

**INFLUENCE OF DEBT MANAGEMENT ON THE PERFORMANCE OF SACCO
FUNDED PROJECTS: A CASE OF UNAITAS SAVINGS AND CREDIT CO-
OPERATIVE SOCIETY LIMITED IN MURANG'A COUNTY, KENYA**

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DECLARATION

This research project is my original work and has not been presented for the award of a Degree in any other University

Signature..... Date.....

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

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DEDICATION

I dedicate this work to my lovely wife Cynthia for the support she has accorded me throughout this journey.

ACKNOWLEDGEMENT

I wish to acknowledge the effort my supervisor Prof. Christopher Gakuu is putting on to ensure that I get to do the right thing the right way. I am a better person compared to what I was before we started this research work. May God bless you and give you more inspiration to inspire even more students like you have done to me. I also wish to acknowledge the support of the staff at Nyeri Extra Mural center for their efforts in ensuring that I get the best. My course mates have been the best so far and I enjoyed every moment we spent in class discussing issues to do with the course among others. The time I had in the center made me see life in a different perspective. Special regards to Dr. Lilian Otieno who has been so instrumental in making me think like a scholar. My lovely wife Cynthia for her patience when I am not with her and her support during this research period. Last but not least I wish to thank God for bringing me this far.

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LIST OF ACRONYMS

FOSA:	Front Office Service Activities
KWFT:	Kenya Women Microfinance Bank
ROA:	Return on Assets
ROE:	Return on Equity
SACCO:	Savings and Credits Cooperative Societies
SMEs:	Small and medium-sized enterprises

ABSTRACT

Although SMEs play a crucial role in economic growth and employment they face challenges related to access to finance that undermines their economic prosperity. However, the emergence of SACCOs, has enabled many business owners to access finance when they want to launch new products, expand their business or start new businesses. Nevertheless, lack of proper business planning and financial skills affect the performance of the Sacco funded businesses. This in this way prompts to collection of non-performing credits and henceforth the crumple of the SACCOs. The motivation behind this study was to explore on the impact of obligation administration on the execution of Sacco financed extends in Muranga County by concentrating on Unaitas Sacco society restricted. The concentrate additionally looked to set up the impact of business arranging, advance characteristics' mindfulness, borrowers level of monetary abilities and credit chance relief approaches on the execution of SACCO subsidized activities in Muranga County. The study will utilize a distinct review outline. The objective population was 154 staff and 135 individuals from Unaitas Sacco society restricted in Muranga County. The example size was resolved the by utilization of Krejcie and Morgan test measure assurance table. Stratified arbitrary inspecting was utilized to choose 127 respondents from the objective populace. This study utilized essential information which was gathered by utilization of polls. The study utilized a survey as the essential device for information gathering. Information investigation was quantitative and was broke down by utilization of the factual bundle for sociologies (SPSS rendition 20). Illustrative measurements were used to dissect quantitative information. Spellbinding insights included recurrence appropriation, rates, measures of focal propensities (mean) and measures of scattering (Std deviation). The information was then introduced in tables and charts. Furthermore, connection investigation was utilized to set up whether there is a relationship between the ward and the free factors. The study found that there is a positive huge relationship between business arranging, credit hazard moderation methodologies, borrowers' advance characteristics' mindfulness and borrowers' level of monetary aptitudes. The study found that strategies for success help an association in securing stores from Saccos and add to the reasonability of the firms' execution. The study also found that investment decision-making skills, financing decision-making, cash-flow management skills, record keeping skills, cost management skills and finance management help an enterprise in meeting its financial obligations and improves its competitiveness, growth and performance. The borrowers were made aware of loan repayment period and instalment amount per month. However, they were not made aware of interest rate of their loans per annum and default penalties charged upon defaulting. The study found that credit risk mitigation approaches used by Unaitas Sacco Limited include credit insurance, use of collateral to secure loans, third party guarantors and enforcement of penalties for default. This study recommends that Saccos should put it as a requirement that entrepreneurs should present a business plan before getting funds from the Saccos. In addition, entrepreneurs should develop business plans so as to improve the performance of their businesses. The study also recommends that Saccos should offer training to their members to improve their financial skills. Saccos should also make use of approaches like credit insurance, use of collateral to secure loans, third party guarantors and enforcement of penalties.

CHAPTER ONE: INTRODUCTION

1.1 Background of the problem

Small and medium-sized enterprises (SMEs) (SMEs) are a spine of the versatile national economy in each nation because of their tendency of empowering residential request through occupation creation, development, and rivalry. Examinations show that in both propelled economies and creating nations SMEs contribute by and large 60 percent of aggregate formal work in the assembling division (Issa and Iddi, 2010). For African economies, the commitment of the SME area to openings for work is significantly more imperative. Considering the commitment of the casual division, SMEs represent around seventy five percent of aggregate work in the assembling area. Furthermore, SMEs included in the worldwide production network can possibly urge universal exchange and to prepare local request. Organizing SME improvement is in this manner basic for advancing comprehensive financial development (Kebewar, 2014). Given the worldwide financial instability, satisfactory and stable access to back is significant for SMEs to survive and develop.

Notwithstanding, the long haul development and aggressiveness of SMEs are traded off by the requirements on their entrance to option types of back, among other deliberate and institutional issues in creating nations. Restricted access of SMEs to credit and monetary administrations has been distinguished as a standout amongst the most imperative supply limitations defying the division in creating nations (Kibui and Moronge, 2014). Thus, SMEs' share of financing assets is lopsidedly not exactly their relative significance in residential work and to the esteem included (Kiliswa and Bayat, 2014). Firm-level information gathered by the World Bank demonstrates that entrance to fund is seen as one of the primary snags to working together. Various studies have demonstrated that financing is a more prominent deterrent for SMEs than it is for substantial firms, especially in the creating scene, and that entrance to fund unfavorably influences the development of the SME part more than that of huge organizations.

Because of the expanding rivalry in the managing an account division, in the later past, both little and vast organizations can get advances from monetary foundations like business banks, microfinance establishments and SACCOs. This has helped numerous business to develop,

increment their income, deals volume and benefits. In France, a study directed by Kebewar (2014) found that obligation financing regarding both long haul and fleeting obligations significantly affected the execution of partnerships as far as benefit and deals volume. In Pakistan, Tauseef, Lohano and Khan (2013) found that as the obligation to-resource proportion increments, at first the arrival on value increments until an ideal obligation level is come to, after that it begins diminishing. In Nigeria, Dube (2013) found that obligation financing positively affected profitability of SMEs. The concentrate additionally settled that organizations which got satisfactory subsidizing from money related foundations enhanced their efficiency. Another finding of the study was that the cost of getting was too high to empower firms to obtain satisfactory measure of required back speculation. Nonetheless, these discoveries repudiate with Githaiga and Kabiru (2015) discoveries that transient credit and long haul advances had negative effect on budgetary execution of SMEs in Kenya.

SACCOs in Kenya have in the fore front back undertakings by both little and expansive organizations in Kenya. In any case, because of their poor execution and obligation administration, these organizations do not wrap up their advances, which have prompted to high non-performing credit rate among SACCOs (Kimwolo et al., 2010). For the most part, cooperatives are group foundations intentionally and self-sufficiently settled and oversaw by the groups; furthermore give administrations for the nearby groups. As Lagat et al. (2013) watched that SACCOs had a high presentation to credit hazard (the hazard that borrowers can't pay or danger of postponed installments) and in addition operational dangers. Inability to control these dangers, particularly credit hazard, could prompt to bankruptcy. As Lagat et al. (2013) declares, around 2 out of 3 SACCOs at first framed were not operational (either torpid or caved in) or for a few reasons stopped operations. Key to advance reimbursement is the execution of Sacco subsidized undertakings and consequently it is significance to examine how obligation administration impacts Sacco supported projects' execution.

1.1.1 Sacco's in Kenya

The administration of agreeable social orders in Kenya is administered by Ministry of industrialization and undertaking improvement. All SACCOs are managed by SASRA under Sacco Societies Act (CAP 490B). Right now there are around 10,000 Sacco's and union

developments however just around 230 SACCOs are store taking as per area 28 of Sacco Societies Act as read with directions 8 of Sacco Societies; this is as indicated by Gazette Notice no.447. By store taking it implies that they are approved to do front office benefit exercises regularly known as FOSA. The principle particular permitting necessities for Sacco's are accommodated under The Act (segment 24) and Regulations (segment 4) (Lagat, Mugo and Otuya, 2013).

A portion of the particular necessities incorporates; arrangement of least center capital of kshs.10 million as appeared in their monetary or arrangement of their bank explanations and for this situation all Sacco's need to agree to three capital sufficiency proportions as stipulated in the controls, fit and legitimate test for the executives and administration screening their good and expert appropriateness, a point by point four year strategy for success and achievability think about including anticipated money related proclamations ought to likewise be given. The above necessities applies to those SACCOs expecting to lead store taking exercises i.e. FOSA (Kivuvo and Olweny, 2014).

1.1.2 Unaitas Sacco Society Limited

Unaitas Sacco Society Limited is a store taking Sacco that was built up in 1993 by tea ranchers from Muranga County. It began by giving back office benefits just yet after at some point it was conceded permit to offer FOSA administrations to their individuals. The Sacco used to be known as Muramati Tea Growers Sacco however with the requirement for expansion the general public changed to Muramati Sacco Society Limited (Unaitas, 2015). Muramati is an acronym for Muranga, Maragua and Thika regions where they had opened branches. In 2012 the Sacco rebranded to Unaitas Sacco Society Limited in order to have a Global and a national standpoint, by then the Sacco had opened branches in districts outside the previous Central Province.

Right now the Sacco has 20 branches and means to open more branches soon. The Sacco is going by top managerial staff and a Chief Executive Officer; the board individuals are going by a director who seats all executive gatherings. The participation of Unaitas is interested in any Kenyan who must purchase no less than 100 shares going for kshs.10 per share. This implies anybody willing to be a full part in Unaitas must contribute kshs.1, 000. The Sacco offers a few investment funds and credit items and their principle wellspring of wage is the advances they

progress to their individuals. As indicated by SASRA the Sacco is just expected to support a full part, and in this manner if any individual wishes to get they should turn out to be full individuals by purchasing offers. Unaitas Sacco Society restricted targets low and medium pay workers who frame the dominant part of their individuals (Unaitas, 2015).

