

**THE RELATIONSHIP BETWEEN DIVIDEND AND FINANCIAL
PERFORMANCE OF SAVING AND CREDIT CO-OPERATIVE
SOCIETIES REGISTERED BY SACCO SOCIETY REGULATORY
AUTHORITY IN NAIROBI COUNTY**

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DECLARATION

I declare that this Research Project is my original work and has not been submitted to any other university for award of a degree.

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This Research Project has been submitted for examination with my approval as the University Supervisor

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DEDICATION

To my family for their support and understanding during the period of study

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LIST OF ABBREVIATIONS

| | |
|---------|--|
| DTS: | Deposit Taking Saccos |
| DV: | Dividend |
| FOSA: | Front Office Service Activity |
| F.P: | Financial Performance |
| MM: | Modigliani and Miller |
| NPV: | Net Present Value |
| O.G | Organization growth |
| ROI: | Return on Investment |
| ROE: | Return on Equity |
| SACCOS: | Saving and Credit Co-operative Societies |
| SASRA: | Sacco Societies Regulatory Authority |

ABSTRACT

Dividend policy is a very important aspect of financial management but remains as the ten important unresolved problems in finance. This is because it affects such areas as the financial structure of the firm, the flow of liquid funds, liquidity and investor satisfaction. Not only do managers show extra care in their payout decisions, especially in changing payout decisions, but also the markets react strongly to dividend changes, and more so, to dividend omissions and initiation. One of the objectives of the members who are joining the SACCOs is to maximize their wealth. SACCOs which are not paying dividends have a problem with financial performance. In addition, managements of SACCOs are torn in between the payment of dividends or not pay and use the money in financing their debts or invest it. On the other hand the managements must meet the various needs of wealth maximization and paying the dividends to the stakeholders. For the management to be able to balance between the paying of dividends to the shareholders and again invest in projects that will provide returns to the organization is a major dilemma for the management. The objective of the study was to determine the relationship between dividends and the financial performance of Saccos registered by SASRA in Nairobi County. A descriptive research design was employed in this study. A census was conducted on the target population of 43 Saccos registered by SASRA in Nairobi County. Secondary data was collected from the financial statements of target population for the last five years. Regression model was used to find the relationship between the dependent variable (Financial performance) and independent variables (Dividend, leverage and organization growth). From the above regression model, the study found out that there were factors influencing the financial performance of Saccos registered by SASRA in Nairobi County, which are dividends, leverage and organization growth. They influenced it positively. Based on the findings, the study recommends that SACCOs should develop dividend policies to guide them in establishing and guiding them in surplus distributions. This will guide them on when to pay dividends, how to pay dividends and when to retain surpluses. It is also recommended that an investment policy should be developed and implemented. The study also recommends that shareholders should also understand that, payment of dividends only marginally reflects good subsequent periods earning prospect there are many other factors that influence future earnings including Sacco's investment policy, operating environment and taxes. Thus they also need to pay attention to these factors when analyzing performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Savings and Credit Cooperative Societies (SACCOs) are comprised of the fastest growing sub sector of the Cooperative Movement in Kenya, but also the most significant in impacting on the livelihoods of their members. In Kenya they are regulated through the Cooperative Act. In addition, the legal framework in Kenya is concerned, in 1931 the colonial government enacted the Co-operative ordinance which forbade the Africans to form or join Cooperatives but, in 1945 this was repelled and Africans were allowed to form and even join Co-operatives. In 1965, the pre-independence Government recognized the co-operatives and in 1966 the Co-operative Societies Act was enacted which allowed the Government to control and supervise the cooperatives through the commissioner of Co-operatives. A session paper was also prepared on African Socialism and development in Kenya. These principles were very important during the formation, management and the foundation of the Cooperatives (Kobia, 2011).

It's worth noting that Saccos represent one of the most important sources of financing in developing countries and in the last few years, Saccos have experienced tremendous growth all over the world. (Labie & Périlleux, 2008; Armendariz & Morduch, 2005; Magill, 1994). Today, there are more than 46,000 Saccos, serving about 172 million people in 92 countries. In 1996 in Africa, Asia and Latin America, a total of 20,512 Saccos were serving 16 million members; by 2006 the numbers had increased to 31,725 Saccos, serving more than 59 million members (WOCCU, 2006). Therefore, within 10 years, those regions have seen a growth rate of more than 54% in the number of Saccos, and more than 268% growth in the number of members (WOCCU, 2006). Given the impact of DTS' on

the economy and individual Kenyans, Sasra regulations could not have come at a better time than this.

According to the International Co-operative Alliance (ICA), Kenya's cooperative movement is the fastest growing in the world and is ranked the best in Africa and the 7th best in the World. The movement is a key source of employment. Currently, cooperatives employ over 500,000 people directly. 63 per cent of the Kenyan population derives their livelihood directly from cooperative-based economic activities. The Sacco societies will continue to play a vital role in deepening financial access for the benefit of financially underserved in Kenya. The Sacco sub-sector is part of the larger cooperative movement in Kenya which falls under the ministry of industrialization and enterprise (SASRA, 2011, Annual Report).

The Vision 2030 strategy among other things requires the financial services sector to play a critical role in mobilizing the savings and investments for development of the country by providing better intermediate between savings and investments than at present. This sector will assist the mobilization of investment funds required to implement the projects of Vision 2030. SACCOS are among the financial services strategies to be implemented in this exercise. Service provided by savings and credit cooperative organizations (SACCOS) and other major financial institutions will play a crucial role in improving the reach and access of financial services

1.1.1 Dividends

Dividend is a portion of a firm's net profit distributed to the shareholders in the case of Saccos to the members; it is paid in a fixed amount for each share of stock held. It may be

in form of cash or addition stock. A firm's dividend policy is the decision to either pay out earnings or to retain them for future investment in the firm. There are three schools of thought on dividend policy. The dividend irrelevance school believes that dividends do not really matter because they do not affect financial performance. This argument is based on two assumptions. The first is that there is no tax disadvantage to an investor to receiving dividends,

The second school of thought is that firms can raise funds in capital markets for new investments without bearing significant issuance costs. The proponents of the second school feel that dividends are bad for the average stockholder because of the tax disadvantage they create, which results in lower value. Finally, there are those in a third group who argue that dividends are clearly good because stockholders (at least some of them) like them and react accordingly when dividends are increased.

One argument to justify the payment of dividends is that dividends are cash in hand, while capital gains are cash in the bush. Capital gains to be received in the future should be riskier than the dividends received today (Bird in Hand Theory 1963).

1.1.2 Financial Performance

This is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. It is the measurement of the results of a firm's policies and operations in monetary terms. Financial performance can be measured using ROE (Return on Equity), ROA (Return on Asset), value added, etc. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to

compare similar firms across the same industry or to compare industries or sectors in aggregation.

Evaluating the financial performance of a business allows decision-makers to judge the results of business strategies and activities in objective monetary terms. There are different ways e.g. financial ratios that can be used to measure financial performance using available data. Financial ratios which use data from a firm's statement of financial position, statement of comprehensive income, statement of cash flows and certain market data are often used when evaluating the financial performance of a firm. Ghosh and Sirmans (2006) common dividend yield financial statements express financial items as percentages and are useful in evaluating financial performance. Trend analysis on the other hand evaluates a firm's performance overtime unlike comparative analysis which evaluates a firm's performance relative to other firms

1.1.3 Effect of Dividends on Financial Performance

For the SACCOs to pay dividends they must perform well financially. Dividend payout policies vary tremendously between different SACCOs. A study done by Michaely (1995) showed that the existence of positive excess returns on the firms after the initiation of dividends. Ghosh and Sirmans (2006) noted that companies paying high dividends attract investors, suppliers, customers, employees and hosts of other stakeholders. In addition, Kent *et al* (2005) stated that dividend policies are the measurement for the division of earnings between payments to stockholders and reinvestments in the firm. Dividend policies act as a yard stick that firms formulate and use as means of sharing their earnings between distributing to their shareholders and the retained earnings. The main aim of

dividends in a firm is shareholder's wealth maximization, to increase the value of the firm and to signal to stakeholders that the firm's finances are sound.

1.1.4 Sacco Societies Regulatory Authority

The Sacco Societies Regulatory Authority (SASRA) is a statutory state corporation established under the Sacco Societies Act (Cap 490B) of the Laws of Kenya which came into full operation upon the gazettelement of the Sacco Societies (Deposit-taking Sacco Business) Regulations, 2010 (the Regulations 2010) on 18th June 2010.

The establishment of SASRA falls within the Government of Kenya's reform process in the financial sector which has the dual objectives of protecting the interests of Sacco members and ensuring that there is confidence in the public towards the Sacco sector and spurring Kenya's economic growth through the mobilization of domestic savings and deepening financial access through affordable credits. SASRA regulates all DTS in Kenya which are currently 219 with 184 having been licensed.

The role of SASRA is to ensure effective and efficient regulatory mandate by being a key player in positioning Sacco's as vehicles for mobilizing savings and increasing financial access and promotion of social capital for investment in line with its strategy. This will enhance public confidence hence increase the level of savings and credits to members which is a key goal of vision 2030. (SASRA, 2010, Annual reports and financial statement).

1.2 Research Problem

According to Miller and Modigliani (1961), the effect of a firm's dividend policy on the current price of its shares is a matter of considerable importance, not only to management who must set the policy, but also to investors planning portfolios and to economists seeking to understand and appraise the functioning of the capital markets.

Dividend policy is a very important aspect of financial management but remains as the ten important unresolved problems in finance (Bearleys and Myers, 2002). This is because it affects such areas as the financial structure of the firm, the flow of liquid funds, liquidity and investor satisfaction (Weston and Brigham 1986). Not only do managers show extra care in their payout decisions, especially in changing payout decisions, but also the markets react strongly to dividend changes, and more so, to dividend omissions and initiations, as proved by Aharony and Swary (1980) and Michaely et al (1995). There are two distinct and opposing theories on dividend policy and its effect on financial performance, namely, the irrelevant dividend theory and the relevant dividend theory. The dividend policy controversy as sparked by these two opposing dividend theories have contributed hugely to the ongoing dividend debate as to whether dividend policy affects share price, financial performance and therefore the value of the firm (Lease et al., 2000).

