

**STRATEGIC OBJECTIVES AND FINANCIAL PERFORMANCE OF
DEPOSIT TAKING SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES
IN NAIROBI CITY COUNTY, KENYA**

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Declaration

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

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Dedication

I dedicate this research project to my lovely parents Joel Mutinda and Anne Ngui for their great sacrifice they have made especially during the process of my studies at Kenyatta University. It is further dedicated to my brothers and sisters for their moral support throughout the entire MBA programme.

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List of Abbreviations and Acronyms

ACCOSCA	African Confederation of Cooperative Society Savings and Credit Association
ATM	Automated Teller Machine
DT-SACCOs	Deposit Taking Sacco Societies
e-CRM	Electronic Customer Relationship Management
EPS	Earnings Per Share
FOSA	Front Office Services Activities
ICT	Information Communication Technology
PSV	Public Service Vehicles
RBVT	Resource Based View Theory
ROA	Return on Assets
ROCE	Return on Capital Employed
ROE	Return on Equity
SACCOs	Savings and credit cooperatives Societies
SASRA	Sacco Societies Regulatory Authority
SPSS	Statistical Package Social Sciences
WCCU	World Council of Credit Unions

Operational Definition of Terms

Employee Competency	This refers to the capabilities that are unique to the employees of a firm.
Financial Performance	This is the subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. It measures the financial health of an organization
Effective leadership	This refers to the attributes possessed by the management that support control, coordination and day to day operations of the firm
ICT Systems	These are the infrastructure facilities/network systems that support technological advancement within a firm.
Marketing Activities	These are the various strategic operations undertaken by the firm in attaining the marketing strategy goals
Strategic Objectives	Are the fundamental building blocks for a strategy and define the organization's strategic goals.
Deposit Taking SACCOs	Savings and Credit Cooperative Societies that are licensed to take deposits from the investing public or conduct Front office savings activities

ABSTRACT

Savings and Credit Cooperative Societies play a significant role in financial intermediation and are a key predictor of welfare development within the society. They translate to 48.55% of the gross national savings. Industry report indicates that Deposit Taking Savings and credit cooperative Societies (DT-SACCOs) membership growth stood at 3.6 million people in 2016 from 3.1 million in 2015. The gross loans during the year 2016 rose to Kshs 297.6 Billion from Kshs 258.18 Billion recorded in 2015. The total savings and deposits on the other hand increased to Kshs 272.56 Billion in 2016 from Kshs 237.44 Billion registered in the previous year. However the performance of the DT-SACCOs has been under immense threat from other financial institutions such as banks and microfinance institutions. In spite of this empirical research examining the effect of the strategic objectives adopted by DT-SACCOs on their performance is minimal. The current study bridges the gap by investigating the influence of strategic objectives on the financial performance of DT-SACCOs in Nairobi City County, Kenya. The study specifically sought to determine the influence of; adoption of ICT systems, employee competency, marketing activities and effective leadership on their financial performance. The study further examined the moderating effect of capital adequacy requirements on the relationship between strategic objectives and financial performance of DT-SACCOs. The research was grounded on the dynamic capabilities theory, the agency theory, the resource-based view theory and efficient structure theory. The target population for the study comprised 47 DT-SACCOs in Nairobi City County. The study employed a descriptive research design. Since the population is not large, the study adopted a census approach of all the 47 Finance Managers of DT-SACCOs in Nairobi City County. The research utilized primary and secondary method in the data collection process. The research utilized a semi-structured questionnaires that were self-administered and SASRA supervision reports. To enhance the internal consistency and validity of the research data, the study conducted a pilot study of 10 DT-SACCOs in Machakos County. The data collected was sorted, coded and input into the Statistical Package Social Sciences (SPSS V 23) for subsequent data analysis. The data was analyzed using descriptive and inferential statistics (multiple linear regression model). Data collected was presented using tables and figures. The study found that ICT system adoption, employee competence, marketing activities, effective leadership and capital adequacy requirement were significantly influencing financial performance of Deposit Taking SACCOs in Nairobi City County, Kenya. The study concluded that SACCOs benefited largely from the imposed capital adequacy regulations as it improves public confidence, provides safety for members' deposits, availability of operating capital and increases lending capacity thus improving the financial performance. The study further concluded there was a strong relationship between the study variables. The study recommended that DT-SACCOs to embrace the use of information technology in their operations by developing websites to market its products so as to boost customer base and financial. To continue strengthening DT-SACCOs in Kenya, the study recommended that DT-SACCOs should maintain the adequate capital requirements. The study also recommended that the regulator to keep f periodic monitoring to ensure SACCOs adhere to laid down regulations.