1.2 Statement of the problem

SMEs contribute significantly to monetary improvement and business era. Small and medium enterprises (SMEs) shape as a potential monetary spine of numerous districts and make an extensive commitment to work than substantial organizations (Amonoo et al., 2003). However, despite the fact that they assume a vital part in monetary development and business the little and medium undertakings (SMEs) in creating nations confront a financing crevice identified with access to fund that undermines their monetary success (Angaine and Waari, 2014). In any case, the rise of SACCOs has empowered numerous entrepreneurs to get to back when they need to dispatch new items, grow their business or begin new organizations. In any case, absence of appropriate business arranging and monetary abilities influence the execution of the Sacco supported organizations. This therefore prompts to collection of non-performing credits and henceforth the crumple of the SACCOs.

For SACCOs, the controller SASRA has pegged a proportion of 5% as the greatest wrongdoing proportion that authorized SACCOs ought to hold whenever. Notwithstanding, numerous Saccos record more than 5% wrongdoing proportion each year. For example, in the year 2013, Saccos in Kenya had a normal 12.45% wrongdoing proportion (Kivuvo and Olweny, 2014). An expansion in non-performing advances prompts to the crumple of the Saccos. By December 2013, 6,727 SACCOs were enlisted and utilized straightforwardly 303,455 individuals). Be that as it may, regardless of the huge government activity, a noteworthy 3457 (51%) of the SACCOs were not operational. This high disappointment rate of SACCOs keeps on baffling thousand years improvement objectives and vision 2030 goals of expanding money related incorporation.

Different research concentrates on have demonstrated that obligation financing has a huge positive effect on the execution of organizations (Kebewar, 2014; Tauseef, Lohano and Khan, 2013; Dube, 2013). In any case, Githaiga and Kabiru (2015) found that advances had negative effect on monetary execution of independent company in Kenya as the execution of Sacco

supported undertakings was fundamentally subject to obligation administration by the entrepreneurs.

Regardless of the expanding financing of business undertakings by Saccos in Kenya and the expanding disappointment and fall of organizations, there is minimal exact proof demonstrating the impact of obligation administration and the execution of Sacco subsidized tasks. This concentrate subsequently looked to explore on the impact of obligation administration on the execution of Sacco financed extends in Muranga County.

1.3 Purpose of the study

The purpose of this study was to investigate on the influence of debt management on the performance of Sacco funded projects in Muranga County by focusing on Unaitas Sacco society limited.

1.4 Research objectives

The specific objectives of the study were:

1. To establish the influence of business planning on performance of SACCO funded projects in Murang'a County
2. To determine the influence of loan characteristics' awareness on the performance of SACCO funded projects in Murang'a County
3. To find out the influence of borrower's level of financial skills on the performance of SACCO funded projects in Murang'a County
4. To determine the influence of credit risk mitigation approaches on the performance of SACCO funded projects in Murang'a County

1.5 Research questions

This study was guided by the following research questions;

1. What is the influence of business planning on performance of SACCO funded projects in Murang'a County?
2. How does loan characteristics' awareness influence the performance of SACCO funded projects in Murang'a County?

3. What is the influence of borrower's level of financial skills on the performance of SACCO funded projects in Murang'a County?
4. What is the influence of credit risk mitigation approaches on the performance of SACCO funded projects in Murang'a County?

1.6 Significance of study

This study is of incredible significance to the administration of agreeable social orders as it helps them comprehend the components of obligation administration that altogether impact the execution of SACCO financed ventures. The concentrate particularly plots how advance characteristics' mindfulness, business arranging, borrowers' level of money related aptitudes and credit chance moderation impact the execution of SACCO financed ventures. Moreover, the discoveries help the agreeable social orders to work shrewd while assessing any potential borrower furthermore prepare their officers on the best way to handle individuals who have defaulted credits.

To the legislature of Kenya and arrangement creators the study gives data on obligation administration and execution of Sacco subsidized ventures that can be utilized to figure and actualize strategies to lessen non-performing advances that can adversely influence the economy and increment the execution of business, which can emphatically impact the economy.

To different specialists and academicians, the study frames a base whereupon encourage studies can be directed on obligation administration and the execution of Sacco supported activities. Also, the study adds more data to the assemblage of learning on the impact of obligation administration on the execution of Sacco supported activities.

1.7 Delimitation of the study

In spite of the fact that there are numerous obligation administration hones use in SACCOs, this study focused on just four of them: business arranging, borrowers' credit consider mindfulness, borrowers' level of budgetary abilities and hazard moderation offices. What's more, the concentrate just centered on Unaitas Sacco society constrained. The number of inhabitants in this

study was the staff and individuals from Unaitas Sacco society restricted in the branches situated in Muranga County.

1.8 Limitation of the study

The administration of Unaitas Sacco society restricted was unwilling to allow consent to complete the exploration. The analyst however educated the administration that the study is implied for scholastic reason as it were. Promote, the analyst got an information accumulation letter from the University of Nairobi and National Commission for Science, Technology and Innovation (NACOSTI).

There were likewise challenges amid information gathering where some objective respondents may neglect to give the required data because of dread of exploitation and disposition towards this study. The concentrate however worked winning the certainty of those included in this examination by giving them the explanations behind the exploration and guaranteeing them of secrecy of data given.

1.9 Assumptions of the study

In this study, the following assumptions will be made;

- i. The respondent read, understand and be able to answer, through writing the questions, in the survey tool.
- ii. All participants were co-operative and provide reliable, accurate and honest responses to the best of their ability.
- iii. Unaitas Sacco was the model society in Murang'a County.
- iv. That no other research had been done to Unaitas Sacco regarding debt management.

1.10 Definition of significant terms

Business planning: This is the development of a formal statement of business goals, reasons they are attainable, and plans for reaching them (Issa & Iddi, 2010).

Performance: This is the output of a business measured against its objectives and goals and in terms of customer satisfaction, internal business process efficiency, growth and financial measures such as return in investment, return on equity and dividend yield (Kitprem, Peng, Chan & Pollard, 2013).

Loan characteristics' awareness: This is the borrowers' knowledge on the attributes of the loan provided like interest rate, period of repayment, consequences of default and period of calculation (annual or monthly) (Phenya, 2011).

Financial skills: This is experience and knowledge to manage financial resources effectively for a lifetime of financial well-being of an organization (Mazzarol, Reboud & Clark, 2015).

Credit Risk mitigation: The employment of various methods to reduce the risks to lenders, banks and other business which offer credit (Angaine & Waari, 2014).

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The part exhibits an audit of writing on obligation administration and execution of Sacco supported ventures. The section starts with an outline of the needy variable. This is trailed by an audit of writing on impact of business arranging, money related aptitudes, advance qualities mindfulness and credit chance relief on execution of SACCO supported undertakings. This is then trailed by a hypothetical structure, clarification of connections of factors in the theoretical system and crevices in writing assessed.

2.2 Organizational performance

Measuring execution is a multi-dimensional idea. Adequacy and effectiveness are the two principal measurements of execution. This is underlined by Phenya (2011) in the contention that adequacy alludes to the degree to which partner prerequisites are met, while productivity is a measure of how financially the firms' assets are used while giving a given level of partner fulfillment. To accomplish prevalent relative-execution, an association must accomplish its normal goal with more noteworthy productivity and viability than its rivals (Ojiako and Ogbukwa, 2012).

As indicated by Phenya (2011), execution incorporates three particular ranges of organization results: monetary execution (benefits, return on resources, degree of profitability, and so forth.); advertise execution (deals, piece of the overall industry); and shareholder return (add up to shareholder return, financial esteem included). Little and medium endeavors (SMEs) projects' execution might be measured utilizing objective, subjective, or operational measures. As indicated by Wakaba (2014), a business association could gauge its execution utilizing the monetary and non-money related measures. The monetary measures incorporate benefit before expense and turnover while the non-budgetary measures concentrate on issues relating to customers' fulfillment and customers' referral rates, conveyance time, holding up time and employees' turnover (Zachary, 2013). Perceiving the constraints of depending entirely on either the monetary or non-budgetary measures, proprietors chiefs of the present day SMEs have

embraced a half and half approach of utilizing both the money related and non-monetary measures. These measures serve as antecedents for course of activities.

Money related measures of execution are gotten from the records of an organization or can be found in the company's benefit and misfortune proclamation or the accounting report. Likewise, budgetary measures are additionally alluded to as target measures since they can be exclusively measured and checked (Wolmarans and Meintjes, 2013). In any case, it is vital to present non-money related measures of execution in conjunction with monetary measures keeping in mind the end goal to completely quantify execution. The non-money related measures are otherwise called the subjective execution measures of execution. The utilization of non-monetary measures of execution supplements bookkeeping measures and gives information on advance with respect to client prerequisites or contenders and other non-money related destinations that might be imperative in accomplishing benefit.

As indicated by Tauseef et al. (2013) nobody measure of execution ought to be gone up against its own. To acquire a genuine measure of how an organization is performing, diverse measures (monetary and non-budgetary) ought to be utilized together on the premise of past studies. Subsequently, in this study, execution of small and medium enterprises (SMEs) tasks will be measured by money related measures (Return on Assets (ROA), Return on Equity (ROE), Sales development, and Profitability development) and non-budgetary measures (Employee development, Customer fulfillment, Satisfaction with execution contrasted with contenders and Overall fulfillment).

2.3 Business planning

Arranging is a standout amongst the most essential parts of maintaining a business, regardless of whether it is a huge multinational partnership attempting to arrange an extension or a private venture retailing items or administrations. Nyumba et al. (2013) clarified arranging as an arrangement of administrative exercises intended to set up the association for the future and guarantee that choices with respect to the utilization of individuals and assets to accomplish authoritative targets are taken. Arranging is especially basic in little firms in light of its broad assets. An arrangement builds up the essential goal of the firm, decides how these destinations

can be accomplished, puts into thought different parts of the earth and decides the measure of assets important for fruitful execution.

In Thailand, Kitprem et al. (2013) found that the level of business arranging is decidedly connected with the development of the SME. Besides, the outcomes uncover that specific demographic elements, for example, age and training level, are altogether and emphatically identified with the choice to utilize vital arranging. In Nigeria, Chukwuemeka and Ifechukwude (2013) built up that most business visionaries were more intrigued by expanding interest of their items more than setting objectives and goals. Likewise comes about demonstrated that monetary unsteadiness and access to wellspring of fund are real difficulties confronting SME's; and legitimate arranging can expand the efficiency and gainfulness of Small and Medium scale Enterprises in Nigeria. The study presumed that successful arranging significantly affects the execution of little and medium ventures in Nigeria.