One of the objectives of the members who are joining the SACCOs is to maximize their wealth. SACCOs which are not paying dividends have a problem with financial performance. In addition, managements of SACCOs are torn in between the payment of dividends or not pay and use the money in financing their debts or invest it. On the other hand the managements must meet the various needs of wealth maximization and paying

the dividends to the stakeholders. For the management to be able to balance between the paying of dividends to the shareholders and again invest in projects that will provide returns to the organization is a major dilemma for the management.

Malombe (2011) study on the effect of dividend policy on the profitability of SACCOs with FOSAs in Kenya found out that there is a positive but insignificant relationship between dividend policy and profitability. Njoroge (2001) study on the relationship between dividend policies and return on assets and return on equity for companies listed at the Nairobi Stock Exchange found that there is a positive correlation between dividends paid and both return on equity and return on Investment.

Most research done in Kenya portray a positive relationship between dividend and financial performance, Research done for Saccos were done before the SASRA new regulations which include restriction for retained earnings, capital reserves etc hence the need to carry out a study to find out whether with the new SASRA regulation does the positive relationship between dividend and financial performance still hold or not. This study therefore sought to answer the following question on the dividends and financial performance of SACCOs, Is there any relationship between dividend and financial performance of SACCOs registered by SASRA?

1.3 Research Objectives

To determine the relationship between dividends and the financial performance of Saccos registered by SASRA in Nairobi County

1.4 Value of the Study

The payment of prior dividends cut many areas in which research can be carried out, but this study will present the understanding of relationship between prior period dividends and the positive or negative response they generated on the shareholders of the SACCOs thus affecting its financial performance. The study is expected to be of value to the following groups as discussed below:

Potential and Current Investors will benefit from the research in that the current investors would want to know if the prior period dividends are a signal that dividends will continue to flow in future. The relationship between dividends and financial performance of the firm will help the investors make informed decision on whether to reduce or increase their savings so as to benefit in future from the Sacco. The outcome of this research will also help potential members in making decisions on where to save their money and where or to which Sacco.

The research would assist the financial analysts in giving timely and relevant advice to their clients. The financial analysts would be able to advise their clients on which Saccos to save in and which ones to avoid. They will also be able to advise Saccos whether or not to pay dividends and if to pay, how much to pay. Saccos would need to know if there is a relationship between prior period dividends and financial performance so as to take corrective measures so as to improve their financial performance. If indeed there is a positive relationship between prior period dividends and financial performance of the Sacco, the Saccos would need to rethink its investment decisions and distribute its earnings so as to build members loyalty as well as spur confidence in the market.

The study will enable Sacco's employees to know the future performance of their Saccos so as to align their expectation with certainty. Establishing the relationship between prior period dividends and financial performance of a Sacco would assist the employee to estimate the future financial performance of Sacco based on their dividend payment patterns

Suppliers and creditors would be lenient to firms with bright future prospects in terms of financial performance while they would wish to stop dealing with firms that are uncertain of their future financial performance. Terms of trade and credit would also be affected by this information.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature review is a critical and in-depth evaluation of previous research; it will contain theoretical literature which explains various theories that have been advanced to review the relationship between prior period dividends and financial performance of firm, empirical literature that is review of the empirical studies on the relationship between prior period dividends and financial performance. Literature review according to Mugenda & Mugenda (2003) involves locating, understanding and evaluating reports of preceding studies, observations and opinions connected to the planned study.

2.2 Theoretical Review

There are two opposing dividend theories, namely, relevant or irrelevant dividend theories. Underlying these two theories are investor preference for dividends and/or capital gains. A firm can either distribute all of its earnings as dividends or retain all of its earnings for investment in future positive NPV projects. Depending on the growth phase of the firm both these options, although extreme, have positive effects on share price, financial performance and therefore financial performance

2.2.1 Dividend Irrelevance Theory

Dividend irrelevancy theory asserts that a firm's dividend policy has no effect on its market value or its cost of capital. Modigliani and Miller (1961) argued that dividends policy is irrelevant because it has no effect on either the price of the firm's stock or its cost of capital. They argued that a firm's value is determined by its basic earnings power and its

risk class and that dividend policy is a “passive residual” which is determined by a firm’s need for investment funds. This is determined by the firm’s investment policy and the manner in which the earnings stream is split between retained earnings.

According to the above school of thought it can be enunciated that dividend payments do not affect the financial performance of a firm. Modigliani and Miller demonstrated that under a particular set of assumptions set out below if a firm pays high dividends then it must issue new stocks. The value of the firm given out to the new investors is exactly equal to the dividend paid.

MM argued further that investors are able to replicate any dividends pattern that the firm might pay. If the dividends are lower than desired, investors can sell part of their shares to obtain the desired cash distribution. If dividends are higher than required, they can use the extra money to purchase additional shares in the company, in the case of Saccos members can as well withdrawal or contribute less in case of lower divided than desired to cab the cash they would have received as divided. On the other hand if the dividend is higher the desired members can boost or increase their saving hence creating more fund for investment which might lead to high dividend as a result of better financial performance. Since investors can manufacture homemade dividends then dividend policy is irrelevant. As a result, one dividend policy is as good as the other.

The assumptions of MM argument were perfect capital markets, assumed that there are no transaction costs; there are no personal or corporate income taxes; Information symmetry, that is, all investors and managers has the same set of information regarding future

investment opportunities; dividend policy has no effect on firm's cost of equity and the firm's capital investment policy is independent of its dividend or financing policy.

The MM theory was criticized on the basis that the conclusions on dividend irrelevancy may not hold under real world conditions. The existence of imperfections such as firms' and investors paying taxes; firms' incurring floatation costs whenever they sell additional shares and investors paying brokerage/transaction costs whenever they buy or sell shares make dividends policy relevant.

2.2.2 Bird in the Hand Theory

One of the critical assumptions of MM model is that dividend policy does not affect investors required rate of return on equity. Gordon and Litner (1963) argued that investors prefer to receive dividends today since current dividends are more certain than future capital gain that may result from investing retained earnings in growth opportunities. They argued that investors prefer a dollar of expected dividends more than a dollar of expected capital gains. They argued that the cost of capital should decline as the payout ratio increases.

According to Gordon & Litner (1963) dividend policy is relevant to the value of the firm since as the value of a shilling received now is always higher than the value of a shilling received later, shareholders prefer current dividend payments to retention of earnings and since dividend received now is certain income whereas reinvested in corporate assets may be uncertain income, the income likely from retained earnings will be discounted by investors to reflect the uncertainty as to whether and when it will be received in cash in the future as either a capital gain or dividend.

The bird in the hand theory was criticized due to its short comings in the sense that if the firm were to reinvest the retained earnings at high enough rate of return to compensate for the risk borne by shareholders, the theory might not be valid; or if the shareholders only alternative in using dividends received were to reinvest in assets of equal or greater risk, the theory might not be valid. (Miller & Modigliani, 1961)

2.2.3 Lintner's Model

Lintner in (1956) performed the first empirical study about dividend policy. In his study Lintner showed that managers tend to smooth dividends over time. He argued that managers tend to follow a stable dividend policy since they are afraid of sending mixed signals to the market or paying dividends which may need to be reversed in future. Thus companies would only adjust the level of dividends if their sustainability is feasible and if the future prospect of the firm is bright. Lintner selected a list of 28 companies and analyzed them for a period of 7 years (1947-1953). He surveyed the views of the firm's managers with regards to dividends and concluded that managers attach importance to dividend policies; the amount of earnings is the biggest factor affecting dividends; managers believe that shareholders prefer stable dividends or steady increase in dividends and the markets attaches a premium on stable dividends; Firms prefer sticky long term dividend payout ratio that can be slightly adjusted periodically. They are reluctant to reverse dividends payout ratios; managers avoid making dividend changes that have a probability of being reversed in future.

2.2.4 Residual Theory

The residual theory of dividend hypothesizes that the amount of dividends should not be the focus of the company. The amount of earnings retained, depend on the number and size of acceptable capital budgeting projects and the amount of earnings available to finance the equity portion of the funds need to pay for these projects.

Myers et al., (1991) argued that firms will only pay dividends from residual earnings. Accordingly, dividends are a passive decision variable because they are only to be paid out if the firm cannot make better use of the funds for the benefit of the shareholders. The theory assumes that paying dividends would signal to the market that the firm has no viable investment alternatives. Such a perception would injure the firms profile in the eyes of the stakeholders. Investors would shy away from such a firm while lenders, creditors, customers and employees would lose confidence, thus affecting its profitability. Residual theory has been criticized because it gives no recognition to how investors feel about dividends. The issue is not only whether reinvestments of retained earnings or dividends provide the highest return, but also how investors react to the two alternatives.

2.3 Determinants of Financial Performance

The determinants of Saccos performances can be classified into two; internal and external (Macroeconomic) factors (Al-Tamimi, 2010; Aburime, 2005). These are stochastic variables that determine the output. Internal factors are individual characteristics which affect the Saccos performance. These factors are basically influenced by internal decisions of management and the board, they include; size of the Saccos, management quality, capitalizes interest rate policy etc. The external factors are sector-wide or country-wide

factors which are beyond the control of the Saccos but they affect their financial performance. They include Innovation, GDP, inflation, political instability etc

2.3.1 Management Efficiency

Management Efficiency is one of the key internal factors that determine the Sacco financial performance. It is represented by different financial ratios like total asset growth, loan growth rate and earnings growth rate. Yet, it is one of the complexes subject to capture with financial ratios. Moreover, operational efficiency in managing the operating expenses is another dimension for management quality. The performance of management is often expressed qualitatively through subjective evaluation of management systems, organizational discipline, control systems, quality of staff, and others. The capability of the management to deploy its resources efficiently, income maximization, reducing operating costs can be measured by financial ratios. One of this ratios used to measure management quality is operating profit to income ratio (Rahman et al. in Ilhomovich, 2009; Sangmi and Nazir, 2010). The higher the operating profits to total income (revenue) the more the efficient management is in terms of operational efficiency and income generation.