CHAPTER ONE:

INTRODUCTION

1.1 Background of the study

The concept of strategic management is grounded on the need of a firm to proactively respond to changes within the environment through both external and internal audits (David, 2011). Today, more than ever; 21st century company survival, competitiveness, and financial viability hinges on businesses mastering the art of effectively managing change (Elbanna, 2009). The current business volatility has greatly influenced the way major firms operate. This is due to the openness of organizations to environmental challenges and certainties in delivering better performance and enhancing their competitiveness within the market (Jehad & Adel, 2013). It is evident that firms which implement strategic planning achieve better performances than those without such planning (O'Regan & Ghobadian, 2002). SACCOs in Kenya endeavour to achieve some competitive advantage over their competitors in such a stormy environment by using different strategic plans.

SACCOs play a significant role in financial intermediation and are a key predictor of welfare development within the society. Clement and Martin (2012) asserts, SACCOs have been instrumental in supporting better welfare for their members particularly the low-income earners within the society. SACCOs are formed with sole purpose of improving member's welfare thorough returns on savings and loans facilities among other products. SACCOs by virtue of being self-supportive and administrative cooperatives offer local communities an opportunity to reap benefits from their day to day operations.

The first credit unions in Europe were established by Frank Hermann SchelzeDelitzch in the 1850s in Germany to give those not able to access financial services the ability to borrow from the resources pooled together by members. The idea was a decade later taken to rural German by Friedrich Wilhelm Raiffesisen (WCCU, 2017); the concept further moved to North America in the 1930s. Twenty years later a vote was passed for credit unions to expand outside North America World Council of Credit Unions (WCCU, 2017). The leading SACCO Society in Africa was presented in Ghana in 1959. Other non-English talking countries in Africa began acknowledging SACCOS in the 1960s with a noteworthy incursion in the 1970s. The development of SACCOS resulted to the creation of African Confederation of Cooperative Society Savings and Credit Association (ACCOSCA) in 1965. The aims and objectives for the formation of ACCOSCA was to promote SACCO principles, offer SACCO insurance and educate members on SACCO issues.

Globally it is estimated there are over 800million members of SACCO institutions. In Europe there are over 58,000 SACCOS with a membership of over 13.8million. In the US there are over 72,000 cooperatives with atleast 140 million members generating atleastone billion USD annually (Edna, 2015). Kenya has the largest and the most vibrant SACCO sector in Africa commanding 67% and 62% of the total assets and deposits/savings respectively in the African continent (SASRA, 2014). However, Kenya lags behind in terms of penetration with 19% compared to Senegal which has 21.9% of total population (WOCC, 2013). The subsector has also seen a reduction in membership.Mvula (2013) presented a report on common issues affecting performance of SACCOS in Malawi and noted that the total asset base for Malawian SACCOS have dropped over 15% in the last decade owing to poor asset quality, poor governance, poor profitability, poor liquidity and noncompliance.

The Ministry of Co-operative and marketing estimates that about 80% of the Kenyan population derives their income both directly or circuitously through SACCO projects. it is predicted that a enormous 24.6 million humans (63%) participate both at once or in a roundabout way in SACCO establishments. The government has made a widespread initiative to guide co-operative moves through law as a way to acquire the millennium development dreams and vision 2030 objectives of growing economic inclusion. In Kenya, cooperative motion has increased considerably and may be grouped into six major sub categories particularly; advertising cooperatives, multipurpose cooperatives, investment cooperatives, housing cooperatives, artwork and craft cooperatives and monetary cooperatives normally known as financial savings and credit cooperatives (SACCOs) (Mirie, 2014.)

The Deposit-taking Sacco Societies is a large sub-sector in the cooperative movement in Kenya. SACCOs comprise each deposit and non-deposit taking. DT- SACCO is that SACCO running a front workplace financial savings (FOSA). FOSA is a quasi-banking interest undertaken by means of certified SACCOs (SASRA, 2014). The non-deposit taking Sacco comprise mostly of Sacco societies whose business is limited to non-withdrawable deposit mobilization. The non-withdrawable deposits act as collaterals for loans as well as refundable assets to members. Deposit taking SACCOs on the other hand undertakes deposit taking with opportunity for members to undertake withdrawals (SASRA, 2014). Within the framework of the Sacco firms in Kenya the non-deposit taking SACCOs offered limited services to its members and this led to the culmination of DT-SACCO that offered a wider range of services and products such as basic banking services, Front office services activity (FOSA) and are licensed and supervised under the Sacco societies Act of,2008 (SASRA, 2014).

Owing to the rapid growth of the SACCOs, the SACCO Society Act of 2008 became enacted to offer for licensing, law and supervision of deposit taking SACCOs through adoption of prudential and non-prudential law as pronounced in SASRA (2010). The intention of this regulation is to provide wider access to affordable financial services, to enhance efficiency and to strengthen stability of DT-SACCOs. In the recent past SACCOs have diversified into financial services such as deposits, savings and ATM service. These services increase business risk and call for prudent management and proactive strategic stakeholder management. The current study focuses on the deposit taking SACCOs in Nairobi City County, Kenya.