In Tanzania, Issa and Iddi (2010) directed a study on the effect of business anticipating execution, of little and medium endeavors (SMES) and uncovered that there exist a positive and huge relationship between business arranging and execution of SMEs. Insufficient business arranging learning and aptitude in SMEs, poor record keeping, individual and non-practical inspirations sought after by proprietors of SMEs, absence of workers' cooperation in business arranging process, size of the endeavor and lacking business arranging specialists were observed to be variables that ruining in SMEs. Likewise the discoveries demonstrated that preparation in business arranging and legitimate record keeping were the best methodologies that should have been received with a specific end goal to energize business arranging rehearse in SMEs to upgrade execution. The study contended that SMEs ought to be urged keeping in mind the end goal to energize representatives and business experts to take an interest in arranging process as a methodology to enhance business execution. Besides, the discoveries demonstrated that proprietors of SMEs ought to be sharpened on expenses and risks of working organizations without legitimate arrangements.

2.4 Financial skills

Expertise is learning exhibited by activities or the capacity to perform unquestionably. Aptitudes are gained through preparing and instruction. Instruction and preparing make conditions in which

a man can secure and apply the ability that will help him/her accomplish the goal of the business (Lagat, Mugo and Otuya, 2013). The distinction amongst instruction and preparing is that instruction readies the person forever while preparing sets him up or her to perform particular assignments. Monetary administration in SMEs is regularly extraordinary to that found in vast firms because of the more dynamic nature of their income cycle, general scarcity of working capital, and their capacity to raise back through obligation or value. SMEs additionally do not have the monetary administration and bookkeeping frameworks accessible to huge firms, and in addition the expert staff who oversee such frameworks. Regularly the proprietor administrator is required to play out these assignments, frequently, yet not generally, with support from a clerk and a bookkeeper (Kivuvo and Olweny, 2014).

In a study on the appraisal of the monetary administration abilities of little retail entrepreneurs/administrators in South Africa, Phenya (2011) affirmed that most independent venture proprietors/directors have constrained money related aptitudes and did not have an appropriate bookkeeping framework set up. They additionally did not have the learning to order monetary proclamations and money spending plans and they could not dissect these announcements. Likewise, the entrepreneurs could not aggregate a strategy for success neither would they be able to get ready for benefit or money. Despite the fact that it was found that some of them had decent information of overseeing working capital, 60% communicated a requirement for preparing mediation around there to enhance their abilities. Different zones of money related administration preparing required were benefit arrangements, money planning, financing and the utilization of breakeven examination.

Kimwolo, Saina and Cheserek (2010) led a study on the viability of Kenya Women Finance Trust (KWFT) preparing abilities on deals execution of ladies smaller scale undertakings in Iten town, Elgeiyo Marakwet in Kenya. The discoveries indicated credit aptitudes are applicable to obtaining for any miniaturized scale undertakings, ladies smaller scale ventures expanded enormously with learning using a loan abilities and money related abilities offered by KWFT foundation. In a study on the monetary administration practices of little to medium endeavors, Mazzarol et al. (2015) found that SMEs have to a great extent casual and specially appointed money related administration rehearses. Business measure and money related proficiency levels were found to impact budgetary administration of business and consequently execution. As the

firm develops in size and multifaceted nature the proprietor administrator is required to embrace more modern and deliberate ways to deal with budgetary administration. SMEs with higher money related proficiency have more prominent ability to screen and control the monetary execution of their organizations.

Thus, Wolmarans and Meintjes (2013) led a study on monetary administration rehearses in effective Small and Medium Enterprises (SMEs) and built up that budgetary administration works on with respect to working capital and productivity are more pertinent to the proprietor administrators of set up SMEs than those in regards to accounting reports and vital money related administration. Works on in regards to income and basic leadership are likewise a great deal more applicable than those with respect to arranging and detail examination. It appears that to concentrate on transient administration issues like income, is substantially more pertinent for built up SMEs than to have a medium to long haul perspective of the firm.

2.5 Loan characteristics Awareness

In a study on advance reimbursement limit of smallholder helpful agriculturists in Nigeria, Ojiako and Ogbukwa (2012) observed that element, for example, singular/borrower qualities, borrowers' firm attributes, Sacco qualities and credit qualities influence the eagerness and the capacity of borrowers to reimburse their advances. In Kenya, Angaine and Waari (2014) directed a study on the elements impacting credit reimbursement in SMEs in Kenya and found that business qualities affecting advance reimbursement were: length of operation, administration and sort of business. Then again, advance attributes were: financing cost of the credit, time of advance reimbursement and advance size. Thus, Kiliswa and Bayat (2014) led a study on the determinants of Loan Repayment in Small Scale Enterprises in Developing Countries. The study found that credit qualities incorporate the sum conceded to the borrower, financing cost, default punishment, portion sum and advance reimbursement period.

In a study on the effect of financing costs on credit reimbursement by poor people and SMEs in Ghana, Amonoo et al. (2003) built up that there is a negative relationship between financing costs and credit reimbursement. Along these lines, bringing loan fees would lead down to an

expansion the execution of organizations subsidized by money related establishments and subsequently a change in advance reimbursement.

Zachary (2013) directed a study on the impact of financing costs on interest for credit by little medium ventures in Nairobi County. The exploration discoveries uncovered that there was an extremely solid positive relationship between interest for credit, financing cost, yearly benefit and owners' value. The concentrate likewise uncovered that 86.9% of interest for credit by SMEs in Nairobi County could be clarified by loan fees. The discoveries advance uncovered that viable financing costs, yearly benefits and owners' value clarified interest for credits in a specific order. Also, Nyumba et al. (2013) led a study on the credit loan cost and execution of little and medium undertakings in Kenya. The study found that 8.3% of execution of SMEs can be clarified by decrease in loan cost.

In a study on the impact of microfinance credit on the budgetary execution of little and medium endeavors in Kiambu County, Wakaba (2014) found that the undertakings advantage from advances from microfinance organizations, the SMEs look for monetary help from the MFIs because of low financing cost, simple advance reimbursement and sum advertised. There is have to give an empowering domain to SME's to develop and flourish, in this manner there is a need to create procedures to improve expanded access to microfinance credit by SME's from SACCOs, business banks and microfinance establishments.

2.6 Credit Risk mitigation

Credit chance moderation is the work of different techniques to diminish the dangers to loan specialists, banks and different business which offer credit. The techniques can incorporate hazard based estimating, or altering the cost of credit as per the credit quality of the borrower; credit fixing, or decreasing the measure of credit accessible to higher hazard candidates; expansion, or expanding the portfolio blend of borrowers and acquiring credit protection (Kitprem et al., 2013). Banks utilize various strategies to relieve the credit dangers to which they are uncovered. For instance, exposures might be collateralized by first need claims, in entire or to some degree with money or securities, an advance introduction might be ensured by an outsider, or a bank may purchase a credit subsidiary to balance different types of credit hazard.

Furthermore banks may consent to net credits owed to them against stores from the same counterparty (Kimwolo et al., 2010).

In Tanzania, Gweyi (2014) directed a study on the Impacts of credits hazard administration on benefit of rustic reserve funds and credits agreeable social orders (SACCOs). This study discovered that 70% of rustic SACCOs were making misfortune since they needed successful credits hazard alleviation procedures. The concentrate advance uncovered that the credit chance administration fundamentally impacted the benefit of provincial the SACCOs.

Kibui and Moronge (2014) directed a study on the impacts of credit hazard administration on monetary execution of SACCOs and found that the Sacco utilized underwriters, Collateralization, shareholding and protection as hazard relief methodologies in credit chance administration. The concentrate additionally discovered that credit hazard administration enhance the execution of SACCOs all things considered. Moreover the study discovered that there was a tweaked PC based reporting framework which take into account discovery of past due advances in the most brief conceivable time. Lagat (2013) found that Saccos had set up methodology and systems used to lessen and keep the event of acknowledge hazard related for credit exposures. Chance mitigants offer insurance to an introduction which the Sacco keeps on holding. Saccos need to utilize their inner measures for key drivers of acknowledge hazard as an essential contribution to their base administrative capital computations subject to meeting certain conditions per administrative endorsements; this likewise incorporate inside credit chance estimation and reported approaches and practices acknowledged in the administration frameworks. What's more, the SACCOs were utilizing the normally connected is the assurance framework where the diminishment of the credit presentation is determined by the endeavor of an outsider to pay a sum in case of a default of a borrower or on event of other indicated occasions. Being the last action in the hazard administration cycle, moderation is basic and characterizes how well the association accomplishes and keeps up it chance inside the fancied levels. Other hazard moderation procedures utilized by SACCOs incorporate stringent principles amid the application procedure, clarity of punishments for default, utilization of dependable outsider underwriters and taking protection cover for the normal hazard.