2.3.2 Capital Adequacy

Capital is one of the Saccos factors that influence the level of their financial performance. Capital is the amount of own fund available to support the Saccos business and act as a buffer in case of adverse situation (Athanasoglou et al. 2005). Saccos capital creates liquidity for them due to the fact that deposits are most fragile and prone to Saccos with FOSA runs. Moreover, greater Sacco capital reduces the chance of distress (Diamond, 2000). It has also a direct effect on their financial performance by determining its expansion to risky but profitable ventures. (Sangmi and Nazir, 2010).

The effect of capital adequacy on Sacco's performance cannot be underestimated since adequate capital directly and automatically influences the amount of funds available for loans, which invariably affects the level and degree of risk absorption. Gardner (1981) stresses that, despite its many roles and diverse functions, it is clear that Sacco capital is acting as protective cushion against losses precipitated by certain kinds of uncertainties. This view looks at capital as a constraint to avoid default and capital also acts as a cushion to protect members and other creditors against losses at the operating and liquidation stage. Graham (1985) emphasized that, if members are going to grow, capital must grow alongside. According to Dang (2011), the adequacy of capital is judged on the basis of capital adequacy ratio (CAR). Capital adequacy ratio shows the internal strength of the bank to withstand losses during crisis.

2.3.3 Size

Underlying theoretical basis for arguing that a firm size is related to financial performance can be found in the traditional neoclassical view of the firm and the concept known as economies of scale. Economies of scale may occur for various reasons such as financial which imply that a large firm can get a better interest rate and also a better discount rate due to a large quantity that it buys, organizational reason that is specialization and division of labour, technical reason which involve division of high fixed costs across large number of units, etc. In line with this concept, a positive relationship between firm size and profitability is expected.

The size of the Sacco will determine its financial performance since larger Saccos tend to have a bigger asset base compared to small one, this give big Saccos an opportunity to

invest in big ventures though they may be risky but they have high returns which improve their financial performance.

2.3.4 Gross Domestic Product

The trend of GDP affects the demand for Saccos loans just like banks are affected. During the declining GDP growth the demand for credit falls which in turn negatively affect the financial performance of Saccos. On the contrary, in a growing economy as expressed by positive GDP growth, the demand for credit is high due to the nature of business cycle. During boom the demand for credit is high compared to recession (Athanasoglou et al., 2005).

2.3.5 Innovation

Innovation in the current world is very dynamic, and it is changing at a very high rate. If the Saccos do not move with the technology change they may be left behind in term of operation and efficiency. Currently members do not need to travel to the FOSA buildings to get their money, they can withdraw or transfer cash using their mobile phones or internet, this bring forth efficiency hence help the Saccos to improve on their financial efficiency.

2.4 Empirical Review

Company dividend policy has been a subject of intensive research by financial academics. The irrelevant dividend theory based on the works of M and M, states that the value of the firm which is as a result of financial performance is not affected by its dividend policy and is therefore irrelevant in the determination of financial performance. According to Frankfurter et al (2002:1), a number of conflicting theoretical models, all lacking strong empirical support, define current attempts to explain corporate dividend behavior. Various

studies both international and local have examined the relationship between dividend and financial performance as detailed below.

2.4.1 International Evidence

DeAngelo et al (1992) investigated the dividend policy of US firms that suffered a loss after a sustained period of both profitability and dividend payments. They found that a loss is a virtual necessity for a dividend to be cut, although a loss does not guarantee a reduction. Hence for firms to reduce the amount of dividends paid there must be evidence of poor financial performance.

Bhat et al (1994), in his study on determinant of dividend on US firms argue that dividends depend on current and expected earnings as well as the patterns of past dividends. They also argue that dividends help in signaling the future prospects of the firm and dividends are paid even if the firm has profitable investment opportunity.

Michaely (1995) in his study on effect of dividend payment on the firm's profitability in Pretoria reported that there is existence of positive excess returns on the firms after the initiation of dividends. The firms that paid dividends experienced much higher profits in the subsequent periods than the firms that did not pay. However, Macquiera (1998) found no evidence of increasing earnings after dividend initiations.

DeAngelo-DeAngelo-Skinner (1996) studied the signaling content of managers' dividend decisions for 145 NYSE firms whose annual earnings decline after nine or more consecutive years of growth. They found no support for the notion that dividend decisions help identify firms with superior future earnings.

Fernandez, (1999) in his study on impact of dividend to the share market value concluded that dividends are relevant in explaining share market value, implying that investors consider dividends to be a signal about a firm's future economic prospects. This work was based on a sample of non-financial firms listed on the London Stock Exchange in the period between 1991 and 1996, resulting in a total of 4,752 observations. The authors reached the following conclusions. First, the lower the earnings level, the more sensitive firms are to dividends. Second, dividend policy is sensitive to firms' size, because the smaller the firm, the higher the expectations regarding future earnings. Third, dividends are more important when their increase is followed by a decrease in operational income, and they are less relevant when their decrease is followed by earnings increases, since the expectations regarding future prospects are partially advanced by positive earnings changes and lastly dividends have higher relevance when their absolute increase is followed by an increase in the payout ratio, because in this way investors believe investment opportunities would not be diminished.

Gwilym et al, (2012) conducted a research on the firms that have suffered a decline in earnings after periods of sustained earnings growth. He established that over three-quarters of firms increased their dividends despite the fall in profits, thus poor financial performance will not necessarily lead to a decrease in dividends.

2.4.2 Local Evidence

Karanja (1987) studied dividend practices of publicly quoted companies in Kenya by collecting data through a questionnaire and obtained information about the kind of dividend policies managers of the quoted companies pursued. He found three factors to be

the most important determinants of dividend policy i.e. cash, liquidity and the amount of earnings. He found that dividend policy is also influenced by the attitude of the board of directors though he concluded that many companies followed a stable dividend payout ratio.

Njoroge (2001) study on the relationship between dividend policies and return on assets and return on equity for companies listed at the Nairobi Stock Exchange in Kenya found that there is a positive correlation between dividends paid and both return on equity and return on Investment. Njiru (2003) study on the determinants of dividend payment ascertained that few Saccos in Kenya do not have dividend policies and hence dividend payments are left to the members of the committee to decide based on previous years rate of dividend payout.

Wandeto (2005) conducted an empirical investigation of the relationship between dividend changes and earnings and established, using a simple regression model, that there was a strong positive relationship between dividends per share and earnings per share with a correlation coefficient of 25.3% and concluded that dividend change is most sensitive to earnings. Kioko (2006) analyzed the relationship between dividend changes and future profitability of companies quoted at the NSE in Kenya and established that at least in the year of dividend change, there existed a relationship between dividend changes & future profitability. However, for the first and second after dividend change, an insignificant relationship was observed.

Mutie (2011) study on the relationship between prior dividend and financial performance of firms listed in Nairobi stock exchange in Kenya for the period between 2005 and 2010

found out that majority of firms enjoy a better financial performance by the EPS after issuing dividend hence a positive relationship between prior period dividend and financial performance indeed exist. Malombe (2011) study on the effect of dividend policy on the profitability of Saccos with FOSAs in Kenya analyzed secondary data as well as data collected through questionnaire and found out that there is a positive but insignificant relationship between dividend policy and profitability.

2.5 Summary of Literature Review

Dividend relevant and irrelevant theories are very distinct and oppose each other about dividend policy and its effect on financial performance or financial performance. The dividend policy controversy as sparked by these two opposing dividend theories has contributed hugely to the ongoing divided debate as to whether dividend policy affects share price and therefore the financial performance of the firm (Ibrahim et al., 2000).

Majority of studies done point out that there is a positive relationship between prior period dividends and the financial performance of the firm. From the studies conducted so far, it is evident that the most critical factors considered by a firm in coming up with a dividend policy are the expected cash flows, liquidity and profitability of the firm. However, there are varied opinions as to the role of the prior period dividends on the future operation of the Saccos.

Though, most researchers tend to believe that there is a positive relationship, there are a few others like Michaely (1995) and Gwilym et al., (2004) who believe that there is no such relationship, and hence prior period dividends do not affect the financial performance of the firm. With the introduction of SASRA which has brought forth new regulation on

how the Saccos with FOSA should be managed which include restrictions of how much should be the retained earnings and capital ownership the study seek to find out whether still with this strict measures the positive relationship between dividend and financial performance still hold or not.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter defines the research design, and situates the research amongst existing research relationship between dividends and the financial performance of Sacco's registered by SASRA in Kenya. It is organized along the following sections: the research design, population and data collection method and data analysis.

3.2 Research design

The study used descriptive research design. Saunders, Lewis and Thorn hill (2000) argue that descriptive method is used to identify and obtain information on the characteristics of a particular issue and data collected are quantitative and statistical techniques are used to summarize the information. Descriptive design was used in this study to enable the researcher collect comprehensive data on the population under study and thus provide relevant and specific information. According to Zikmund (2003), the major purpose of using descriptive research is to provide information on characteristics of a population or phenomenon.

3.3 Target Population

The population consisted of all the Saccos registered by SASRA in Nairobi County. There are 43 Sacco's in total registered by SASRA in Nairobi County, these formed the population. Census approach was used to review the Saccos. According to Mugenda and Mugenda (2003), target population refers to an entire group of individuals, events or objects having common observable characteristics that is the aggregate of all that conforms

to a given specification. Sekaran (2001) defines a population as “the entire group of people, events or things of interest that the researcher wishes to investigate”.

3.4 Data Collection

The choice of data collection method or procedure requires consistency with the research objectives, purposes and strategy employed in study (Saunders, Lewis and Thornhill, 2003). The study used secondary data on the dividend and financial performance of Saccos listed by SASRA in Nairobi County. The secondary data was sourced from the published financial statement of the Sacco’s to derive the rate of dividend paid and financial performance for the last five years starting from year 2009 to year 2013. The data sourced included the published financial statements of the Sacco’s for the last five years, statements of the board of directors, finance journals, and any other relevant material.