1.1.1 Financial Performance of Deposit Taking SACCOs

According to Nandan (2010) the financial performance of a firm refers to the measure of how well a firm can utilize its assets to develop revenues in its daily operations. The financial performance also refers to the financial soundness of a firm given a period of time with comparison to other firms within the industry. The financial stability of a firm can be assessed using accounting metrics within the financial management context. Brealey, Myers and Allen (2007) posited that the financial performance of a firm can be measured in terms of financial efficiency measures such as liquidity, profitability and solvency accounts. The profitability of a firm measures the generation of revenues and profits within a firm. The most common measures of firms financial health are return on assets (ROA), return on capital employed (ROCE), return on equity (ROE) and earnings per share (EPS).

The key parameters of observing the patterns in the development execution of DT-SACCOs remain the advantages, deposits, loans, member share capital, reserves and membership . While the aggregate enrollment and dynamic participation developed by

15.6% and 17.5% respectively, there was a decrease in the quantity of working DT-SACCOs. (SASRA, 2016/2017). In the current study financial performance will be measured using Total Assets, Return on Assets, and Total deposits. SACCOs in Kenya have rapidly grown to be the largest in Africa, accounting for 60, 64, and 63 per cent of the continent's savings, loan and assets, respectively. Six percent offering deposit taking services commonly referred as Front Office Services Activity (FOSA) (Kioko, 2014).

According to SASRA report 2016/2017 the Kenyan Deposit Taking (DT-SACCO) segment recorded total assets of SACCOs grew in 2016 from Kshs.342.84 Billion recorded in 2015 to achieve Kshs.393.49. This showed 14.8% year to year development rate, and was financed chiefly by individuals' deposits which additionally developed to Kshs.272.57 Billion out of 2016 from Kshs 237.44 Billion recorded in the past year. The credits and advances established a tremendous segment of the aggregate resources, representing 73.42% of the aggregate resources and which remained at Kshs 288.92 Billion of every 2016 up from Kshs 251.08 out of 2015. This spoke to a multi year to year development rate. The gross advances then again remained at Kshs 297.6 Billion of every 2016, up from Kshs 258.18 Billion out of 2015 showing a 15.3% year to year development rate. The aggregate advance portfolio in danger, estimated as a proportion of the non-performing advances to net loans expanded to 5.23% from 5.12% enrolled in 2015. This was driven primarily by the expansion on the non-performing credits from Kshs 13.21 Billion out of 2015 to Kshs 15.57 Billion of every 2016. Loan issuance developed by 15.3% in 2016. Loaning represented 85.1% of DT-SACCOs net aggregate wage. Wage from advances ascended from KSh 39.23 billion to KSh 46.86 billion. Pay from front-office, managing an account like administrations represented 11% of aggregate income.

With institutional changes that led to a significant drop the adoption of SACCOs by members due to increased competition from other financial institutions coupled up with retrenchment rates in the country and death or members the Sacco movement had to come up with strategic responses such as changing rules of membership, enhanced human resource development, adoption of strategic leadership practices and coming up with a new range of products (Kioko, 2014).

1.1.2 Strategic Objectives of Deposit Taking SACCOs

Liu and Ko, (2011) notes that strategic objectives commonly referred to as the strategic goals are the highest goals that an organization seeks to attain. These objectives are vital to the organization operations, plan and the success in its activities. Hakan, Senol, and Bahar (2010) indicated that strategic objective factors are key operational aspects within the organization that drive its competitive agenda. Clarke and Fuller (2010) indicated that strategic objectives are the primary defining blocks of an organization attaining its strategic goals through integration of its core competencies and the environmental linkages.

According to Kenversity Sacco Society Ltd (2015) strategic plan the strategic objectives of the deposit taking SACCO are deemed as the key result areas that will help the SACCO achieve its main objectives. The key strategic objectives are divided into membership, business operations, human resource development, business processes, marketing of products and services, leadership and governance as well as the strategic plan implementation. Mwito Sacco (2016) holds that strategic objectives are the key pillars or value drivers of the SACCO. The strategic plan of the SACCO indicates that the main value drivers are human resources, operations, finance, product and services, governance and membership. The plan posits that strictly adopting the

above value drivers will be essential for the future sustainability and growth of the institution.

United Nations Sacco (2012) acknowledges that strategic objectives specify what an organization expects to fulfil within a given time period. They give an indication of “what” and “how” much is to be accomplished. The main issues within the SACCO have been indentified as the marketing and development of new products, operational efficiency, information communication technology, financial sustainability, human resources management and performance management. Biblia Sacco (2012) concludes that the strategic pillars help to focus the broad objective of the SACCO and the ultimate success. The main strategic pillars that are outlined by the deposit taking SACCO are; financial performance, corporate governance, human resource management, operational efficiency, infrastructure, marketing and customer care. The current study will seek to explore how strategic objectives; employee competency, adoption of information communication technology, marketing activities as well as effective leadership influence the financial performance of DT-SACCOs. The research will also examine the effect of SASRA regulation on the above relationship.