2.7 Theoretical framework

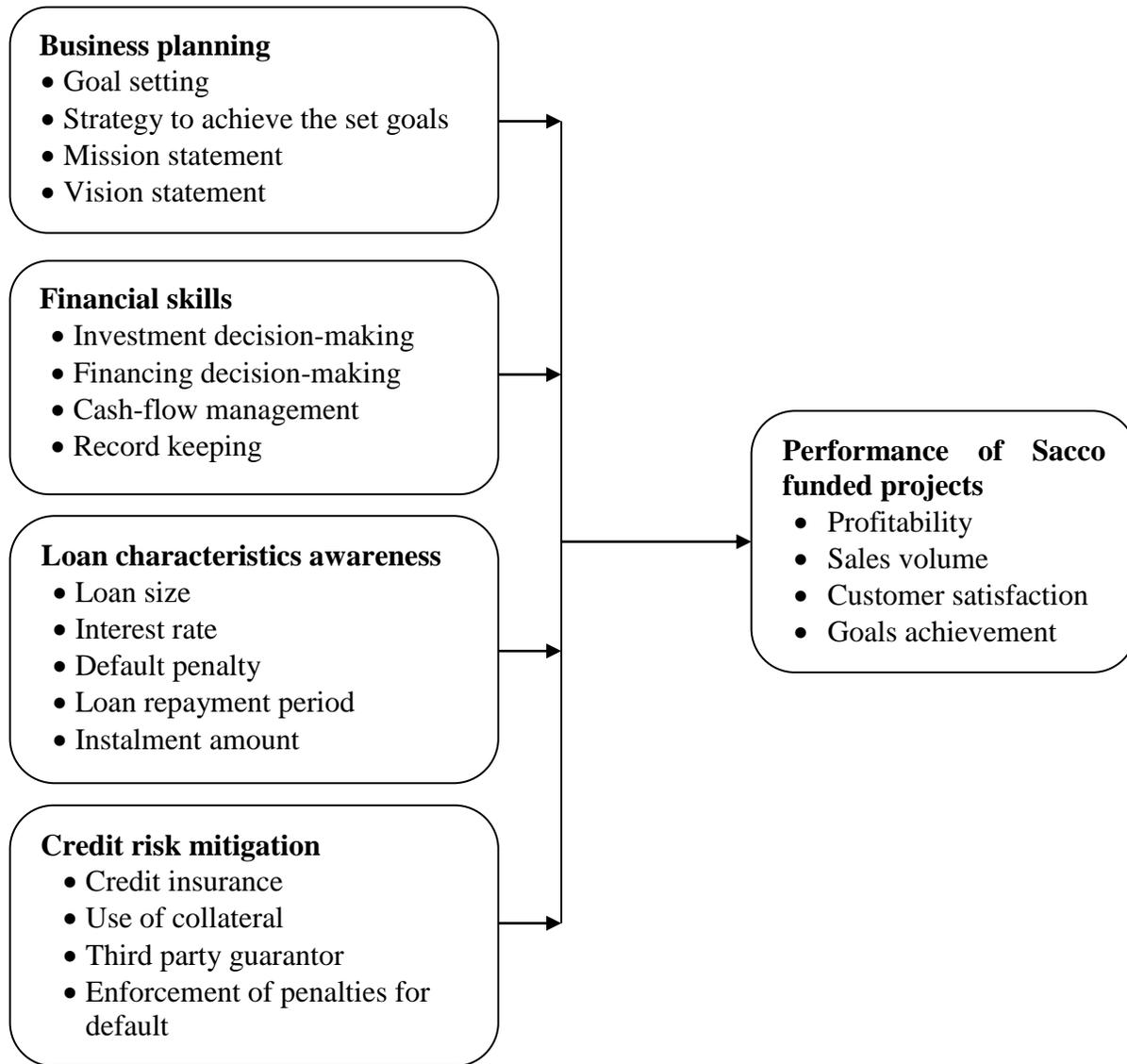
There are two principle hypotheses that try to clarify how organizations back their ventures: the pecking request hypothesis and the tradeoff hypothesis. In the pecking request hypothesis, firms want to back their ventures (and profits) with inside produced assets to dodge the under speculation issue connected with unsafe obligation and instructive asymmetries amongst chiefs and the security markets (de Jong et al., 2011). On the off chance that organizations don't have adequate inside produced assets to back their speculations they will issue obligation to fund their money related shortage (ventures + profits – working money streams). Just in extraordinary cases will they fund their speculations with outside value capital (Qureshi et al., 2015). As an outcome, firms taking after the pecking request hypothesis don't have an ideal capital structure and their watched capital structure is only an ancient rarity of their past speculation openings and the accessibility of inside created reserves. In the tradeoff hypothesis firms pick their ideal capital structure by adjusting the expenses and advantages of extra obligation financing. These expenses incorporate the assessment funds produced by the duty deductibility of premium, expected chapter 11 costs, and the organization expenses of obligation and value (Bagley, Ghosh and Yaari, 2011).

Both of these hypotheses concentrate on the craved measure of obligation firms wish to use in financing their speculations and by and large overlook the capacity of firms to acquire their sought measure of obligation financing. Notwithstanding, the study will be tied down on the pecking request hypothesis as it shows that obligation financing ought to come after all inner assets of an association are depleted (Jiang and Weiss, 2012). To back fundamental tasks or to extend their organizations, business supervisors or proprietors acquire stores from business banks, microfinance foundations or SACCOs. In the event that organizations take after the pecking request hypothesis and credit accessibility is a determinant of how much obligation financing a firm gets, then firms with more noteworthy credit accessibility ought to back a more noteworthy extent of their money related shortage with obligation. Be that as it may, the capacity of the organizations to reimburse the obligation altogether relies on upon the business owners' obligation administration capacity and the execution of the matter of the supported venture. On the off chance that a business supervisor or a SME proprietor has budgetary administration aptitudes, he can build up an arrangement on the most proficient method to utilize the assets got

to make more benefits. Likewise, business arranging is enter in decide the execution of the matter of the venture in the wake of infusing the accounts from the Sacco. Likewise, if the loan costs are high the business will grow yet may not make enough benefits to pay the regularly scheduled payments.

2.8 Conceptual framework

Kothari (2004) characterizes reasonable system as a composed or a visual presentation that clarifies either graphically or in story shape the fundamental things to be examined and the assumed relationship among them. The study was conceptualized in view of the factors utilized as a part of this study which are spoken to diagrammatically to show relationship between them by representing the impact of the free factors on the reliant factors keeping in mind the end goal to give soundness. Autonomous Variables incorporate; business arranging, budgetary aptitudes, advance qualities mindfulness and credit chance alleviation. Then again, the reliant variable was the execution of SACCO financed ventures.



Independent Variables

Moderating Variable

Dependent variable

Figure 2. 1: Conceptual Framework

2.9 Gaps in Literature Reviewed

Different studies have been directed on obligation financing and execution organizations both all-inclusive and locally. In Zimbabwe, Dube (2013) directed a study on the effect of obligation financing on efficiency of little and medium scale ventures (SMEs) and found that obligation fund positively affected profitability of SMEs and in Ghana and South Africa, Abor (2007) led a study on obligation arrangement and execution of SMEs.

In Kenya, Githaiga and Kabiru (2015) directed a study on obligation financing and money related execution of little and medium size ventures and Wanambisi and Bwisa (2013) led a study on the impacts of microfinance loaning on business execution Kitale. In any case, there is minimal exact confirmation demonstrating the impact of obligation administration on the execution of Sacco financed ventures. What's more, there is no exact proof demonstrating the impact of advance characteristics' mindfulness, business arranging, borrowers' level of money related abilities and credit chance moderation impact the execution of SACCO financed ventures. This concentrate in this way tried to examine on the impact of obligation administration on the execution of Sacco subsidized undertakings in Muranga County by concentrating on Unaitas Sacco society constrained.

CHAPTER THREE:RESEARCH METHODOLOGY

3.1 Introduction

This part shows a philosophy that was utilized as a part of the exploration. This incorporates perspectives, for example, the examination plan, target populace, the specimen size and inspecting methodology, look into instruments, pilot testing, instrument legitimacy and unwavering quality, information gathering strategy and information investigation strategies.

3.2 Research Design

The study utilized an elucidating review plan. Elucidating review as per Mugenda and Mugenda (2003) is the way toward gathering information keeping in mind the end goal to answer questions concerning the present status of the subject under study. Enlightening concentrate likewise includes an examination of the situation portraying, investigating and reporting conditions that exist or that existed (Kothari, 2004). The specialist utilized this exploration plan since the examination means to produce measurable data to be utilized to depict the impact of obligation administration on the execution of Sacco subsidized activities in Muranga County.

This examination concentrate additionally utilized a contextual investigation plan. A contextual analysis includes a very close, top to bottom, and itemized examination of a subject (the case), and its related relevant conditions. This plan was picked on the grounds that contextual investigations permit a considerable measure of detail to be gathered that would not ordinarily be effectively acquired by other research outlines. The information gathered is typically a considerable measure wealthier and of more noteworthy profundity than can be found through other test plans. This study was led in Unaitas Sacco society restricted.

3.3 Target population

Kothari (2004) characterizes the objective populace as every one of the individuals from the genuine arrangement of individuals, occasions or questions which the specialist wishes to create the discoveries. The objective populace of this study was staff and individuals from Unaitas Sacco society restricted in Muranga County. Concurring of Unaitas Sacco society restricted

(2015), there are 154 staff working in the 10 branches situated in Muranga County. Likewise, the 10 branches benefit a normal of 135 clients looking for credits benefits each day.

Table 3. 1: Target Population

Branch	Target population		Total target population
	Credit officers	Members	
Kangema branch	8	8	16
Githumu branch	12	7	19
Kiria-ini branch	11	10	21
Mununga branch	13	8	21
Kahitia Branch	11	9	20
Gatura branch	13	11	24
Kangari branch	10	12	22
Kanyenya-ini Branch	11	8	19
Muranga Branch	14	12	26
Total	103	85	188

3.4 Sample Size and Sampling Procedures

3.4.1 Sample Size

This study used Krejcie & Morgan (1970) sample size determination table to obtain the sample size. According to the table for a population of 188, a sample size of 127 should be selected. This sample size was distributed among the 10 branches.

Table 3. 2: Sample Size

Branch	Target population			Sample Size		
	Credit officers	Members	Total	Credit officers	Members	Total
Kangema branch	8	8	16	5	5	11
Githumu branch	12	7	19	8	5	13
Kiria-ini branch	11	10	21	7	7	14
Mununga branch	13	8	21	9	5	14
Kahitia Branch	11	9	20	7	6	14

Gatura branch	13	11	24	9	7	16
Kangari branch	10	12	22	7	8	15
Kanyenya-ini Branch	11	8	19	7	5	13
Muranga Branch	14	12	26	9	8	18
Total	103	85	188	70	57	127

3.4.2 Sampling Technique

This study utilized stratified arbitrary inspecting to choose 127 respondents from the objective populace. In measurements, a basic arbitrary example is a subset of people (a specimen) looked over a bigger set (a populace). Every individual is picked arbitrarily and totally by shot, to such an extent that every individual has a similar likelihood of being picked at any phase amid the examining procedure, and every subset of k people has a similar likelihood of being decided for the specimen as whatever other subset of k people.

3.5 Data Collection Instruments

This study utilized essential information which was gathered by utilization of surveys. The utilization of poll in this study had a few focal points, which incorporate its capacity to achieve all respondents and is practical to use as far as cash and time. The poll was organized with shut finished and likert questions. The organized inquiries were utilized as a part of a push to monitor time and cash and additionally to encourage a simpler examination as they are in quick usable frame. For the shut finished inquiries, a Five-point Likert Scale was utilized which included: (5) firmly concur (4) concur (3) Neutral (2) dissent (1) Strongly oppose this idea. The unequivocally concurred reactions will be scored at 5 for direct positive reactions while those of emphatically differ will be scored at 1 for direct negative reactions. Shut finished inquiries were incorporated on the grounds that they are simpler to direct and to break down.

3.5.1 Pilot Testing of the Instruments

The poll was arbitrarily regulated to 10% of the respondents from the specimen populace. This aided in refining the inquiries through rethinking and expulsion of vague inquiries. It additionally evacuated typographical mistakes. The pilot testing procedure was utilized to figure out whether

questions asked are important and fitting. The polls will be prepared for dispersion once every one of the issues has been tended to. Pilot testing process keeps an eye on the clarity and appropriateness of the wording in the survey.