3.5 Data Analysis

The data collected was edited, coded and tabulated into manageable summaries. This study used quantitative method of data analysis which was conducted using descriptive statistics. These include percentages to assess the ratio of dividend pay out to the profits. The findings of this study were presented by use of tables in order to be meaningful as well to clarify information that may not be clear with the raw data.

3.5.1 Analytical model

A regression analysis between variables was calculated, that is the dependent variable (financial performance) and the independent variable (dividend). Dividend for the base year was used to determine whether there is an increase or decrease in the financial performance for the following year. This analysis was also conducted using both

parametric and non-parametric statistical techniques. The data was fed to a workbook (SPSS/Excel) for quick and efficient analysis. Inferences were drawn using judgment from the descriptive statistical data. The results from the analysis were presented by use of descriptive statistics including graphs and tables. Multiple regression analysis was done to test whether the regression model holds under

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + e$$

Where

Y = Financial performance. This was measured using the surplus income as a percentage of total income reflected in the financial statement.

X_1 = Dividend which was measured using dividend rates for the year 2009 to 2013 which is a percentage of surplus income.

X_2 = Organization growth which was measured by the percentage increase or decrease of the total asset over the years under investigation.

X_3 = Leverage, measured using the amount of funds borrowed dividend by members savings over the years under investigation.

e = error term.

3.5.2 Test of Significance

The researcher used as coefficient of determination (R^2) to test the accuracy of the model, R as correlation coefficient to test the correlation of the variables. ANOVA was used to test if there is any difference between groups on some variable and F-test to test the significance of the multiple regression models at 5% level of confidence-test was also used to assess the significance of each variable in the model at 5% level of confidence.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the information processed from the data collected during the study on the relationship between dividends and the financial performance of Saccos registered by SASRA in Nairobi County. The sample composed of all the 43 Saccos registered by SASRA in Nairobi County.

4.2 Descriptive Statistics

Table 4. 5: Summary of the study variables

| Year | Mean | Std. Deviation |
|-----------------------|-------------|-----------------------|
| Financial performance | 0.9707 | 0.0171 |
| Dividend | 0.0638 | 0.0271 |
| Organization growth | 0.0461 | 0.2340 |
| Leverage | 0.3572 | 0.0068 |

Source: Research Findings

Table 4.1 presents the summary of the study variables from the Saccos registered by SASRA in Nairobi County. From the study period, financial performance recorded an average of 0.9707, dividend was at an average of 6.3%, and organization growth had an average of 0.0461 while leverage recorded a mean score of 0.3572 for the five years.

4.3 Regression Results

The study conducted a linear regression model to establish the relationship between dividends and financial performance of Saccos registered by SASRA in Nairobi County. Coefficient of determination explains the extent to which changes in the dependent

variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Financial performance of Saccos registered by SASRA in Nairobi County) that is explained by all the three independent variables (Dividends, Leverage and Organization growth).

Table 4. 6: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | 0.891 | 0.794 | 0.761 | 0.249 |

Source: Research Findings

The three independent variables that were studied, explain only 76.1% of the financial performance of Saccos registered by SASRA in Nairobi County as represented by the adjusted R². This therefore means the three variables contribute to 76.1% of financial performance of Saccos registered by SASRA in Nairobi County, while other factors not studied in this research contributes 23.9% of financial performance of Saccos registered by SASRA in Nairobi County. Therefore, further research should be conducted to investigate the other (23.9%) factors influencing financial performance of Saccos registered by SASRA in Nairobi County.

Table 4.7: Summary of One-Way ANOVA

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|----|-------------|-------|---------|
| Regression | 3.734 | 3 | 1.245 | 4.160 | 0.00119 |
| Residual | 11.67 | 39 | 0.299 | | |
| Total | 15.404 | 42 | | | |

Source: Research Findings

From the ANOVA statistics in table 4.3, the processed data, which are the population parameters, had a significance level of 0.00119 which shows that the data is ideal for making a conclusion on the population's parameter. The F calculated at 5% Level of

significance was 4.160. Since F calculated is greater than the F critical (value = 2.8387), this shows that the overall model was significant i.e. there is a significant relationship between financial performance of Saccos registered by SASRA and its determinants.

Table 4. 8: Regression coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|-----------------------------|------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | | |
| (Constant) | 0.345 | 0.209 | | 3.459 | 0.033 |
| Dividends | 0.764 | 0.128 | 0.546 | 5.969 | 0.037 |
| Leverage | 0.227 | 0.101 | 0.109 | 2.248 | 0.021 |
| Organization growth | 0.454 | 0.11 | 0.382 | 4.127 | 0.038 |
| Dependent variable: Financial performance of Saccos | | | | | |

Source: Research Findings

The coefficient of regression in Table 4.4 above was used in coming up with the model below:

$$FP = 0.345 + 0.764DV + 0.227L + 0.454OG$$

Where FP is Financial performance, DV is Dividends, L is Leverage is Leverage and 454OG is Organization growth. According to the model, all the variables were significant as their P- value was less than 0.05 at 95% confidence level. The three variables (Dividends, Leverage and Organization growth) were positively correlated with financial performance of Saccos registered by SASRA in Nairobi County.

From the model, taking all factors (Dividends, Leverage and Organization growth) constant at zero, financial performance of Saccos registered by SASRA in Nairobi County was 0.345. The data findings analyzed also shows that taking all other independent

variables at zero, a unit increase in dividends will lead to a 0.764 increase in financial performance of Saccos registered by SASRA in Nairobi County, a unit increase in leverage will lead to a 0.227 increase in financial performance of Saccos registered by SASRA in Nairobi County while a unit increase in organization growth will lead to a 0.454 increase in financial performance of Saccos registered by SASRA in Nairobi County. This deduces that dividends have the most effect to the financial performance of Saccos registered by SASRA in Nairobi County followed by organization growth while leverage had the least effect.

4.4 Interpretation of the Findings

From the above regression model, the study found out that there were factors influencing the financial performance of Saccos registered by SASRA in Nairobi County, which are dividends, leverage and organization growth. They influenced it positively. The study found out that the Y-intercept was 0.345 for all years.

The three independent variables that were studied (dividends, leverage and Organization growth) explain a substantial 76.1% of financial performance of Saccos registered by SASRA in Nairobi County as represented by adjusted R^2 (0.761). This therefore means that the three independent variables contributes 76.1% of the financial performance of Saccos registered by SASRA in Nairobi County while other factors and random variations not studied in this research contributes a 23.9% of the financial performance of Saccos registered by SASRA in Nairobi County.

The study established that the coefficient for dividends was 0.764, meaning that dividends positively and significantly influenced the financial performance of Saccos registered by

SASRA in Nairobi County. This is in line with Malombe (2011) who found a positive but insignificant relationship between dividend policy and profitability SACCOs with FOSAs in Kenya. Njoroge (2001) also found that there is a positive correlation between dividends paid and both return on equity and return on Investment for companies listed at the Nairobi Stock Exchange in Kenya. In addition, Kent *et al* (2005) stated that dividend policies are the measurement for the division of earnings between payments to stockholders and reinvestments in the firm. Michaely (1995) indicated that there is existence of positive excess returns on the firms after the initiation of dividends. The firms that paid dividends experienced much higher profits in the subsequent periods than the firms that did not pay. Al Farouque, et al (2005), found that dividends had a positive influence on corporate performance (ROA). However, Macquiera (1998) found no evidence of increasing earnings after dividend initiations.

The study also deduced that leverage had a positive and significant influence on financial performance of Saccos registered by SASRA in Nairobi County since it had a coefficient of 0. 227. This is in line with Coricelli et al. (2012) find that the positive relation between leverage and total productivity growth exists to a certain point and beyond such a critical threshold, the negative relation between leverage and total productivity growth exists. However, this contradicts Margaritis and Psillaki (2010) who found that leverage has a positive effect on financial performance. Giroud et al. (2012) show that reducing leverage ratios result in better performance. Antoniou et al. (2008), provide evidence to support the notion that the relation between financial leverage and performance is negative. Furthermore, Connelly et al. (2012) find that the variation in leverage is not associated with financial performance.

The study further deduced that organization growth positively influenced financial performance of Saccos registered by SASRA in Nairobi County as it had positive coefficient (0.454). These studies imply a relationship between Organization growth and performance that might not necessarily be linear, as illustrated in Barrett et al. (2010), Yoon (2004), and Risseuw (1997), which conclude that company growth beyond optimal level can deteriorate performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary, conclusion and recommendations of the main findings on the relationship between dividends and financial performance. The chapter presents the discussions drawn from the data findings analyzed and presented in chapter four. The study was conducted by use of secondary sources such as published reports. The chapter is structured into discussions, conclusions, recommendations and areas for further research.

5.2 Summary

The effect of a firm's dividend policy on the current price of its shares is a matter of considerable importance, not only to management, who must set the policy, but also to investors planning portfolios and to economists seeking to understand and appraise the functioning of the capital markets. One of the objectives of the members who are joining the SACCOs is to maximize their wealth. SACCOs which are not paying dividends have a problem with financial performance. In addition, managements of SACCOs are torn in between the payment of dividends or not pay and use the money in financing their debts or invest it. On the other hand the managements must meet the various needs of wealth maximization and paying the dividends to the stakeholders. For the management to be able to balance between the paying of dividends to the shareholders and again invest in projects that will provide returns to the organization is a major dilemma for the management. Most research done in Kenya portray a positive relationship between dividend and financial performance, Research done for Saccos were done before the SASRA new regulations which include restriction for retained earnings, capital reserves etc hence the need to carry

out a study to find out whether with the new SASRA regulation does the positive relationship between dividend and financial performance still hold or not. The purpose of the study was to determine the relationship between dividends and the financial performance of Saccos registered by SASRA in Nairobi County. The study used descriptive research design. There are 43 Sacco's in total registered by SASRA in Nairobi County, these formed the population. The study used secondary data on the dividend and financial performance of Saccos listed by SASRA in Nairobi County. This study used quantitative method of data analysis which was conducted using descriptive statistics. A regression analysis between variables was conducted. Based on the study findings and discussion, the study concluded that a dividend has a strong, positive and significant influence on the financial performance of Saccos registered by SASRA in Nairobi County. The study also established that leverage had a positive and significant influence on financial performance of Saccos registered by SASRA in Nairobi County. The study further deduced that Organization growth positively influenced financial performance of Saccos registered by SASRA in Nairobi County.