Asabereh and Opoku (2017) indicated that management efficiency, loan products and capital adequacy had positive effect on the financial performance while lack of credit information and poor management systems negatively affected the financial performance. Anthony and Susan, (2017) in their study indicated that there was a positive effect of product differentiation and the competitive strategies adopted by DT-SACCOs; the research further indicated there was a significant effect on customer satisfaction within the SACCOs. The study however did not examine the financial performance of the SACCOs.

Ngure, Kimani, and Kariuki (2017) concluded that product innovations were positively correlated to financial performance. The product innovations examined included new deposit accounts, introduction of credit and debit cards and electronic funds transfer.

Esokomi and Mutua (2018) in their study indicated that income diversification, liquidity, asset quality and capital structure were positively related to the financial performance of SACCO. The above studies examined SACCOs in general whereas the current study scope will be limited to DT-SACCOs in Nairobi City County. Kariuki (2016) indicated that corporate governance metric, board responsibility, transparency and disclosure and internal controls had a positive effect on the financial soundness of DT-SACCOs as measured using the PEARLS rating.

1.1.3 The DT-SACCOs in Nairobi City County Kenya

Nairobi City County has the highest number of deposit-taking SACCOs totaling to 47 head offices with 23 different branches spread across the nation (SASRA Website, 2018). The majority of these SACCOs derive its membership from the service industry that is the most significant sector in the County.

1.2 Statement of the Problem

SACCOs play a significant role in financial intermediation. Their savings translates to 48.55% of the gross national savings. The performance of SACCOs is therefore of great importance for the overall stability of the financial sector, since they are a key component of the financial mobilization services within the SACCO population in Kenya (SASRA, 2013). The DT-SACCOs contributes the lion share of about 78% of the total deposit and assets of the SACCO industry (Kivuvo & Olweny, 2014).

Makori, Munene and Muturi, (2013) concluded that governance, liquidity challenges, poor loan policy, poor asset quality and limited uptake of information systems contributed to poor financial performance of SACCOS. Ademba (2011) observes that SACCOs in Kenya are faced by such problems as; poor governance, poor marketing strategies and, lack of members' confidence, among others, while Ndung'u (2010), adds that the SACCOs are encompassed by mismanagement, inadequate and incompetent staff and poor investment decisions lead to poor performance of SACCOs. According to the SASRA report for 2016/2017 despite the average Sacco institutions liquidity levels standing at 34.95% above the prescribed minimum ratio of 15% the majority of the institutions have been facing tremendous challenges in meeting their financial obligations.

Most of the local studies have focussed on the determinants of the financial performance of deposit taking SACCOs; however there has been scarcity empirical literature examining how the internally laid-down strategic objectives by deposit taking SACCOs influence their financial performance. This research sought to investigate how the strategic objectives of deposit taking SACCOs affect their financial performance within Nairobi City County.

1.3 Objectives of the Study

1.3.1 General Objective

The broad objective of the research was to investigate the influence of strategic objectives on the financial performance of deposit taking SACCOs in Nairobi City County, Kenya.

1.3.2 Specific Objectives of the Study

- i. To establish the effect of ICT systems adoption on the financial performance of DT-SACCOs in Nairobi City County, Kenya.

- ii. To determine the influence of employee competency on the financial performance of DT-SACCOs in Nairobi City County, Kenya.
- iii. To establish the effect of marketing activities on the financial performance of DT-SACCOs in Nairobi City County, Kenya.
- iv. To determine the effect of effective leadership on the financial performance of DT-SACCOs in Nairobi City County, Kenya.
- v. To establish the moderating effect of capital adequacy requirement on the relationship between strategic objectives and the financial performance of DT-SACCOs in Nairobi City County, Kenya.

1.4 Research Questions

- i. What is the effect of ICT systems adoption on the financial performance of DT-SACCOs in Nairobi City County, Kenya?
- ii. How does employee competency affect the financial performance of DT-SACCOs in Nairobi City County, Kenya?
- iii. What is the effect of marketing activities on the financial performance of DT-SACCOs in Nairobi City County, Kenya?
- iv. How does effective leadership affect the financial performance of DT-SACCOs in Nairobi City County, Kenya?
- v. What is the moderating effect of capital adequacy requirement on the relationship between strategic objectives and the financial performance of DT-SACCOs in Nairobi City County, Kenya?

1.5 Significance of the Study

The research findings will be of immense importance to SASRA as a tool of policy formulation. The findings will help in ascertaining the main aspects that can be

utilized to drive the financial performance of the SACCOs within the competitive financial sector.