3.5.2 Validity of Research Instruments

As per Creswell (2008) legitimacy is the degree to which comes about gained from procedure of examination of the information really epitomizes the wonder under study. There are two sorts of legitimacy: substance legitimacy and face legitimacy. Confront legitimacy alludes to likelihood that a question is misconstrued or misjudged. As per Cooper and Schindler (2006) pre-testing is a legitimate approach to build the likelihood of face legitimacy. Then again, content legitimacy, likewise alluded to as legitimate legitimacy, and alludes to how much a measure delineates all features of a given social build. In this study, the substance legitimacy was enhanced by looking for the conclusions of specialists in the field of concentrate, especially the directors. Likewise, the face legitimacy of the examination instrument was enhanced via doing a pilot test and changing any indistinct and equivocal question.

3.5.3 Reliability of Research Instruments

Dependability is how much an appraisal device produces steady and reliable results. With a specific end goal to test the unwavering quality of the instruments, inward consistency was connected utilizing Cronbachs Alpha. The alpha esteem extends somewhere around 0 and 1 with unwavering quality expanding with the expansion in esteem. Coefficient of 0.6-0.7 is a usually acknowledged general guideline that shows satisfactory dependability and 0.8 or higher demonstrated great unwavering quality (Mugenda, 2008)

3.6 Data Collection Procedures

The specialist connected for an exploration allow from the National Council of Science and Technology Council. The specialist likewise composed a letter of transmittal of information accumulation instruments to individual respondents. The scientist booked meetings with the respondents and concur on the timings for filling the polls. The polls were managed with the

assistance of two research partners. The polls were both hand conveyed also and messaged to the respondents. Subsequent meet-ups were made on consistent schedule to screen the advance of the respondents in topping off the surveys. The information accumulation practice is relied upon to take around two weeks.

3.7 Data Analysis Techniques

Information examination handle involves the way toward bundling the gathered information putting all together and organizing its significant components in a way that the outcomes can be effortlessly and effectively conveyed. Information investigation was quantitative. Quantitative information was investigated by utilization of the statistical package for social sciences (SPSS version 20). Going before the investigation, a codebook for the diverse quantitative factors will be set up on the premise of the numbering structure of the polls. Every one of the surveys were numbered before information accumulation to make the referencing less demanding. In the wake of affirming that every one of the information entered is precise, expressive insights will be used to break down quantitative information. Engaging insights are recurrence conveyance, rates, measures of focal propensities (mean) and measures of scattering (Std deviation). The information was then introduced in tables and charts. Graphic insights help the analyst to essentially clarify conveyance of estimations and to likewise clarify, compose and survey information (Creswell, 2008).

Moreover, connection examination was utilized to set up whether there is a relationship between the ward and the free factors. The study connected a 95% certainty level. A 95% certainty interim shows an importance level of 0.05. This infers for a free factor to have a critical outcome on the dependent variable, the p-esteem should be underneath the centrality level (0.05).

3.8 Ethical Considerations

The analyst acquired an information gathering grant from the National Council of Science and Technology. After going by each inspected branch, the scientist acquainted himself with the present administration and clarifies the reason and nature of the study without pre-empting its outcomes. He then searched agree to do the examination in the branch which included communication with the credit officers and clients. The analyst guaranteed the members secrecy

of data gave by disclosing that the data to be gotten (from them), was utilized with the end goal of the study and no undesirable people had admittance to it. What's more, the specialist requested that the members react to the poll without composing neither their names of branch.

3.9 Operational definition of variables

Table 3. 3: Operational definition of variables

Variable	Indicators	Measurement scale	Data Collection Instrument	Data analysis
Organizational performance	<ul style="list-style-type: none"> • Profitability • Sales volume • Customer satisfaction • Goals achievement 	Ordinal	Questionnaire	<ul style="list-style-type: none"> • Mean • Standard deviation • Pearson's Rank Correlation
Business planning	<ul style="list-style-type: none"> • Goal setting • Strategy to achieve the set goals • Mission statement • Vision statement 	Ordinal	Questionnaire	<ul style="list-style-type: none"> • Mean • Standard deviation • Pearson's Rank Correlation
Financial skills	<ul style="list-style-type: none"> • Investment decision-making • Financing decision-making • Cash-flow management • Record keeping 	Ordinal	Questionnaire	<ul style="list-style-type: none"> • Mean • Standard deviation • Pearson's Rank Correlation
Loan characteristics awareness	<ul style="list-style-type: none"> • Loan size • Interest rate • Default penalty • Loan repayment period • Instalment amount 	Ordinal	Questionnaire	<ul style="list-style-type: none"> • Mean • Standard deviation • Pearson's Rank Correlation
Credit risk mitigation	<ul style="list-style-type: none"> • Credit insurance • Use of collateral • Third party guarantor • Enforcement of penalties for default 	Ordinal	Questionnaire	<ul style="list-style-type: none"> • Mean • Standard deviation • Pearson's Rank Correlation

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Introduction

This section includes information examination, presentation, translation and discourse of the discoveries. The motivation behind this study was to examine on the impact of obligation administration on the execution of Sacco supported undertakings in Muranga County by concentrating on Unaitas Sacco society constrained. The concentrate likewise looked to set up the impact of business arranging, advance characteristics' mindfulness, borrowers level of money related abilities and credit hazard relief approaches on the execution of SACCO financed extends in Muranga County. The discoveries were exhibited in tables.

4.1.1 The Response Rate

The example size of this study was 70 credit officers and 57 individuals from the 10 branches of Unaitas Sacco society restricted in Murang'a County. From this specimen measure, 66 reactions were acquired from credit officers and 45 reactions were gotten from individuals. This gives a reaction rate of 84.70%. As indicated by Cooper and Schindler (2006) any reaction of half or more is satisfactory for examination in this way 77.32% is far superior.

4.2 Pilot Test Findings

The study utilized 10% (12 respondents) of the specimen populace for pilot testing. To guarantee the substance legitimacy of the exploration instrument, the inquiries were organized according to the goals of the study. What's more, the supposition of specialists in the field of concentrate particularly the bosses were looked for and amendments made in like manner.

To check dependability of the examination instrument, the Cronbach's unwavering quality alpha was utilized, which depends on inner consistency of the exploration instruments. A develop composite unwavering quality co-effective that is more than 0.70 demonstrates that the instrument is solid. Then again, a build composite unwavering quality co-proficient that is under 0.7 is considered too low and in this way the examination instrument ought to be corrected.

In this study, four builds were contemplated. Keeping in mind the end goal to determine the degree to which the information gathering instrument was dependable in measuring the study builds (or elements), dependability tests were completed on measures of business arranging, advance characteristics' mindfulness, borrowers' level of monetary aptitudes and credit chance moderation approaches.

Table 4. 1: Cronbach's Alpha Values

Construct	Cronbach's Alpha
business planning	0.888
loan characteristics' awareness	0.841
borrower's level of financial skills	0.713
credit risk mitigation approaches	0.862
Performance of SACCO funded projects	0.786
Average	0.818

From the findings, the construct ' business planning' had a Cronbach's reliability alpha of 0.888, 'loan characteristics' awareness' had an Cronbach's reliability alpha of 0.841, 'borrower's level of financial skills' had a Cronbach's reliability alpha of 0.713, 'credit risk mitigation approaches had a Cronbach's reliability alpha of 0.862 and performance of SACCO funded projects' had a Cronbach's reliability alpha of 0.786. This implies that the scales measuring the objectives met the reliability criteria ($\alpha > 0.7$), which shows that the research instrument (questionnaire) was sufficiently reliable and needed no amendment.

4.3 Demographic Information

As part of their demographic information, the study sought to establish the respondents' age bracket and level of education as well as credit officers' work experience and the duration of time the members' business had been in operation.

4.3.1 Age Bracket

The respondents, both the credit officers and members, were asked to indicate their age bracket. The results were as shown in table 4.2.

Table 4. 2: Age Bracket

			Category		Total
			Credit officer	Member	
Age	Below 30	Count	18	7	39
		Percent	27.3%	15.6%	35.1%
	31-35	Count	32	6	24
		Percent	48.5%	13.3%	21.6%
	36- 40	Count	6	25	31
		Percent	9.1%	55.6%	27.9%
	41-45	Count	6	7	13
		Percent	9.1%	15.6%	11.7%
	Above 46	Count	4	0	4
		Percent	6.1%	0.0%	3.6%
Total	Count		66	45	111
	Percent		100.0%	100.0%	100.0%

From the findings, 48.5% of the credit officers indicated that they were aged between 31 and 35 years, 27.5% indicated below 30 years, 9.1% indicated between 41 and 45 years, the same percent indicated between 36 and 40 years and 6.1% indicated above 46 years. On the other hand, 55.6% of the members indicated that they were aged between 46 and 40 years, 13.3% indicated between 36 and 40 years 13.3% indicated between 31 and 35 years and 15.6% indicated below 30 years. These findings clearly show that most of the credit officers were aged between 31 and 35 years and most of the members obtaining funds from the Sacco were aged between 36 and 40 years.

4.3.2 Credit Officer' Work Experience

The credit officers were asked to indicate their work experience in Unaitas Sacco society limited. The results were as shown in table 4.3.

Table 4. 3: Credit Officer' Work Experience

	Frequency	Percent
Below 5 years	54	81.8
5-10 years	12	18.2
Total	66	100.0

According to the findings, 81.8% of the credit officers reported that they had been working in Unaitas Sacco society limited for less than 5 years while 18.2% indicated that they had been working in Unaitas Sacco society limited for between 5 and 10 years. This shows that most of the credit officers had been working in Unaitas Sacco society limited for less than 5 years.

4.3.3 Duration the Borrower's Business had been in Operation

The members were asked to indicate the duration of time their businesses had been in operation. The results were as shown in table 4.4.

Table 4. 4: Duration the Borrower's Business had been in Operation

	Frequency	Percent
Less than one year	2	4.4
1-2 years	7	15.6
3-4 years	21	46.7
5-6 years	11	24.4
More than 6 years	4	8.9
Total	45	100.0

According to the findings, 46.7% of the members indicated that their businesses had been in operation for a period of between 3 and 4 years, 24.4% indicated for between 5 and 6 years, 15.6.% indicated for between 1 and 2 years, 8.9% indicated for more than 6 years and 4.4%

indicated for less than one year. This shows that most of the members' business had been in operation for between 3 and 4 years.

4.3.4 Respondents' Level of education

The respondents, both the credit officers and members, were asked to indicate their level of education. The results were as presented in table 4.5.