5.3 Conclusion

Whether a business is newly born or it is an ongoing, it requires fund to carry out its activities as no success is achievable in the absence of fund. Dividends comprise one of the largest and riskiest accounts in corporate financial statements (Beasley, 2010). Such expenditures have long been shown to significantly affect the future financial performance and very survival of a firm. Accordingly, an understanding of motivators of dividend payment is essential to investors, regulators, auditors, and the public at large.

This study examined the relationship between dividends and financial performance of Saccos registered by SASRA in Nairobi County. The three independent variables that were

studied (dividends, leverage and Organization growth) explain a substantial 76.1% of financial performance of Saccos registered by SASRA in Nairobi County as represented by adjusted R^2 (0.695).

A certain percentage of SACCOS' earning is paid out to shareholders in the form of dividends. The main aim of dividends in a firm is shareholder's wealth maximization, to increase the value of the firm and to signal to stakeholders that the firm's finances are sound. The effect of a firm's dividend policy on the current price of its shares is a matter of considerable importance, not only to management, who must set the policy, but also to investors planning portfolios and to economists seeking to understand and appraise the functioning of the capital markets. Based on the study findings and discussion, the study concluded that a dividend has a strong, positive and significant influence on the financial performance of Saccos registered by SASRA in Nairobi County.

This is similar to what Ongore (2001) found that capitalization of dividends is a more preferable option especially for SACCOs which are faced with liquidity problems therefore further giving support to the theory that change in dividend in SACCOs are positively related with subsequent period performance. This is in line with Malombe (2011) who found a positive but insignificant relationship between dividend policy and profitability SACCOs with FOSAs in Kenya. Njoroge (2001) also found that there is a positive correlation between dividends paid and both return on equity and return on Investment for companies listed at the Nairobi Stock Exchange in Kenya. The findings however contradicts with Benartzi et al.' s (1997) finding that dividend changes are more strongly related with current and past earnings, while there is no significant relationship

between dividend changes and future earnings changes. The study therefore deduces that a dividend is one of the major determinants of financial performance of Saccos.

The study also established that leverage had a positive and significant influence on financial performance of Saccos registered by SASRA in Nairobi County. This is in line with Margaritis and Psillaki (2010) who found that leverage has a positive effect on financial performance. However, Giroud et al. (2012) show that reducing leverage ratios result in better performance. Therefore the study draws a conclusion that leverage has a positive influence on Saccos registered by SASRA in Nairobi County.

The study further deduced that Organization growth positively influenced financial performance of Saccos registered by SASRA in Nairobi County. This correlates with Hennessy and Levy (2002) who posit that large firms are more likely to exploit economies of scale and enjoy higher negotiation power over their clients and suppliers leading to a better financial performance.

5.4 Limitations of the Study

The researcher encountered quite a number of challenges related to the research and most particularly during the process of data collection. Due to inadequate resources, the researcher conducted this research under constraints of finances. In addition SASRA analysts had to be pushed to assist with data. This was done through many calls to remind them. Other thought that the information they were requested to volunteer was confidential.

Time allocated for the study was insufficient while holding a full time job and studying part time. This was encountered during the collection of material as well as the data to see

the study success. However the researcher tried to conduct the study within the time frame as specified.

Another limitation is developing a model which would enable a researcher to study the relationship between the various variables. Further, the model may not be reliable due to some shortcoming of the regression models. Due to the shortcomings of regression models, other models can be used to explain the various relationships between the variables. When developing this model, there was a great need to define the dependent variables and independent variables. If the model is not correct, the process of analysis may not give the right results. In this case, multiple linear regressions was used since there were multiple variables which required to be studied.

Further, the data was tedious to collect and compute as it was in very raw form. Due to lack of standardized financial statements from various SACCOs which made the data computation even harder.

5.5 Policy Recommendations

Based on the findings, the study recommends that SACCOs should develop dividend policies to guide them in establishing and guiding them in surplus distributions. This will guide them on when to pay dividends, how to pay dividends and when to retain surpluses. It is also recommended that an investment policy should be developed and implemented. This will ensure that the management is not left to decide on how to use the little surplus left but would rather be guided by the investment policy.

The study also recommends that shareholders should also understand that, payment of dividends only marginally reflects good subsequent periods earning prospect there are

many other factors that influence future earnings including Sacco's investment policy, operating environment and taxes. Thus they also need to pay attention to these factors when analyzing performance. Therefore SACCOs may defer payment of dividends so as to increase profitability for the SACCO in order to have good dividend policy in future.

The study recommends that SACCOs consider all pertinent issues before issuing dividends. Since the members always expect a return on investment in the form of dividend, however the payment of dividend should not undermine a firm's investment policy. It is also recommended that an investment policy should be developed and implemented.

Dividend policy has an effect on the performance of the firms. Thus, the SACCOs should pay dividends to ensure that they have a positive outlook in the future. Since the share market is positively responsive to the dividend announcement, companies should always strive to pay dividend consistently for their shares to perform well. Though the members always expect a return on investment in the form of dividend, however the payment of dividend should not undermine a firm's investment policy. This is pertinent with the dividend theories of bird-in-hand theory, information signaling effect theory, tax differential theory and agency theory. These theories propose that dividend policy is relevant to the performance of the firm; other factors kept constant. It is also recommended that firms should maintain a clear and consistent dividend policy for the dividend policy to affect the performance of the firm.

5.6 Suggestions for Further Research

Arising from this study, the following directions for future research in the area of study are recommended as follows: First, this study focused on all the 43 Saccos in Nairobi. Therefore, generalizations could not adequately be extended to every Sacco as they have varying industry risk and asset structure. Based on this fact among others, it is therefore, recommended that a broad based study covering all Saccos be done to find out the effect of dividends on financial performance.

Similar studies to this can also be replicated in a few years to come to assess if the effect of dividends on financial performance of Saccos registered by SASRA has changed as the Nairobi SASRA regulations continues to change.

Companies with different ownership structure on the NSE might use different means in communicating their future earnings prospects to the external shareholders as companies that are mostly controlled by the management and employees which might not use dividend signaling as a tool. A study may thus be carried out on companies with highly concentrated and dispersed ownership to determine the dividend signaling effect.

Also the effect of dividends on corporate strategy is also another area of interest which can be under the area of further research and a more intense study along that area can come in handy. A similar study can further be carried out to assess the effect of dividends on corporate strategy formulation and implementation. This would give a better platform to compare the findings to see whether there is any similarity or difference.

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APPENDIX I

LIST OF SACCO REGISTERED BY SASRA IN NAIROBI COUNTY AS AT FEBRUARY 2014

| | | |
|----|------------------------------------|--------------------------------|
| 1 | AFYA SACCO SOCIETY LTD | P.O BOX 11607-00400, NAIROBI |
| 2 | AIRPORT SACCO SOCIETY LTD | P.O BOX 19001-00501, NAIROBI |
| 3 | ARDHI SACCO SOCIETY LTD | P.O BOX 28782-00200, NAIROBI |
| 4 | ASILI SACCO SOCIETY LTD | P.O BOX 49064-00100, NAIROBI |
| 5 | CHAI SACCO SOCIETY LTD | P.O BOX 278-00200, NAIROBI. |
| 6 | CHUNA SACCO SOCIETY LTD | P.O BOX 30197-00100, NAIROBI. |
| 7 | COMOCO SACCO SOCIETY LTD | P.O BOX 30135-00100, NAIROBI. |
| 8 | ELIMU SACCO SOCIETY LTD | P.O BOX 10073-000100, NAIROBI. |
| 9 | FUNDILIMA SACCO SOCIETY LTD | P.O BOX 62000-00200, NAIROBI. |
| 10 | HARAMBEE SACCO SOCIETY LTD | P.O BOX 47815-00100, NAIROBI. |
| 11 | HAZINA SACCO SOCIETY LTD | P.O BOX 59877-00200, NAIROBI. |
| 12 | JAMII SACCO SOCIETY LTD | P.O BOX 57929-00200, NAIROBI. |
| 13 | KENPIPE SACCO SOCIETY LTD | P.O BOX 314-00507, NAIROBI. |
| 14 | KENVERSITY SACCO SOCIETY LTD | P.O BOX 10263-00100, NAIROBI. |
| 15 | KENYA BANKERS SACCO SOCIETY LTD | P.O BOX 73236-00200, NAIROBI. |
| 16 | KENYA POLICE SACCO SOCIETY LTD | P.O BOX 51042-00200, NAIROBI |
| 17 | KINGDOM SACCO SOCIETY LTD | P.O BOX 8017-00300, NAIROBI. |
| 18 | MAGEREZA SACCO SOCIETY LTD | P.O BOX 53131-00200, NAIROBI. |
| 19 | MAISHA BORA SACCO SOCIETY LTD | P.O BOX 30062-00100, NAIROBI. |
| 20 | MILIKI SACCO SOCIETY LTD | P.O BOX 43582-00100, NAIROBI. |
| 21 | MWALIMU NATIONAL SACCO SOCIETY LTD | P.O BOX 62641-00200, NAIROBI. |
| 22 | MWITO SACCO SOCIETY LTD | P.O BOX 56763-00200, NAIROBI |
| 23 | NACICO SACCO SOCIETY LTD | P.O BOX 34525-00100, NAIROBI. |
| 24 | NAFAKA SACCO SOCIETY LTD | P.O BOX 30586-00100, NAIROBI. |
| 25 | NAKU SACCO SOCIETY LTD | P.O BOX 78355-00507, NAIROBI. |
| 26 | NASSEFU SACCO SOCIETY LTD | P.O BOX 43338-00100, NAIROBI. |
| 27 | NATION SACCO SOCIETY LTD | P.O BOX 22022-00400, NAIROBI. |
| 28 | NEST SACCO SOCIETY LTD | P.O BOX 14551-00800, NAIROBI. |
| 29 | SAFARICOM SACCO SOCIETY LTD | P.O BOX 66827-00800, NAIROBI. |
| 30 | SHERIA SACCO SOCIETY LTD | P.O BOX 34390-00100, NAIROBI. |
| 31 | STIMA SACCO SOCIETY LTD | P.O BOX 75629-00100, NAIROBI. |
| 32 | TELEPOST SACCO SOCIETY LTD | P.O BOX 49557-00100, NAIROBI. |
| 33 | TEMBO SACCO SOCIETY LTD | P.O BOX 91-00618, RUARAKA. |
| 34 | TRANSCOM SACCO SOCIETY LTD | P.O BOX 19579-00202, NAIROBI. |
| 35 | UFANISI SACCO SOCIETY LTD | P.O BOX 2973-00200, NAIROBI. |
| 36 | UFUNDI SACCO SOCIETY LTD | P.O BOX 11705-001400, NAIROBI. |