The research findings will also be of importance to the management of SACCOs by highlighting the key strategic objectives that they can leverage on to enhance their institutional performance.

The results of this study will also be of importance to scholars and academicians seeking to expand their knowledge on the SACCO performance within the country as well key strategic policies that can be harnessed to improve financial performance in the financial sector.

1.6 Scope of the Study

The research was limited to the DT-SACCOs operating within Nairobi City County, Kenya. The financial performance data was extracted for the period 2013-2017. The study investigated key strategic objectives adopted by DT-SACCOs such as ICT systems adoption, employee competency, marketing activities, effective leadership and capital adequacy requirement on the financial performance of DT- SACCOs. The respondents were the finance managers of the DT-SACCOs.

1.7 Limitations of the Study

The study was constrained in accessing non-published reports on the level of member's savings as this may compromise the confidential data of SACCOs. The study further encountered unwillingness among respondents who were involved in the research. The researcher overcame this limitation by ensuring the anonymity of the respondents is maintained in the course of the study. The researcher further encountered challenges in accessing finance managers within the SACCOs. The

researcher minimized this by booking appointments and adopted drop and pick approach in the data collection.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The second chapter present the theories that underpin the research. The second section reviewed empirical literature related to the research constructs. The chapter further presented a summary of the research gaps. Lastly the chapter presented the conceptual framework depicting the interaction between the research variables.

2.2 Theoretical Review

2.2.1 Dynamic Capabilities Theory

The dynamic capabilities theory was introduced by Teece, Pisano, and Shuen (1997) as an organization concept of aggregating and building firm capabilities in an ever changing environment. The dynamic capabilities theory was further expanded by Wang and Ahmed (2007) to factor in three main tenets across firms; the adaptive, absorptive and innovative capabilities. The adaptive tenet refers to the firm capacity to harness opportunities in the market while the absorptive capability refers to the organization capacity to utilize external influence for enhancing its performance.

Ambrosini and Bowman, (2009), asserted that dynamic capabilities play a significant role in enhancing the competitive advantage of the organization. Dynamic capabilities are fundamental to organization activities through determining the decisions on

knowledge acquisition, resource usages and transfer of organization culture (Easterby-Smith & Prieto, 2008). This theory will underpin how ICT systems adoption has enabled SACCOs to be more innovative in their product development, operational processes and product offering and how these aspects affect the financial performance.

2.2.2 Agency Theory

Agency theory was conceptualized as a model of analyzing the interrelationships within the organization stakeholders and as a framework of resolving conflicts (Tipuric, 2008). Agency relationships as postulated by Jensen and Meckling (1976) start when an agency acts on behalf of the principal. A manager may not be the best to represent the interests of the shareholder, thus principal-agent problems start emerging. Agency relationship terms are determined by the contracts, in which clauses that bind the manager to act in the shareholder's interests exist; Royer, (1999) continues to highlight that agency theory main focus is on incentive problems measurement. According to Sykuta and Chaddad (1999), agency theory in its application focuses on incentive versus risks sharing contracts that trade off in nature which aim to align interests of the manager to those of the shareholder. The main challenge is finding the right ownership and capital structures of lowering agency costs. The most likely cause of poor performance in cooperatives is principal-agent problems.

According to Abdullah & Valentine (2009), the agency theory is essential in defining the association between the principals and agents within an organization. In line with the theory the principals are the members of the DT-SACCO who hire a management team to act as their agents and delegate full responsibility in the day to day management of their assets (Clarke, 2004). This theory prescribes that SACCO

leadership must constitute a good governance structure since they are held accountable in their tasks and responsibilities. This theory will inform on the need for effective leadership as a predictor of positive Sacco financial performance.

2.2.3 Resource Based View Theory

The Resource Based Theory (RBVT) holds that organizations create value through utilization of unique resources that are hard to be imitated by their competitors within the market. The theory posits that through combination of its rare resources a firm is able to obtain a competitive edge over its peers (Barney, Ketchen Jr, & Wright, 2011). The fundamental tenet of the theory is that firms will gain a competitive advantage through executing strategies that are unique to the firm (Ling & Jaw, 2011).

The RBVT theory seeks to link organization characteristics and the competitive edge it achieves (Njuguna, 2009). The RBVT of the firm has stressed the importance of strategic choice in identification, development and utilization of unique capabilities towards enhancing the firm performance (Wang & Ahmed, 2007). This theory will anchor employee competencies and how specific marketing strategies enhance the financial performance of SACCOs.

2.2.4 Efficient Structure Theory

The efficient structure theory was developed by Demsetz (1973) premised on the need for an alternative explanation on market structure-performance relationship. The theory is premised on the concept that a business that operates more efficiently will achieve higher returns than other organizations at lower costs. The distinct operational efficiency levels within organizations help to create a better market share and an unequal market concentration.

