/2012 of the University of Nairobi. I am carrying out this research for the partial fulfillment of the requirement for the award of Master of Arts degree in project planning and management of the University of Nairobi. My research shall be based on the investigating the factors influencing performance of savings and credit co-operative societies in Bomet county.

The factors you are going to give is for academic purposes and your identity and information will not be shared with anyone hence will be treated as confidential. Findings of the study shall upon request be availed to you.

Thanks.

Yours faithfully,

JOSEAH KIPRONO LANGAT
OF THE UNIVERSITY OF NAIROBI

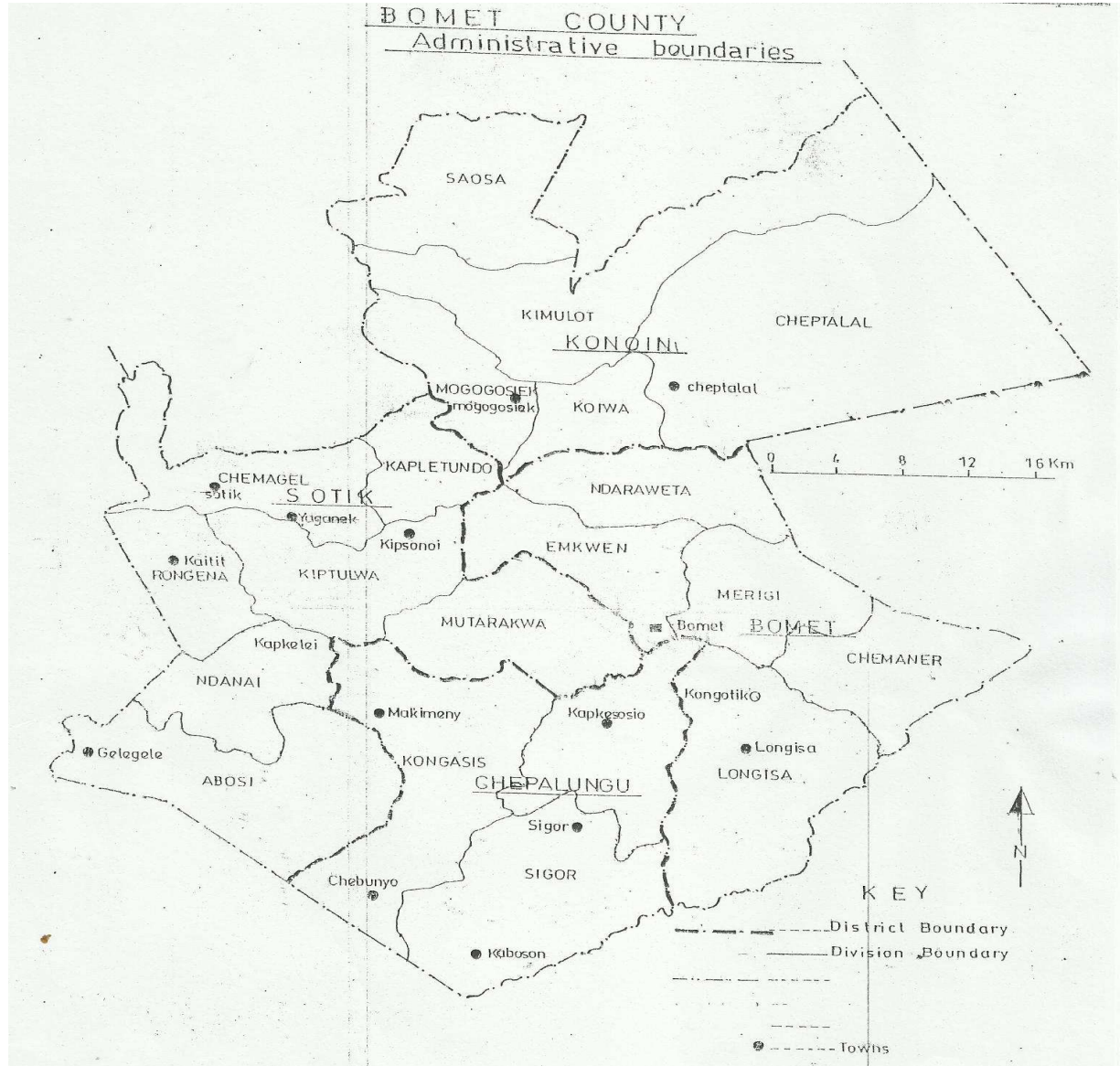
APPENDIX 3

BUDGET

ITEMCOST(KSHS)

Proposal typing printing	14,000
Photo copying	8,000
Travelling	20,000
Computer services	12,000
Binding	8,000
Miscellaneous	<u>10,000</u>
TOTAL	<u>Kshs 72,000</u>

APPENDIX 4.



APPENDIX 5

NUMBER OF REGISTERED SACCOS IN BOMET COUNTY

No of District	No of performing(active) SACCOS	No of low performing(dormant) SACCOS	Total no of SACCOS
BOMET	6	4	10
KONOIN	3	1	4
SOTIK	4	2	6
CHEPALUNGU	5	3	8
TOTAL	18	10	28

APPENDIX 6:

Table for Determining Sample Size from a given population

Population size	Sample size
10	10
20	19
30	28
40	35
50	44
60	52
70	59
80	66
90	73
100	80
150	108
200	132
250	162
300	169
400	196
1500	306
2000	322
3000	341
4000	351
5000	357
6000	361
7000	364
10000	370
20000	377
50000	381
100000	384

Source: **R.V. Krejcie and D. Morgan (1990), determining sample size for research activities Educational and psychological measurement.**