| | | |
|----|--|-------------------------------|
| 37 | UKRISTO NA UFANISI WA ANGLICANA SACCO SOCIETY LTD | P.O BOX 872-00605, NAIROBI. |
| 38 | UKULIMA SACCO SOCIETY LTD | P.O BOX 4407-00100, NAIROBI. |
| 39 | UNITED NATION SACCO SOCIETY LTD | P.O BOX 30552-00100, NAIROBI. |
| 40 | WANA-ANGA SACCO SOCIETY LTD | P.O BOX 34680-00501, NAIROBI. |
| 41 | WANANCHI SACCO SOCIETY LTD | P.O BOX 910-10106, NAIROBI. |
| 42 | WANANDEGE SACCO SOCIETY LTD | P.O BOX 19074-00501, NAIROBI. |
| 43 | WAUMINI SACCO SOCIETY LTD | P.O BOX 66121-00800, NAIROBI. |

SOURCE; SASRA
WEBSITE(www.sasra.go.ke)

APPENDIX II

TOTAL ASSETS FROM 2009- 2013

| Name | YEAR2009 | YEAR 2010 | YEAR 2011 | YEAR 2012 | YEAR 2013 |
|--------------|----------------|----------------|----------------|----------------|----------------|
| Magereza | 2,843,164,136 | 2,942,276,854 | 3,181,763,043 | 3,707,062,247 | 3,824,156,740 |
| Stima | 5,124,312,279 | 6,383,238,958 | 7,632,596,170 | 9,483,743,000 | 12,401,788,000 |
| Wanadege | 963,343,667 | 1,298,209,836 | 1,206,286,516 | 1,204,999,335 | 1,179,389,849 |
| Jamii | 937,943,359 | 1,079,349,412 | 1,260,339,955 | 1,521,935,446 | 1,802,016,744 |
| Asili | 873,919,819 | 989,710,656 | 1,219,588,295 | 1,429,029,986 | 1,577,396,176 |
| Comoco | 511,304,242 | 524,943,721 | 520,221,821 | 5,263,547,222 | 578,342,069 |
| Chuna | 1,287,476,441 | 1,378,438,636 | 1,536,791,658 | 1,414,235,675 | 1,740,316,114 |
| Elimu | 474,738,514 | 529,317,427 | 624,136,421 | 644,751,986 | 784,833,576 |
| Nation Staff | 499,265,109 | 565,531,361 | 677,144,172 | 739,255,893 | 925,307,625 |
| Ufanisi | 94,879,853 | 99,773,289 | 96,776,379 | 105,488,066 | 115,144,314 |
| U N Sacco | 3,887,145,888 | 4,656,875,859 | 5,610,570,727 | 6,547,006,192 | 7,569,117,689 |
| Safaricom | 883,071,460 | 791,486,819 | 951,927,251 | 1,064,033,767 | 1,535,197,310 |
| Kenpipe | 930,145,098 | 1,021,561,197 | 1,128,394,366 | 1,267,536,296 | 1,461,652,953 |
| Waumini | 935,048,083 | 1,149,361,057 | 1,385,702,083 | 1,648,371,022 | 2,130,630,266 |
| Kenversity | 721,840,420 | 734,792,659 | 848,130,626 | 954,091,573 | 1,101,343,093 |
| Chai | 1,137,135,356 | 1,110,090,103 | 1,214,334,580 | 1,288,143,364 | 1,533,892,016 |
| Sheria | 1,154,913,476 | 1,379,585,860 | 1,638,779,977 | 2,324,091,802 | 2,835,831,928 |
| Mwalimu | 2,593,050,560 | 2,992,950,386 | 19,104,255,837 | 22,007,934,926 | 24,540,360,723 |
| Harambee | 14,641,124,450 | 14,724,145,258 | 15,824,450,641 | 15,976,682,847 | 17,633,141,570 |
| Afya | 970,136,547 | 7,946,001,400 | 9,351,710,222 | 10,848,416,703 | 11,885,165,364 |

| | | | | | |
|-----------------|---------------|---------------|---------------|---------------|----------------|
| Ukulima Sacco | 4,246,936,567 | 4,608,030,020 | 5,080,073,525 | 6,420,421,725 | 7,321,315,578 |
| Police Sacco | 5,185,138,402 | 6,427,563,418 | 7,722,609,795 | 8,895,453,241 | 11,522,841,136 |
| Kenya Bankers | 160,045,909 | 4,109,947,723 | 4,287,259,898 | 7,849,098,277 | 4,287,259,898 |
| Hazina Sacco | 44,612,479 | 52,752,216 | 2,486,564,472 | 2,977,957,920 | 3,574,790,356 |
| Nacico Sacco | 1,436,373,899 | 1,484,664,106 | 2,333,117,587 | 2,364,652,350 | 2,564,895,649 |
| Teleposta Sacco | 1,029,300,113 | 1,309,971,681 | 1,242,704,663 | 1,421,045,535 | 1,645,132,479 |
| Maisha Bora | 990,835 | 1,033,339,475 | 1,147,804,817 | 1,275,536,203 | 1,504,251,618 |
| Nassefu Sacco | 945,424,145 | 967,797,836 | 914,648,089 | 991,584,157 | 937,057,087 |
| Mwito Sacco | 508,134,126 | 520,090,950 | 611,755,315 | 722,122,672 | 855,103,064 |
| Naku Sacco | 585,105,098 | 758,368,374 | 899,600,029 | 1,153,346,509 | 1,497,683,660 |
| Orthodox Sacco | 41,853,507 | 49,100,810 | 57,719,000 | 62,840,378 | 72,707,029 |
| Tembo Sacco | 420,768,457 | 132,963,298 | 129,296,690 | 674,955,283 | 926,294,646 |
| Orient Sacco | 495,180,907 | 480,502,471 | 502,156,174 | 505,733,718 | 531,894,509 |
| Wanaanga Sacco | 503,323,859 | 601,811,524 | 812,605,415 | 890,414,260 | 902,450,233 |
| Fundilima Sacco | 309,380,242 | 392,676,794 | 473,609,641 | 514,418,862 | 554,000,143 |
| Nafaka Sacco | 244,106,475 | 250,140,205 | 264,108,154 | 279,951,955 | 294,804,570 |
| Dimkes Sacco | 52,004,734 | 54,917,002 | 89,815,635 | 219,055,945 | 455,099,436 |
| Jijejnge Sacco | | | | | |
| Kenya canners | 610,506,745 | 634,184,155 | 652,066,340 | 692,865,478 | 776,956,175 |
| k-Unity | 437,744,157 | 459,143,062 | 1,756,357,037 | 1,826,143,410 | 1,930,206,426 |
| Metropolitan | 3,645,144,830 | 3,745,124,150 | 386,721,045 | 3,928,433,504 | 5,058,769,435 |
| NRS Sacco | 306,434,206 | 293,340,783 | 291,303,050 | 283,105,459 | 288,568,432 |

SOURCE: PUBLISHED FINANCIAL STATEMENTS OF SACCOS REGISTERED BY SASRA

APPENDIX III: NET INCOME FROM 2009- 2013

| Name | YEAR2009 | YEAR 2010 | YEAR 2011 | YEAR 2012 | YEAR 2013 |
|---------------|-------------|-------------|-------------|-------------|-------------|
| Magereza | 6,326,825 | 8,421,280 | 4,898,933 | 23,772,128 | 25,024,140 |
| Stima | 106,220,370 | 123,762,370 | 183,016,688 | 226,980,436 | 256,482,000 |
| Wanadege | 7,696,574 | 1,382,929 | 1,695,261 | 5,572,810 | 7,823,986 |
| Jamii | 3,132,155 | 5,872,825 | 22,501,995 | 50,108,967 | 65,693,526 |
| Asili | 5,739,550 | 17,254,193 | 232,986 | 102,584 | 543,946 |
| Comoco | 1,842,176 | 2,132,503 | 3,617,488 | 3,652,635 | 2,797,179 |
| Chuna | 3,924,144 | 4,554,964 | 3,935,424 | 18,005,161 | 20,584,069 |
| Elimu | 2,742,584 | 1,684,388 | 2,461,306 | 2,898,335 | 28,097,767 |
| Nation Staff | 2,875,141 | 3,023,465 | 7,011,713 | 11,232,573 | 37,986,854 |
| Ufanisi | 394,454 | 370,626 | 415,809 | 939,877 | 1,502,709 |
| U N Sacco | 16,010,033 | 53,971,512 | 57,189,608 | 88,376,576 | 79,281,709 |
| Safaricom | 1,714,510 | 3,854,314 | 3,081,878 | 8,249,730 | 24,208,584 |
| Kenpipe | 21,174,361 | 17,437,542 | 11,560,583 | 22,996,196 | 23,068,447 |
| Waumini | 6,847,393 | 4,358,664 | 22,838,457 | 38,861,345 | 24,431,741 |
| Kenversity | 920,415,640 | 19,877,312 | 19,631,932 | 20,234,991 | 34,626,658 |
| Chai | 4,551,753 | 4,880,461 | 6,400,139 | 11,112,659 | 29,007,330 |
| Sheria | 2,506,034 | 2,634,458 | 22,803,251 | 4,781,476 | 62,652,240 |
| Mwalimu | 244,735,625 | 700,237,665 | 448,864,264 | 685,341,952 | 532,478,439 |
| Harambee | 96,140,004 | 100,264,150 | 89,404,140 | 117,054,350 | 88,173,340 |
| Afya | 15,200,789 | 166,050 | 19,029,738 | 21,115,986 | 132,203,988 |
| Ukulima Sacco | 19,770,047 | 22,873,763 | 27,100,937 | 33,568,991 | 12,062,029 |
| Police Sacco | | | | | |