The efficient structure hypothesis (ES) is based on two main approaches the X-efficiency and the Scale efficiency. According to the x-efficiency the more profitable institution gain their advantage from cost efficiency. Such firms tend to gain high market shares which may be utilized in enhancing their market concentration levels (Athanasoglou, Brissimis, & Delis, 2008). On the other hand the scale approach emphasizes on economies of scale rather than non-uniformity in management or production technology. That is larger firms can gain lower cost charges and higher profits by leveraging on the economies of scales. This enables such firms to enhance their market shares which can be manifested through higher profitability and concentration (Kolapo, 2012). The x-efficiency approach is key in underlying the need for SACCOs to enhance their efficiency in production and service offering while the scale efficiency underscores the need for SACCOs to utilize their earnings in a productive manner in order to gain higher profit margins and better market concentration. This theory will underline the need for SACCO's strategic objectives to be formulated in line with the goals of the institution. Furthermore the management of the Sacco need to conduct a general analysis of the Sacco to ensure any approach adopted in developing the Sacco objectives is cognizant of the firms capabilities and goals.

2.3 Empirical Review

2.3.1 ICT Systems Adoption and Financial Performance

Information Communication and Technology (ICT) has been key in driving business performance in terms of enhancing satisfaction levels and competitiveness within firms (Cumby, 2006). The recent development towards self-service and automated customer care has allowed business organizations to reduce transactional costs leading to savings. This has been made possible by online marketing, purchases and

communication through websites and e-newsletters. The websites enable interactions between consumers and providers of products and service in real-time (Harrell & Mackoy, 2005).

DT-SACCOs are driven by the need for convenience in the provision of banking services to the low income earners. This has seen an increase in uptake of ICT system within DT-SACCOs in areas such as mobile platforms, web platforms, banking applications and automated customer feedback channels. In line with requirements for registration of DT-SACCOS, SASRA requires the institutions to adopt management information systems to enhance the security of customer data, provide of an audit trail report and real time management (SASRA, 2016).

Kafetzopoulous and Psomas (2015) researched the impact of innovation capability on the performance of manufacturing companies in Greece. The study aimed at giving extra proof of the effect of technological innovation on three dimensions of a company's performance that included: product quality; operational performance and financial performance. The syudy found out thay innovation capability directly contributes to product quality and operational performance. The research focused on manufacturing firms whereas current research focus is on DT-SACCOs in Kenya hence the findings may not be of significant to the current study.

Saini and Kumar (2015) based their study on how e-CRM affects customer satisfaction and argued that there will be an increase in online shopping which will become part of our life. This however will be in the long run for industries like Sacco industries as technology advancement has not been fully adopted. The study however did not examine if advancement of technology in customer relationship will improve the financial performance of the firm. For any financial institution to be competitive in a

market place, technology is very crucial (Anneli, 2014). Financial institutions attract with clients through mobile and online banking. Maintaining and attracting clients is very important and that's why banks and other financial institutions have adopted technology in their daily activities (Chahal & Kaur, 2014). The above studies fail to consider the influence of the adoption of technology on the financial performance of the financial institutions.

A study by Ngambi and Ndifor (2015) showed that information technology had a negative effect on performance of financial institutions. They concluded that the negative influence could be due to the fact that investing in information technology can significantly increase the firm expenses. This means that an investment of this magnitude can have positive influence on institutional operations as it becomes easier for company to organize activities. The importance of information technology therefore cannot be dismissed. Simon et al. (2012) study further showed that investments in IT enhance firm performance. The above studies however did not focus on DT-SACCOs.

Tatoi and Senaji (2017) studied 42 Kenyan Commercial banks' innovation capability using variables such as structural, operational and personnel (Staff) to establish their influence on the performance. Collected data using structured questionnaires. Descriptive data analysis and inferential statistics performed through SPSS software found out that there is a definite and significant association between innovation capability and performance. The study only considered innovation capability and did not examine other parameters of ICT adoption such as service automation and how it influences performance. Further the study considered commercial banks and current study scope is on DT-SACCOs

2.3.2 Employee Competency and Financial Performance

When employees are unqualified, they end up making errors in recording the cash flows and out flows of the company and this may affect the profitability (Brody, 2010). A study in South Africa found out that 75% of the SACCOs made unnecessary errors in financial transactions recording due to lack of relevant knowledge in the field of finance (Bapat, 2017). Employment of unqualified staff gives the company an extra cost of training which may be very expensive. When hiring employees the company should consider other qualifications other than the education background (Sayani, 2015). For example, in SACCOs the employees should possess interpersonal skills because they deal with people of different background having different aspects.