Table 4. 5: Respondents' Level of education

			Category		Total
			Credit officer	Member	
Level of education	Master's Degree	Count	12	2	14
		Percent	18.2%	4.4%	12.6%
	Bachelor's degree	Count	46	10	56
		Percent	69.7%	22.2%	50.5%
	Diploma	Count	8	24	32
		Percent	12.1%	53.3%	28.8%
	Certificate	Count	0	6	6
		Percent	0.0%	13.3%	5.4%
	Secondary certificate	Count	0	3	3
		Percent	0.0%	6.7%	2.7%
Total	Count		66	45	111
	Percent		100.0%	100.0%	100.0%

According to the findings, 69.7% of the credit officers indicated that they had bachelor's degrees, 18.2% indicated that they had masters' degrees and 12.1% indicated that they had diplomas. On the other hand, 53.3% of the members indicated that they had diplomas, 22.2% indicated that they had bachelor's degrees, 13.3% indicated that they had certificates, 6.7% indicated that they had secondary certificates and 4.4% indicated that they had masters' degrees. This shows that most of the credit officers had bachelor's degrees and most of the members had diplomas.

4.4 Business Planning and Performance of SACCO Funded Projects

The first objective of this study was to establish the influence of business planning on performance of SACCO funded projects in Murang'a County. The respondents were asked to indicate their level of agreement with various statements in business planning and performance of SACCO funded projects. Where 5 was strongly agree, 4 was agree 3 was neutral, 2 was disagree and 1 was strongly disagree.

Table 4. 6: Business Planning and Performance of SACCO Funded Projects

	Mean	Std. Deviation
Business plans aid an organization in securing funds from Saccos	3.702	1.049
Goal setting gives direction to a business	4.504	.630
Strategy to achieve the set goals helps an organization improve its performance	4.432	.655
Mission statement plays an important role in mapping the future	4.072	.901
Vision statement plays an important role in mapping the future	4.099	.883
Business plans contribute to the viability of the firms performance	4.504	.601

From the findings, the respondents strongly agreed with a mean of 4.504 and a standard deviation of 0.630 that goal setting gives direction to a business. The respondents also strongly agreed with a mean of 4.504 and a standard deviation of 0.601 that business plans contribute to the viability of the firms performance. In addition, the respondents agreed with a mean of 4.432 and a standard deviation of 0.655 that strategy to achieve the set goals helps an organization improve its performance. Further, the respondents agreed with a mean of 4.099 and a standard deviation of 0.883 that vision statement plays an important role in mapping the future. Also, the respondents agreed with a mean of 4.072 and a standard deviation of 0.901 that mission statement plays an important role in mapping the future. Additionally, the respondents agreed with a mean of 3.702 and a standard deviation of 1.049 that business plans aid an organization in securing funds from Saccos.

4.5 Borrower's Level of Financial Skills and the performance of SACCO Funded Projects

The second objective of this study was to find out the influence of borrower's level of financial skills on the performance of SACCO funded projects in Murang'a County. The respondents were asked to indicate their level of agreement with various statements on borrower's level of financial skills and performance of SACCO funded projects. Where 5 was strongly agree, 4 was agree 3 was neutral, 2 was disagree and 1 was strongly disagree.

Table 4. 7: Borrower's Level of Financial Skills and the performance of SACCO Funded Projects

	Mean	Std. Deviation
Investment decision-making skills improve the financial performance of a business	4.315	.762
Financing decision-making is key in the financial performance of a business	4.369	.699
Cash-flow management skills helps in ensuring liquidity in a business	4.333	.766
Record keeping skills enhance the performance of a business	3.819	.854
Finance management helps the enterprise in meeting financial obligations.	4.450	.583
Cost management helps boost enterprise competitiveness	4.594	.511

According to the findings, the respondents strongly agreed with a mean of 4.594 and a standard deviation of 0.511 that cost management helps boost enterprise competitiveness. The respondents also agreed with a mean of 4.450 and a standard deviation of 0.583 that finance management helps the enterprise in meeting financial obligations. The respondents further agreed with a mean of 4.369 and a standard deviation of 0.699 that financing decision-making is key in the financial performance of a business. In addition, the respondents agreed with a mean of 4.333 and a standard deviation of 0.766 that cash-flow management skills help in ensuring liquidity in a business. Further, the respondents agreed with a mean of 4.315 and a standard deviation of 0.762 that investment decision-making skills improve the financial performance of a

business. Also, the respondents agree with a mean of 3.819 and a standard deviation of 0.854 that record keeping skills enhance the performance of a business.

4.6 Loan Characteristics' Awareness and the Performance of SACCO Funded Projects

The third objective of this study was to determine the influence of loan characteristics' awareness on the performance of SACCOs in Murang'a County. The respondents were asked to indicate their level of agreement with various statements on borrower's loan characteristics' awareness and performance of SACCO funded projects. Where 5 was strongly agree, 4 was agree 3 was neutral, 2 was disagree and 1 was strongly disagree.

Table 4. 8: Loan Characteristics' Awareness and the Performance of SACCO Funded Projects

	Mean	Std. Deviation
Loan size affects the investment decisions of a business	3.576	.781
Borrowers are made aware of the interest rate of their loans per annum	2.819	.635
Borrowers are made aware of default penalties charged upon defaulting	2.576	.879
Borrowers are made aware of loan repayment period	3.792	.821
Borrowers are made aware of instalment amount per month	4.000	.873

From the findings, the respondents agreed with a mean of 4.000 and a standard deviation of 0.873 that borrowers are made aware of instalment amount per month. The respondents also agreed with a mean of 3.792 and a standard deviation of 0.821 that borrowers are made aware of loan repayment period. The respondents further agreed with a mean of 3.576 and a standard deviation of 0.781 that loan size affects the investment decisions of a business. However, the respondents were neutral on the statement indicating that borrowers are made aware of the interest rate of their loans per annum. This is shown by a mean of 2.819 and a standard deviation of 0.635. The respondents were also neutral on the statement indicating that borrowers are made aware of default penalties charged upon defaulting. This is shown by a mean of 2.576 and a standard deviation of 0.879.

4.7 Credit Risk Mitigation Approaches and the Performance of SACCO Funded Projects

The fourth objective of his study was to determine the influence of credit risk mitigation approaches on the performance of SACCO funded projects in Murang'a County. The respondents were asked to indicate their level of agreement with various statements on credit risk mitigation approaches and performance of SACCO funded projects. Where 5 was strongly agree, 4 was agree 3 was neutral, 2 was disagree and 1 was strongly disagree.

Table 4. 9: Credit Risk Mitigation Approaches and the Performance of SACCO Funded Projects

	Mean	Std. Deviation
The Sacco uses credit insurance to mitigate credit risk	4.454	.660
The Sacco use of collateral to secure loans granted to borrowers	4.333	.590
Third party guarantors are used to guarantee loans granted to members	4.606	.604
Enforcement of penalties for default is done immediately a member defaults.	4.454	.612

The respondents strongly agreed with a mean of 4.606 and a standard deviation of 0.604 that third party guarantors are used to guarantee loans granted to members. The respondents also agreed with a mean of 4.454 and a standard deviation of 0.612 that enforcement of penalties for default is done immediately a member defaults. In addition, the respondents agreed with a mean of 4.454 and a standard deviation of 0.660 that the Sacco uses credit insurance to mitigate credit risk. Further, the respondents agreed with a mean of 4.333 and a standard deviation of 0.590 that the Sacco use of collateral to secure loans granted to borrowers.

4.8 Performance of SACCO funded projects

The respondents were also asked to indicate their level of agreement with various statements on debt management and performance of SACCO funded projects. Where 5 was strongly agree, 4 was agree 3 was neutral, 2 was disagree and 1 was strongly disagree.

Table 4. 10: Performance of SACCO funded projects

	Mean	Std. Deviation
Debt management influences the profitability of SACCO funded projects and businesses	4.585	.494
Debt management influences the sales volume of SACCO funded projects and businesses	4.612	.489
Debt financing improves products and services and hence customer satisfaction	4.396	.704
Debt financing helps an organization in achieving its goals	4.369	.699

The respondents agreed with a mean of 4.612 and a standard deviation of 0.489 that debt management influences the sales volume of SACCO funded projects and businesses. The respondents also agreed with a mean of 4.585 and a standard deviation of 0.494 that debt management influences the profitability of SACCO funded projects and businesses. The respondents further agreed with a mean of 4.396 and a standard deviation of 0.704 that debt financing improves products and services and hence customer satisfaction. Lastly, the respondents agreed with a mean of 4.369 and a standard deviation of 0.699 that debt financing helps an organization in achieving its goals.

4.9 Correlation Analysis

Correlation is a number between +1 and -1 that determines the degree of association between two variables. In addition, a positive correlation coefficient implies that there is a positive association while a negative correlation coefficient implies that there is an inverse or negative relationship.

Table 4. 11: Correlation Coefficients

		Performance of SACCO funded projects	business planning	borrower's level of financial skills	loan characteristics' awareness	credit risk mitigation approaches
Performance of SACCO funded projects	Pearson Correlation Sig. (2- tailed)	1				
business planning	Pearson Correlation Sig. (2- tailed)	.246*	1			
borrower's level of financial skills	Pearson Correlation Sig. (2- tailed)	.471**	-.060	1		
loan characteristic s' awareness	Pearson Correlation Sig. (2- tailed)	.402**	.123	.066	1	
credit risk mitigation approaches	Pearson Correlation Sig. (2- tailed)	.325**	.111	-.120	-.087	1
		.008	.375	.208	.365	

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

* . Correlation is significant at the 0.05 level (2-tailed).

According to the findings, there is a positive significant association between business planning and the performance of SACCO funded projects in Murang'a County as shown by a correlation coefficient of 0.246 and a p-value of 0.047. The relationship is significant as the p-value (0.000) is less than the level of significance (0.05). In addition, the findings show that there is a positive significant association between borrower's level of financial skills and the performance of SACCO funded projects in Murang'a County as shown by a correlation coefficient of 0.471 and a p-value of 0.000. Also, the findings show that there is a positive significant association between borrowers loan characteristics' awareness and performance of SACCO funded projects in Murang'a County as shown by a correlation coefficient of 0.402 and a p-value of 0.000. Lastly, the findings show that there is a positive significant association between credit risk mitigation approaches and the performance of SACCO funded projects in Murang'a County as shown by a correlation coefficient of 0.471 and a p-value of 0.000.