| | | | | | |
|-----------------|------------|-------------|-------------|------------|------------|
| | 39,863,100 | 118,519,306 | 224,004,587 | 274,003 | 406,703 |
| Kenya Bankers | 29,305,191 | 25,757,235 | 165,552,072 | 6,680,710 | 23,370,497 |
| Hazina Sacco | 13,226,640 | 9,047,449 | 22,092,183 | 23,588,774 | 28,470,587 |
| Nacico Sacco | 34,754,293 | 60,805,425 | 27,111,888 | 21,517,403 | 53,758,550 |
| Teleposta Sacco | 4,904,036 | 5,060,780 | 6,102,528 | 6,826,463 | 7,205,010 |
| Maisha Bora | 13,413,274 | 14,966,870 | 16,455,964 | 13,156,758 | 20,534,038 |
| Nassefu Sacco | 32,910,470 | 29,037,899 | 13,987,642 | 30,550,084 | 36,841,574 |
| Mwito Sacco | 4,214,136 | 6,970,057 | 3,043,760 | 5,259,230 | 5,864,233 |
| Naku Sacco | 179,698 | 1,996,668 | 2,422,097 | 3,303,298 | 32,524,346 |
| Orthodox Sacco | 162,444 | 5,559,317 | 6,686,877 | 2,406,197 | 1,071,760 |
| Tembo Sacco | 1,492,979 | 6,279,524 | 8,427,813 | 16,001,515 | 27,901,015 |
| Orient Sacco | 1,906,143 | 2,045,234 | 1,407,858 | 2,297,597 | 4,307,001 |
| Wanaanga Sacco | 1,837,948 | 1,646,483 | 618,883 | 12,632,550 | 11,859,856 |
| Fundilima Sacco | 1,677,637 | 1,332,820 | 5,963,572 | 4,150,380 | 16,719,237 |
| Nafaka Sacco | 1,847,348 | 1,945,186 | 2,408,162 | 2,550,891 | 6,165,108 |
| Dimkes Sacco | 40,960 | 50,814 | 492,178 | 7,500,398 | 12,786,749 |
| Jijejnge Sacco | | | | | |
| Kenya canners | 21,410,306 | 20,467,904 | 22,678,610 | 14,224,334 | 22,035,360 |
| k-Unity | 36,962,937 | 43,558,259 | 29,887,974 | 42,365,661 | 45,907,145 |
| Metropolitan | 70,809,415 | 68,415,196 | 83,945,106 | 76,402,102 | 83,418,519 |
| NRS Sacco | 4,212,678 | 2,918,381 | 312,319 | 3,090,753 | 921,150 |

SOURCE: PUBLISHED FINANCIAL STATEMENTS OF SACCOS REGISTERED BY SASRA

APPENDIX IV
DEBTS FROM 2009- 2013

| | Year 2009 | Year 2010 | Year 2011 | Year 2012 | Year 2013 |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Magereza Sacco | | 20,000,000 | 120,000,000 | 40,000,000 | |
| Stima Sacco | 200,000,000 | 320,000,000 | 668,000,000 | 430,000,000 | 250,000,000 |
| Wanandege Sacco | 270,000,000 | 160,000,000 | - | - | - |
| Jamii Sacco | - | - | - | - | - |
| Asili Sacco | - | - | - | - | - |
| Comocco Sacco | - | - | - | - | - |
| Chuna Sacco | | 50,000,000 | 120,000,000 | 60,000,000 | - |
| Elimu Sacco | - | - | 50,000,000 | - | - |
| Nation Staff Sacco | - | - | - | 120,000,000 | - |
| Ufanisi Sacco | - | - | - | - | - |
| UN Sacco | 150,000,000 | 40,000,000 | 200,000,000 | 80,000,000 | - |
| Safaricom Sacco | - | - | - | - | - |
| Kenpipe Sacco | 150,000,000 | 20,000,000 | - | - | - |
| Waumini Sacco | - | - | | | |
| Kenversity Sacco | - | 120,000,000 | 20,000,000 | 150,000,000 | 60,000,000 |
| Chai Sacco | - | - | - | 180,000,000 | 100,000,000 |
| Sheria Sacco | - | 300,000,000 | 240,000,000 | 180,000,000 | 120,000,000 |
| Mwalimu Sacco | 180,000,000 | 160,000,000 | 80,000,000 | 20,000,000 | - |
| Harrabee Sacco | - | 300,000,000 | 240,000,000 | 180,000,000 | 120,000,000 |
| Afya Sacco | - | - | 50,000,000 | 15,000,000 | - |
| Ukulima Sacco | | | 150,000,000 | 50,000,000 | |
| Police Sacco | | | | | |

| | 250,000,000 | 180,000,000 | 600,000,000 | 480,000,000 | 360,000,000 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Kenya Bankers Sacco | - | - | - | - | - |
| Hazina Sacco | - | - | - | - | - |
| Nacico Sacco | 120,000,000 | 400,000,000 | 240,000,000 | 160,000,000 | 60,000,000 |
| Teleposta Sacco | 80,000,000 | 20,000,000 | 150,000,000 | 80,000,000 | - |
| Maisha bora Sacco | - | - | 250,000,000 | 180,000,000 | 60,000,000 |
| Nassefu Sacco | - | - | - | - | - |
| Mwito Sacco | - | - | 60,000,000 | - | 100,000,000 |
| Naku Sacco | - | - | - | - | - |
| Othodox Sacco | - | - | - | - | - |
| Tembo Sacco | - | - | - | - | - |
| Wanaanga Sacco | - | 100,000,000 | 40,000,000 | - | - |
| Fundilima Sacco | - | - | - | - | - |

SOURCE: PUBLISHED FINANCIAL STATEMENTS OF SACCOS REGISTERED BY SASRA

APPENDIX V

GROSS INCOME FROM 2009- 2013

| | Year 2009 | Year 2010 | Year 2011 | Year 2012 | Year 2013 |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Magereza Sacco | 15,621,325 | 11,118,442 | 9,892,174 | 28,772,128 | 26,514,395 |
| Stima Sacco | 108,829,130 | 133,762,370 | 189,016,668 | 237,806,000 | 265,136,000 |
| Wanandege Sacco | 7,954,229 | 2,168,384 | 2,951,419 | 6,594,199 | 13,391,900 |
| Jamii Sacco | 3,378,830 | 6,114,400 | 22,790,146 | 51,965,766 | 66,913,096 |
| Asili Sacco | 10,285,631 | 19,396,782 | 4,361,745 | 7,805,134 | 4,406,895 |
| Comocco Sacco | 2,785,261 | 2,152,039 | 3,635,723 | 2,849,926 | 2,853,513 |
| Chuna Sacco | 5,362,145 | 4,664,074 | 4,125,424 | 18,209,441 | 20,737,069 |
| Elimu Sacco | 13,558,558 | 14,119,755 | 7,521,362 | 3,573,909 | 29,188,466 |
| Nation Staff Sacco | 3,595,926 | 3,779,331 | 7,026,713 | 11,932,573 | 39,986,854 |
| Ufanisi Sacco | 394,554 | 410,466 | 503,977 | 981,714 | 1,597,121 |
| UN Sacco | 425,048,498 | 514,151,052 | 60,207,828 | 97,002,153 | 87,597,731 |
| Safaricom Sacco | 1,714,093 | 4,134,396 | 3,563,410 | 8,610,028 | 24,754,964 |
| Kenpipe Sacco | 98,876,277 | 21,970,369 | 14,570,342 | 28,745,245 | 30,917,339 |
| Waumini Sacco | 12,572,405 | 4,868,346 | 23,723,216 | 42,549,917 | 27,585,600 |
| Kenversity Sacco | 938,956,231 | 22,174,956 | 20,545,960 | 21,057,789 | 37,756,717 |
| Chai Sacco | 4,557,753 | 580,461 | 6,523,981 | 11,666,310 | 29,771,790 |
| Sheria Sacco | 2,906,034 | 2,634,458 | 22,803,251 | 4,781,476 | 72,602,240 |
| Mwalimu Sacco | 252,354,675 | 707,620,157 | 458,906,392 | 725,006,529 | 540,200,004 |
| Harrabee Sacco | 128,562,351 | 145,623,851 | 152,456,321 | 156,939,728 | 138,722,790 |
| Afya Sacco | 19,578,756 | 2,026,422 | 23,854,874 | 165,254,985 | 26,433,293 |
| Ukulima Sacco | | | | | |

| | | | | | |
|---------------------|-------------|-------------|-------------|------------|------------|
| | 29,325,632 | 29,526,321 | 28,369,874 | 39,552,224 | 22,592,042 |
| Police Sacco | 56,311,060 | 118,610,592 | 224,004,587 | 288,879 | 411,368 |
| Kenya Bankers Sacco | 29,305,191 | 33,251,296 | 180,792,602 | 15,508,406 | 80,509,424 |
| Hazina Sacco | 14,318,211 | 10,656,385 | 30,356,347 | 31,747,058 | 41,565,833 |
| Nacico Sacco | 314,138,232 | 62,063,915 | 34,162,746 | 28,751,419 | 74,689,371 |
| Teleposta Sacco | 4,925,148 | 41,392,403 | 91,116,765 | 6,891,639 | 46,602,672 |
| Maisha bora Sacco | 15,362,985 | 18,300,441 | 20,209,575 | 16,467,664 | 22,980,249 |
| Nassefu Sacco | 78,563,142 | 43,826,122 | 37,323,738 | 31,012,762 | 36,389,284 |
| Mwito Sacco | 8,563,215 | 7,304,847 | 3,430,753 | 5,643,454 | 6,408,893 |
| Naku Sacco | 448,620 | 2,092,198 | 2,517,290 | 3,303,298 | 33,489,540 |
| Othodox Sacco | 192,444 | 5,150,166 | 6,686,877 | 2,406,197 | 1,071,760 |
| Tembo Sacco | 22,299,124 | 7,385,878 | 10,030,244 | 20,576,069 | 36,629,624 |
| Wanaanga Sacco | 1,430,948 | 3,343,911 | 6,579,533 | 14,166,996 | 11,860,732 |
| Fundilima Sacco | 2,854,452 | 26,522,130 | 29,679,727 | 41,499,655 | 17,337,867 |