A study carried out by Riviere (2016) examined the competency of employees in the implementation of computer Systems in Ugandan banks. The study employed a descriptive research design and adopted structured questionnaires in the data collection. The findings of the research indicated that employees were not able to capture the right information about the customers and therefore they had a very big challenge on the training. Lack of the right qualifications is also associated with misunderstanding in work place and its only training which can improve those problems together with fraud. The study however focused on banking institution employee competency and not SACCOs; further the study did not examine how employee competency influences financial performance of the institution.

Kirimi, Muema, and Mengo, (2016) examined the factors influencing knowledge management practices in financial institutions; a survey of SACCOs in Meru County, Kenya. The study adopted a descriptive survey design and a census sampling of the 44 Saccos in Meru County. The study relied on both primary and secondary data. The

results of the inferential analysis indicated there was a positive influence of knowledge management on the performance of SACCOs. The study however focused on general performance whereas current study focuses on financial performance. Nyaribo (2016) conducted a study on the effect of non-financial compensation on employee performance of Micro-Finance Institutions: A Case of Wakenya Pamoja Sacco, Kisii County, Kenya. The study adopted a case study research design and utilized questionnaires in the data collection. The study applied Pearson correlation and regression models to estimate the association between the research variables. The findings of the research indicated that employee training and annual professional development programmes enhanced employee competency and retention rate which enhanced the performance levels. The study considered employee performance whereas current research focus is on financial performance of DT-SACCOs in Nairobi City County.

Njine, Nzulwa, Kamaara, and Ombui, (2017) explored the Influence of employee training on innovation performance of DT-S in Kenya. The study employed a descriptive research design with multistage sampling being utilized in selecting the respondents for the study. The findings of the study indicated there was a positive association ($r=0.110$, $p=0.001$), between employee training and innovation performance within DT-SACCOs in Kenya. The study recommended that DT-SACCOs should enhance their training programmes and workshops to foster the employee competency.

2.3.3 Marketing Activities and Financial Performance

The main objective of any business venture is to make profit for sustainable growth (Hughes, 2010). In the modern business environment experts have come up with

marketing strategies aimed at enhancing the competitiveness and financial performance of firms (Sayani, 2015).Bwana and Mwakujonga, (2013) acknowledge that one of the main contemporary issues facing the Sacco movement is the stiff competition within the financial sector which calls for innovative marketing strategies that will foster the competitive edge of the institution. Muriithi (2014) is of the view that Sacco should enhance their marketing activities such as promotion, loyalty programmes, customer-tailored products and online marketing in order to strategically respond to the competition in the financial sector.

Kavulya, Muturi, Rotich, and Ogollah, (2018) examined the effect of customer focus strategy on the performance of SACCOs in Kenya. The study was a cross-sectional survey with a descriptive research design. The study considered all the 181 deposit taking SACCOs in Kenya that have operated for more than 5 years. The study relied on both primary and secondary data with descriptive statistics and multiple regression equation being utilized in presenting the study results. The findings of the study indicated there is a positive correlation between customer focus strategy and performance of SACCOs. The results of the study showed that marketing activities that were tailored to the customer demographics enhanced the performance of the Sacco.Kinyuira (2014)in his study employed an explanatory research design and targeted all the 8 Sacco operating within Muranga County. The study found significant positive effects of cost leadership, differentiation and focus strategies on performance of SACCOs and concluded that SACCOs that pursue generic strategies can achieve superior performance compared to those that do not. The researcher recommended that the Sacco should ensure that their marketing strategy conforms to the Porters competitive strategies to maximize the Sacco performance. The above study focused on Porter's generic strategies and their influence on Sacco performance

whereas current study will examine how strategic objectives adopted by deposit taking SACCOs influence their financial performance.

Muriuki (2014) examined the factors affecting Sacco performance in Meru South district: a case of Tharaka-Nithi Teachers Sacco. The study employed a descriptive research design and relied on both primary and secondary data in solving the research problem. The study adopted both descriptive and inferential statistics in the analysis. The findings of the research indicated there is a negative association between market risk and performance of the SACCO. This was attributed to the low marketing innovation, lack of extensive research on the niche market and poor product promotion and market coordination. The study however did not focus on the financial performance of the SACCO. Makena (2014) examined rebranding strategy and performance of savings and credit co-operatives in Meru County. The study employed a mixed research methodology and utilized both descriptive and inferential statistics in the analysis. The results of the studies indicated that the marketing activities of the SACCOs enhanced the brand strategy of the firm which was a predictor of positive performance of the Sacco. The study did not take into account other internal strategic aspects such as leadership and employee competency and how they affect the financial performance of SACCOs.

2.3.4 Leadership and Financial Performance

Cole (2010) argues that management refers to activities that include organizing, motivating, planning and controlling. Cooperative societies enhance its growth through well trained leaders who understand their role effectively. The problem comes up when the people elected by the members are not qualified to properly manage the

resources handed to them and thus end up running down the societies, especially the Sacco funds (Asabereh & Opoku, 2017).