From these findings we can infer that borrower's level of financial skills influences the performance of SACCO funded projects in Murang'a County most, followed by borrower's loan characteristics' awareness, credit risk mitigation approaches and business planning.

4.10 Discussion of the Findings of the study

4.10.1 Business Planning and Performance of SACCO Funded Projects

The study found that there is a positive critical relationship between business arranging and the execution of SACCO subsidized undertakings in Muranga County. These discoveries concur with Chukwuemeka and Ifechukwude (2013) contention that viable business arranging significantly affected the execution of little and medium ventures in Nigeria. The concentrate likewise found that objective setting provides guidance to a business. These discoveries are in accordance with Nyumba et al. (2013) contention that business objective setting is vital on the grounds that it transforms yearnings into unmistakable items which require responsibility and activity.

The concentrate additionally found that marketable strategies add to the reasonability of the organizations execution. These discoveries concur with Kitprem et al. (2013) discoveries that a marketable strategy sets up the fundamental target of the firm, decides how these goals can be achieved, puts into thought different parts of nature and decides the measure of assets important for effective usage.

What's more, the study built up that procedure to accomplish the set objectives helps an association enhance its execution. Promote, the study set up that vision explanation and also statement of purpose assumes a critical part in mapping what's to come. These discoveries agree with Wolmarans and Meintjes (2013) contention that a mission and vision are standard and basic components of an organization's hierarchical methodology. Organizations create hierarchical statements of purpose and vision proclamations, which serve as foundational aides in the foundation of organization targets. Also, the study found that marketable strategies help an association in securing stores from Saccos. These discoveries are in accordance with Tauseef et al. (2013) contention that business loan specialists require certain qualifiers from a candidate borrower, including a marketable strategy.

4.10.2 Borrower's Level of Financial Skills and the performance of SACCO Funded Projects

The study found that there is a positive huge relationship between borrowers level of money related abilities and the execution of SACCO subsidized activities in Muranga County. These discoveries concur with Lagat, Mugo and Otuya (2013) contention that the money related aptitudes of business visionaries affect the execution of their organizations. The study found that cost administration supports endeavor aggressiveness. These findings concur with Mazzarol et al. (2015) findings that cost management skills enable an organization to reduce cost of its operations, which in turn improves its competitiveness.

The study established that finance management helps the enterprise in meeting financial obligations. In any case, as indicated by Phenya (2011) most private company proprietors/chiefs have constrained money related aptitudes and did not have an appropriate bookkeeping framework set up. The study additionally settled that financing basic leadership is entered in the budgetary execution of a business. What's more, the study found that income administration aptitudes help in guaranteeing liquidity in a business. These findings agree with Wolmarans and Meintjes (2013) argument that financial management practices like cash flow management have a significant influence on an organization's liquidity. Further, the study revealed that investment decision-making skills and record keeping skills enhance the performance of a business. These findings concur with Kimwolo, Saina and Cheserek (2010) argument that investment decision-making skills and record keeping skills significantly influence their growth and performance of small businesses.

4.10.3 Loan Characteristics' Awareness and the Performance of SACCO Funded Projects

The study uncovered that there is a positive critical relationship between borrowers advance characteristics' mindfulness and execution of SACCO subsidized tasks in Muranga County. These discoveries concurred with Ojiako and Ogbukwa (2012) discoveries that credit attributes influence the execution of organizations and additionally their eagerness and the capacity of borrowers to reimburse their advances. The study built up that borrowers are made mindful of portion sum every month and advance reimbursement period. As per Angaine and Waari (2014)

credit qualities, for example, time of advance reimbursement and advance size significantly affect the execution of private company and in addition their readiness to pay.

The study further revealed that loan size affects the investment decisions of a business. These findings concur with Ojiako and Ogbukwa (2012) argument that loan size influences investment decisions of a business as well as its general performance. However, the study found that borrowers were made aware of the interest rate of their loans per annum and default penalties charged upon defaulting. According to Kiliswa and Bayat (2014) loan characteristics like interest rate, default penalty, instalment amount and loan repayment period significantly influence loan repayment and performance of loan funded projects.

4.10.4 Credit Risk Mitigation Approaches and the Performance of SACCO Funded Projects

The study found that there is a positive noteworthy relationship between credit chance moderation approaches and the execution of SACCO supported undertakings in Muranga County. These discoveries concur with Kitprem et al. (2013) contended that credit chance administration rehearses utilized by Saccos impact execution of organizations and advance reimbursement. The study established that third party guarantors are used to guarantee loans granted to members. These findings agree with Kimwolo et al. (2010) argument that a loan exposure is usually guaranteed by a third party, who is a member.

The concentrate likewise settled that implementation of punishments for default is done promptly a part defaults, Sacco utilizes credit protection to alleviate credit hazard and Saccos utilized guarantee to secure advances allowed to borrowers. These discoveries concur with Kibui and Moronge (2014) contention that the Sacco utilized underwriters, Collateralization, shareholding and protection as hazard alleviation techniques in credit chance administration.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section displays the outline of discoveries, conclusion drawn from the discoveries highlighted and proposal made there-to. The conclusions and suggestions drawn were centered around tending to the destinations of the study.

5.2 Summary of Findings as Per Variables

This area exhibits the outline of the finding according to the goals of the study, which were to the concentrate additionally tried to set up the impact of business arranging, advance characteristics' mindfulness, borrowers level of money related abilities and credit chance moderation approaches on the execution of SACCO financed extends in Muranga County.

5.2.1 Business Planning and Performance of SACCO Funded Projects

Planning is an arrangement of administrative exercises intended to set up the association for the future and guarantee that choices in regards to the utilization of individuals and assets to accomplish hierarchical destinations are taken. An arrangement builds up the essential target of the firm, decides how these destinations can be accomplished, puts into thought different parts of nature and decides the measure of assets fundamental for effective usage. The study found that marketable strategies add to the suitability of the organizations execution and objective setting provides guidance to a business.

Moreover, the study set up that system to accomplish the set objectives helps an association enhance its execution. The vision and statements of purpose serve as central focuses for people to recognize themselves with the hierarchical procedures and to give them an ability to read a compass while in the meantime discouraging the individuals who don't wish to tail them from taking part in the organization's exercises. This thus impacts the execution of a business and henceforth its capacity to pay credits.

5.2.2 Borrower's Level of Financial Skills and the performance of SACCO Funded Projects

Budgetary administration in SMEs is regularly unique to that found in expansive firms because of the more dynamic nature of their income cycle, general lack of working capital, and their capacity to raise back through obligation or value. The study found that cost administration helps endeavor aggressiveness. Also, cost administration permits a business to anticipate approaching uses to decrease the shot of going over spending plan. The study set up that back administration aides and basic leadership abilities are enter in the budgetary execution of a business. The utilization of money related investigation abilities helps in the assistance of vital basic leadership.

Furthermore, the study found that income administration abilities help in guaranteeing liquidity in a business. Money related administration rehearses like income administration affect an organization's liquidity. For a business to be effective, god income administration is vital as it is the essential marker of a business's monetary wellbeing as it is the measure of a business's capacity to pay overheads and credits. Assist, the study uncovered that venture basic leadership abilities enhance the monetary execution of a business. Likewise, the study uncovered that record keeping aptitudes upgrade the execution of a business. Numerous independent ventures neglect to keep sufficient records. This prompts to significant issues and conceivably the end of the business. Confirm demonstrates that keeping great records builds the odds of business survival.

5.2.3 Loan Characteristics' Awareness and the Performance of SACCO Funded Projects

Credit qualities influence the eagerness and the capacity of borrowers to reimburse their advances. The study set up that borrowers are made mindful of portion sum every month. What's more, the concentrate likewise settled that borrowers are made mindful of credit reimbursement period. The concentrate encourage uncovered that advance size influences the speculation choices of a business. The span of the advance, which as a rule is straightforwardly identified with the measure of the borrower, the age of the organization, or the age of the length of the bank-borrower relationship, can likewise be a marker of credit hazard. Littler advances have a tendency to include little or recently made organizations, whose hazard is more prominent and, consequently, whose credits will be liable to higher rates of default. By difference, credits to

extensive organizations have a tendency to be lower chance due to their for the most part more noteworthy money related strength. In any case, the study found that borrowers were made mindful of the financing cost of their advances per annum. What's more, borrowers were not made mindful of default punishments charged after defaulting.

5.2.4 Credit Risk Mitigation Approaches and the Performance of SACCO Funded Projects

SACCOs today make misfortunes since they need a successful credits chance moderation system, which essentially impacts their productivity. Credit chance relief is the work of different strategies to diminish the dangers to loan specialists, banks and different business which offer credit. Saccos utilize various procedures to moderate the credit dangers to which they are uncovered. For instance, exposures might be collateralized by first need claims, in entire or partially with money or securities, an advance introduction might be ensured by an outsider, or a bank may purchase a credit subsidiary to balance different types of credit hazard. The study found that credit hazard moderation approaches utilized incorporate credit protection, utilization of insurance to secure advances, outsider underwriters and authorization of punishments for default.

5.3 Conclusions of the study

The study reasons that there is a positive noteworthy relationship between business arranging and the execution of SACCO subsidized tasks in Muranga County. The study found that marketable strategies help an association in securing reserves from Saccos and add to the practicality of the firms' execution. Also, objective setting provides guidance to a business, statement of purpose and vision explanation assumes a vital part in mapping the future and technique to accomplish the set objectives helps an association enhance its execution.

The concentrate additionally infers that there is a positive critical relationship between borrower's level of budgetary aptitudes and the execution of SACCO financed extends in Murang'a County. The study found that venture basic leadership abilities, financing basic leadership, income administration aptitudes, record keeping aptitudes, cost administration aptitudes and fund administration help an endeavor in meeting its money related commitments and enhances its intensity, development and execution.

What's more, the study infers that there is a positive noteworthy relationship between borrowers advance characteristics' mindfulness and execution of SACCO subsidized undertakings in Muranga County. The study observed that credit measure influences the venture choices of a business. What's more, borrowers were made mindful of credit reimbursement period and portion sum every month. In any case, they were not made mindful of financing cost of their advances per annum and default punishments charged after defaulting.

Ultimately, the study reasons that there is a positive critical relationship between credit chance relief approaches and the execution of SACCO supported activities in Muranga County. The study found that credit chance relief approaches utilized incorporate credit protection, utilization of guarantee to secure advances, outsider underwriters and implementation of punishments for default.