SOURCE: PUBLISHED FINANCIAL STATEMENTS OF SACCOS REGISTERED BY SASRA

APPENDIX VI

DIVIDED FROM 2009 -2013

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------|----------------|----------------|-------------|-------------|--------------|
| Magereza SACCO | 177,000,000.00 | 195,816,837.00 | 221,794,527 | 243,521,039 | 265,247,551 |
| STIMA SACCO | 11,684,240.70 | 13,232,558.79 | 15,814,359 | 18,448,204 | 21,082,048 |
| WANA NDEGE SACCO | 349,300.00 | 388,000.00 | 411,013.00 | 436,336.00 | 461,659.00 |
| JAMII SACCO | 937,165.00 | 1,721,632.00 | 12,543,001 | 12,945,622 | 13,348,244 |
| ASILI SACCO | 445,000.00 | 1,156,089.00 | 1,255,864 | 1,401,511 | 1,547,159 |
| COMOCO SACCO | 550,368.00 | 564,050.00 | 783,967.00 | 830,472.00 | 876,976.00 |
| CHUNA SACCO | 53,050,545.00 | 59,916,800.00 | 69,415,883 | 76,358,569 | 83,301,254 |
| ELIMU SACCO | 10,701,393.00 | 12,063,578.00 | 13,036,369 | 15,676,999 | 18,317,630 |
| NACICO SACCO | 395,834.00 | 1,782,604.00 | 1,522,023 | 1,773,888 | 2,025,752 |
| NATION STAFF SACCO | 46,000,000.00 | 45,000,000.00 | 50,566,667 | 53,380,952 | 56,195,238 |
| UFANISI SACCO | 100,788.00 | 50,434.00 | - 19,362 | - 60,533 | - 101,704 |
| UNITED NATIONS SACCO | - | 24,172,800.00 | 16,115,200 | 19,568,457 | 23,021,714 |
| HAZINA SACCO | - | 682,720.00 | 455,147.00 | 552,678.00 | 650,210.00 |
| BANKI KUU SACCO | - | 428,000.00 | 5,328,333 | 2,713,905 | 99,476 .00 |
| SAFARICOM SACCO | - | 1,074,142.00 | 716,095 | 869,544 | 1,022,992 |
| KENCOM SACCO | 484,320.00 | 605,280.00 | 750,368 | 885,399 | 1,020,430 |
| TEMBO SACCO | - | 305,118.00 | 203,412 | 247,000 | 290,589 |
| KENPIPE SACCO | 3,757,800.00 | 3,311,430.00 | 4,484,927 | 5,119,628 | 5,754,330 |
| MHASIBU SACCO | 12,660,762.00 | 10,918,193.00 | 14,385,194 | 16,255,506 | 18,125,817 |
| WAUMINI SACCO | 61,189,607.00 | 76,129,072.00 | 79,320,317 | 87,354,088 | 95,387,860 |

| | | | | | |
|-------------------------|---------------|---------------|------------|------------|--------------|
| KENVERSITY SACCO | 47,004,258.00 | 52,256,389.00 | 51,784,657 | 54,669,635 | 57,554,613 |
| CHAI SACCO | 2,234,727.00 | 1,406,000.00 | 1,965,163 | 2,023,546 | 2,081,928 |
| NAIROBI HOSPITAL SACCO | - | 480,000.00 | 370,667 | 440,381 | 510,095 |
| SHERIA SACCO | 72,000,000.00 | 74,000,000.00 | 85,987,298 | 93,422,748 | 100,858,199 |
| MWALIMU SACCO | 3,541,050.00 | 4,418,806.00 | 4,393,191 | 4,651,388 | 4,909,585 |
| KENYATTA MATIBABU SACCO | 10,896,844 | 13,200,000 | 14,988,847 | 17,305,445 | 19,622,044 |
| HARAMBEE SACCO | - | 6,445,507.00 | 4,297,005 | 5,217,791 | 6,138,578 |
| AFYA SACCO | 3,500,000.00 | - | 841,547 | 128,670 | - 584,208 |

SOURCE: PUBLISHED FINANCIAL STATEMENTS OF SACCOS REGISTERED BY SASRA

APPENDIX VII

DIVIDEND RATIO FROM 2009- 2013

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------|-------|-------|-------|-------|-------|-------|
| Magereza SACCO | 9.5% | 9.6% | 7.6% | 9.3% | 9.5% | 9.7% |
| STIMA SACCO | 10.7% | 10.8% | 11.0% | 11.4% | 11.7% | 12.0% |
| CHUNA SACCO | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| BALOZI SACCO | 9.4% | 9.5% | 11.0% | 9.6% | 9.3% | 8.9% |
| KENTOURS SACCO | 9.5% | 10.0% | 10.5% | 10.1% | 10.1% | 10.2% |
| KENPIPE SACCO | 15.0% | 15.0% | 10.8% | 14.5% | 15.0% | 15.6% |
| NYATI SACCO | 11.0% | 12.0% | 12.5% | 12.7% | 13.1% | 13.5% |
| HARAMBEE SACCO | 6.0% | 6.0% | 6.5% | 4.9% | 4.2% | 3.6% |
| LONG HORN SACCO | 8.0% | 10.1% | 10.6% | 11.0% | 11.7% | 12.4% |
| WANA NDEGE SACCO | 6.0% | 10.0% | 10.0% | 9.4% | 9.7% | 10.0% |
| JAMII SACCO | 9.5% | 9.6% | 7.6% | 8.7% | 8.7% | 8.7% |
| ASILI SACCO | 7.9% | 9.8% | 9.3% | 9.4% | 9.5% | 9.7% |
| COMOCO SACCO | 7.6% | 9.7% | 9.2% | 9.2% | 9.4% | 9.6% |
| ELIMU SACCO | 7.3% | 9.7% | 9.1% | 9.1% | 9.3% | 9.4% |
| NASICO SACCO | 7.0% | 9.6% | 9.1% | 9.0% | 9.1% | 9.3% |
| NATION SACCO | 6.8% | 9.5% | 9.0% | 8.8% | 9.0% | 9.2% |
| UFANISI SACCO | 6.5% | 9.4% | 8.9% | 8.7% | 8.9% | 9.1% |
| UNITED NATIONS SACCO | 6.2% | 9.4% | 8.8% | 8.6% | 8.8% | 9.0% |
| HAZINA SACCO | 5.9% | 9.3% | 8.7% | 8.4% | 8.6% | 8.8% |
| BANKI KUU SACCO | 5.7% | 9.2% | 8.6% | 8.3% | 8.5% | 8.7% |
| SAFARICOM SACCO | 5.4% | 9.2% | 8.5% | 8.2% | 8.4% | 8.6% |
| KENCOM SACCO | 5.1% | 9.1% | 8.5% | 8.0% | 8.3% | 8.5% |
| TEMBO SACCO | 8.1% | 9.0% | 8.4% | 7.9% | 8.1% | 8.4% |
| MAWASILIANO SACCO | 8.0% | 8.9% | 8.3% | 7.8% | 8.0% | 8.2% |
| UKAGUZI SACCO | 7.9% | 8.9% | 8.2% | 7.6% | 7.9% | 8.1% |
| MAKTABA SACCO | 7.8% | 8.8% | 8.1% | 7.5% | 7.8% | 8.0% |
| MHASIBU SACCO | 7.6% | 8.7% | 8.0% | 7.4% | 7.6% | 7.9% |
| POST BANK SACCO | 7.5% | 8.7% | 7.9% | 7.2% | 7.5% | 7.8% |
| WAUMINI SACCO | 7.4% | 8.6% | 7.9% | 7.1% | 7.4% | 7.6% |
| KENVERSITY SACCO | 7.3% | 8.5% | 7.8% | 7.0% | 7.3% | 7.5% |
| IRRIGATION SACCO | 7.1% | 8.4% | 7.7% | 6.9% | 7.1% | 7.4% |
| GURUDUMU SACCO | 7.0% | 8.4% | 7.6% | 6.7% | 7.0% | 7.3% |
| OXFORD SACCO | 7.8% | 8.3% | 7.5% | 6.6% | 6.9% | 7.2% |
| BOB MORGAN SACCO | 7.6% | 8.2% | 7.4% | 6.5% | 6.7% | 7.0% |
| PEUGEOT SACCO | 7.5% | 8.2% | 7.4% | 6.3% | 6.6% | 6.9% |
| USIU SACCO | 7.4% | 8.1% | 7.3% | 6.2% | 6.5% | 6.8% |
| NASERAIN SACCO | 7.3% | 8.0% | 7.2% | 6.1% | 6.4% | 6.7% |
| CHAI SACCO | 7.1% | 7.9% | 7.1% | 5.9% | 6.2% | 6.6% |

| | | | | | | |
|-------------------------|------|------|------|------|------|------|
| NAIROBI HOSPITAL SACCO | 7.0% | 7.9% | 7.0% | 5.8% | 6.1% | 6.4% |
| SHERIA SACCO | 6.9% | 7.8% | 6.9% | 5.7% | 6.0% | 6.3% |
| MWALIMU SACCO | 6.7% | 7.7% | 6.8% | 5.5% | 5.9% | 6.2% |
| KENYATTA MATIBABU SACCO | | 7.7% | 6.8% | 5.4% | 5.7% | 6.1% |
| AFYA SACCO | | 7.6% | 6.7% | 5.3% | 5.6% | 6.0% |

SOURCE: PUBLISHED FINANCIAL STATEMENTS OF SACCOS REGISTERED BY SASRA