5.4 Recommendations of the Study in regard to Sacco Funded Projects

The study found that business arranging affects the execution of Sacco financed ventures. This concentrate along these lines suggests that Saccos ought to put it as a prerequisite that business people ought to introduce a strategy for success before getting stores from the Saccos. What's more, business visionaries ought to create strategies for success to enhance the execution of their organizations.

The study set up that money related aptitudes, for example, venture basic leadership abilities, monetary basic leadership, income administration aptitudes, record keeping aptitudes and cost administration impact the execution of Saccos supported tasks. The concentrate in this manner prescribes that Saccos ought to offer preparing to their individuals to enhance their budgetary aptitudes.

The concentrate likewise found that advance qualities mindfulness impacts execution of Sacco supported tasks. This concentrate along these lines prescribes that Sacco authorities or credit officers ought to guarantee that the borrowers comprehend the primary qualities of their advances like financing cost per annum, advance reimbursement period, default charges and portion sum every month.

The study found that credit chance relief approaches impacted advance reimbursement and execution of Sacco financed ventures. This concentrate hence prescribes that Saccos ought to

make utilization of methodologies like credit protection, utilization of insurance to secure advances, outsider underwriters and implementation of punishments.

5.5 Suggestion for Further Research

This study was constrained to Unaitas Sacco society restricted and henceforth its discoveries can be summed up to different Saccos in Muranga County and in Kenya. This study accordingly recommends comparative studies to be directed on the impact of obligation administration on the execution of Sacco subsidized undertakings in Kenya. The concentrate likewise suggests encourage ponders on the components affecting obligation administration in independent venture in Kenya.

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APPENDICES

Appendix I: letter of Transmittal

**KAMUGI JACKSON MAINA,
P.O. BOX 291-00900,
KIAMBU.**

**THE C.E.O,
UNAITAS SACCO SOCIETY LIMITED,
NAIROBI.**

Dear Sir,

REF: AUTHORITY TO CARRY OUT RESEARCH

I am a master's student from University of Nairobi doing my final project; I hereby request to be granted permission to carry our research in your organization. The research topic will be on ‘Influence of Debt Management of performance of SACCO funded projects in Murang'a County and I will be using Unaitas SACCO as the case study.

From the SACCO I will use some members of the board, some from management and others from Credit team. Any information disclosed by the team will be highly confidential and I know the findings will be of great use to the SACCO.

Yours Faithfully

Jackson Maina Kamugi

Appendix II: Questionnaire for Staff

This is an academic study investigating the influence of debt management on the performance of Sacco funded projects in Murang'a County by focusing on Unaitas Sacco society limited. The information herein requested is for use to meet academic requirements and as such shall be treated with utmost confidentiality.

SECTION ONE: GENERAL INFORMATION

1. Age?

- | | | | |
|----------|--------------------------|-------|--------------------------|
| Below 30 | <input type="checkbox"/> | 31-35 | <input type="checkbox"/> |
| 36- 40 | <input type="checkbox"/> | 41-45 | <input type="checkbox"/> |
| Above 46 | <input type="checkbox"/> | | |

2. Indicate your work experience in your Sacco

- | | | | |
|---------------|--------------------------|-------------|--------------------------|
| Below 5 years | <input type="checkbox"/> | 5-10 years | <input type="checkbox"/> |
| 11-15 years | <input type="checkbox"/> | 16-20 years | <input type="checkbox"/> |
| Over 21 years | <input type="checkbox"/> | | |

3. Level of education

- | | | | |
|---------------------|--------------------------|-----------------------|--------------------------|
| Phd | <input type="checkbox"/> | Master's Degree | <input type="checkbox"/> |
| Bachelor's degree | <input type="checkbox"/> | Diploma | <input type="checkbox"/> |
| Certificate | <input type="checkbox"/> | Secondary certificate | <input type="checkbox"/> |
| Primary certificate | <input type="checkbox"/> | | |

SECTION TWO: INFLUENCE OF DEBT MANAGEMENT ON THE PERFORMANCE OF SACCO FUNDED PROJECTS

Influence of business planning on performance of SACCO funded projects

4. To what extent do you agree with the following statements in relation to business planning on performance of SACCO funded projects (Key: 5. Strongly Agree, 4. Agree 3. Neutral, 2. Disagree, 1. Strongly Disagree)

	5	4	3	2	1
Business plans aid an organization in securing funds from Saccos					
Goal setting gives direction to a business					
Strategy to achieve the set goals helps an organization improve its performance					
Mission statement plays an important role in mapping the future					
Vision statement plays an important role in mapping the future					
Business plans contribute to the viability of the firms performance					

Influence of borrower’s level of financial skills on the performance of SACCO funded projects

5. To what extent do you agree with the following statements in relation to loan characteristics’ awareness on performance of SACCO funded projects (Key: 5. Strongly Agree, 4. Agree 3. Neutral, 2. Disagree, 1. Strongly Disagree)

	5	4	3	2	1
Investment decision-making skills improve the financial performance of a business					
Financing decision-making is key in the financial performance of a business					
Cash-flow management skills helps in ensuring liquidity in a business					
Record keeping skills enhance the performance of a business					
Finance management helps the enterprise in meeting financial obligations.					
Cost management helps boost enterprise competitiveness					

Influence of loan characteristics’ awareness on the performance of SACCO funded projects

6. To what extent do you agree with the following statements in relation to borrower’s level of financial skills on performance of SACCO funded projects (Key: 5. Strongly Agree, 4. Agree 3. Neutral, 2. Disagree, 1. Strongly Disagree)

	5	4	3	2	1
Loan size affects the investment decisions of a business					
Borrowers are made aware of the interest rate of their loans per annum					
Borrowers are made aware of default penalties charged upon defaulting					
Borrowers are made aware of loan repayment period					
Borrowers are made aware of instalment amount per month					

Influence of credit risk mitigation approaches on the performance of SACCO funded projects

7. To what extent do you agree with the following statements in relation to credit risk mitigation on performance of SACCO funded projects (Key: 5. Strongly Agree, 4. Agree 3. Neutral, 2. Disagree, 1. Strongly Disagree)

	5	4	3	2	1
The Sacco uses credit insurance to mitigate credit risk					
The Sacco use of collateral to secure loans granted to borrowers					
Third party guarantors ae used to guarantee loans granted to members					

Enforcement of penalties for default is done immediately a member defaults.					
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Performance of SACCO funded projects

8. To what extent do you agree with the following statements in relation to debt management and performance of SACCO funded projects (Key: 5. Strongly Agree, 4. Agree 3. Neutral, 2. Disagree, 1. Strongly Disagree)

	5	4	3	2	1
Debt management influences the profitability of SACCO funded projects and businesses					
Debt management influences the sales volume of SACCO funded projects and businesses					
Debt financing improves products and services and hence customer satisfaction					
Debt financing helps an organization in achieving its goals					

Appendix III: Questionnaire for Members

This is an academic study investigating the influence of debt management on the performance of Sacco funded projects in Murang'a County by focusing on Unaitas Sacco society limited. The information herein requested is for use to meet academic requirements and as such shall be treated with utmost confidentiality.

SECTION ONE: GENERAL INFORMATION

9. Age?

- | | | | |
|----------|--------------------------|-------|--------------------------|
| Below 30 | <input type="checkbox"/> | 31-35 | <input type="checkbox"/> |
| 36- 40 | <input type="checkbox"/> | 41-45 | <input type="checkbox"/> |
| Above 46 | <input type="checkbox"/> | | |

10. For how long has your business been in operation?

- | | | | |
|--------------------|--------------------------|-----------|--------------------------|
| Less than one year | <input type="checkbox"/> | 1-2 years | <input type="checkbox"/> |
| 3-4 years | <input type="checkbox"/> | 5-6 years | <input type="checkbox"/> |
| More than 6 years | <input type="checkbox"/> | | |

11. Level of education

- | | | | |
|---------------------|--------------------------|-----------------------|--------------------------|
| Phd | <input type="checkbox"/> | Master's Degree | <input type="checkbox"/> |
| Bachelor's degree | <input type="checkbox"/> | Diploma | <input type="checkbox"/> |
| Certificate | <input type="checkbox"/> | Secondary certificate | <input type="checkbox"/> |
| Primary certificate | <input type="checkbox"/> | | |

SECTION TWO: INFLUENCE OF DEBT MANAGEMENT ON THE PERFORMANCE OF SACCO FUNDED PROJECTS

Influence of business planning on performance of SACCO funded projects

12. To what extent do you agree with the following statements in relation to business planning on performance of SACCO funded projects (Key: 5. Strongly Agree, 4. Agree 3. Neutral, 2. Disagree, 1. Strongly Disagree)

	5	4	3	2	1
Business plans aid an organization in securing funds from Saccos					
Goal setting gives direction to a business					
Strategy to achieve the set goals helps an organization improve its performance					
Mission statement plays an important role in mapping the future					
Vision statement plays an important role in mapping the future					
Business plans contribute to the viability of the firms performance					

Influence of borrower’s level of financial skills on the performance of SACCO funded projects

13. To what extent do you agree with the following statements in relation to loan characteristics’ awareness on performance of SACCO funded projects (Key: 5. Strongly Agree, 4. Agree 3. Neutral, 2. Disagree, 1. Strongly Disagree)

	5	4	3	2	1
Investment decision-making skills improve the financial performance of a business					
Financing decision-making is key in the financial performance of a business					
Cash-flow management skills helps in ensuring liquidity in a business					
Record keeping skills enhance the performance of a business					
Finance management helps the enterprise in meeting financial obligations.					
Cost management helps boost enterprise competitiveness					

Influence of loan characteristics’ awareness on the performance of SACCO funded projects

14. To what extent do you agree with the following statements in relation to borrower’s level of financial skills on performance of SACCO funded projects (Key: 5. Strongly Agree, 4. Agree 3. Neutral, 2. Disagree, 1. Strongly Disagree)

	5	4	3	2	1
Loan size affects the investment decisions of a business					
Members are made aware of the interest rate of their loans per annum					
Members are made aware of default penalties charged upon defaulting					
Members are made aware of loan repayment period					
Members are made aware of instalment amount per month					

Performance of SACCO funded projects

15. To what extent do you agree with the following statements in relation to debt management and performance of SACCO funded projects (Key: 5. Strongly Agree, 4. Agree 3. Neutral, 2. Disagree, 1. Strongly Disagree)

	5	4	3	2	1
Debt management influences the profitability of SACCO funded projects and businesses					
Debt management influences the sales volume of SACCO funded projects and businesses					
Debt financing improves products and services and hence customer satisfaction					
Debt financing helps an organization in achieving its goals					

Appendix IV: Krejcie And Morgan Table

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—N is population size and S is sample size