Ndungu, (2011) established that there are risk management policy and procedures instituted by the SACCOs which includes having the policy of diversifying investment across different sectors, ensuring good corporate governance, adhering to internal financial guidelines, and constituting risk management committee. The study established that SACCO considered effective leadership as a predictor of operating efficiency and performance of the institution. The board of directors, financial manager and executive management participates in formulating loan portfolio policies which enhance the financial performance of the SACCOs. The study however did not focus solely on DT-SACCOs within Nairobi City County. Odhiambo (2012), recommends that SACCOs should put in place effective leadership structures that will be harnessed to improve the SACCO performance.

According to Muriithi (2012), in his study on practices and financial performance of savings and credit co-operatives societies in Nairobi County, Kenya. The study used regression analysis to find the relationship between financial planning, control, working capital management, and segregation of duties in finance function, SACCO management philosophy on leadership styles and SACCO profitability. The study found out that most SACCOs have adequate management policies that they use in their day to day operations. These policies were related to how profitable these SACCOs were and depending on how the management has applied them. It was noted that SACCOs have emphasized on profitability and most of them have put the best policies that have led to growth in the stakeholder's wealth including competent

leadership teams and governance structures. The study focused on SACCOs in general whereas current study focus is on DT-SACCOs.

Barus, Muturi, Kibati, and Koima, (2017) studied the effect of management efficiency on financial performance of Savings and Credit Societies in Kenya. The study employed an explanatory research design that utilized both primary and secondary sources of data. The study utilized multiple regression models to estimate the association between the independent and dependent variables. The findings indicated that management efficiency had no significant influence on the financial performance of SACCOs. This was largely due to the lack of effective leadership, poor governance practices and lack of clear roles and duties across the majority of the SACCOs. Owino (2015) conducted a study on the effect of management competence, competition and working environment on performance of Public Service Vehicle Saccos in Nairobi City County. The research employed a descriptive research design with a descriptive and inferential statistics being utilized in the analysis. The results of the study indicated that the competence of the SACCO leadership enhanced the delegation of duties and enhanced the working environment which fostered the performance of the SACCO. The findings of the study also indicated a positive association between the management competence and competitive edge among PSV Saccos. The study however considered PSV Saccos only while the current study reviews all deposit taking SACCOs in Nairobi City County.

2.3.5 Capital Adequacy Requirement and Financial Performance

The Sacco Societies Act (Cap 490B) and the Regulations made thereunder provide for key prudential norms and requirements which DT-SACCOs are required to fully comply with in order to maintain financial stability. The key requirements include

core capital and capital adequacy ratios, asset quality, non-earning assets, liquidity and the extent of external borrowing (SASRA, 2014). The regulatory framework requires DT-SACCOs to maintain minimum core capital of Kshs 10 million, together with the following capital adequacy ratios: core capital to total assets, core capital to deposit liabilities and institutional capital to total assets at the ratios of 10 percent, 8 percent and 8 percent respectively (SASRA, 2013).

Capital adequacy refers to a relative measure which establishes the maximum level of leverage that a financial institution is allowed to reach on its operations (Jansson, 1997). It is measured by the ratio of risk-weighted assets relative to regulatory equity, which has been internationally recommended to be equal to 12.5 times, or commonly known as a capital adequacy ratio of 8% (Jansson, 1997)

Capital adequacy is essential within SACCOs to cushion against market volatilities. The capital also helps to offset member deposits in the occurrence of SACCO failure. By mandate SACCOs are required to submit capital adequacy reports monthly to the regulator.

Kivuvo, and Olweny, (2014), examined the performance of SACCOs in Kenya using the Altman Z Score Model of Corporate Bankruptcy. The study focused on predictor variables of bankruptcy and the financial stability of SACCOs. The study found that liquidity and leverage had significant impact of SACCO performance. According to the study, financial stability enhances economic performance. The study concluded that SASRA was right in advocating for additional capital base for SACCOs. They recommended that SACCOs improve their liquidity, profitability, operating efficiency and total assets turnover if they must remain in business and meet the capitalization threshold SASRA.

Saidi, (2016) indicated that SACCO's performance was affected by core capital significantly from the regulations in various ways such as, managing credit risk, improved public confidence, providing a safety net for members' deposits, providing a base for future growth, and preventing insolvency. The study recommends that managers of the SACCOs closely adhere to the requirements provided by regulation so as to continue to reap the benefits discussed in this study. Ngaira (2011), in her study to evaluate the impact of Sacco regulatory authority guidelines on SACCO operations, found out that regulations led to improved management. According to Ngaira, a SACCO that adheres to set rules is more likely to portray a better image to the public. This eventually leads to trust of the Sacco by the public that the Sacco is accountable and transparent.

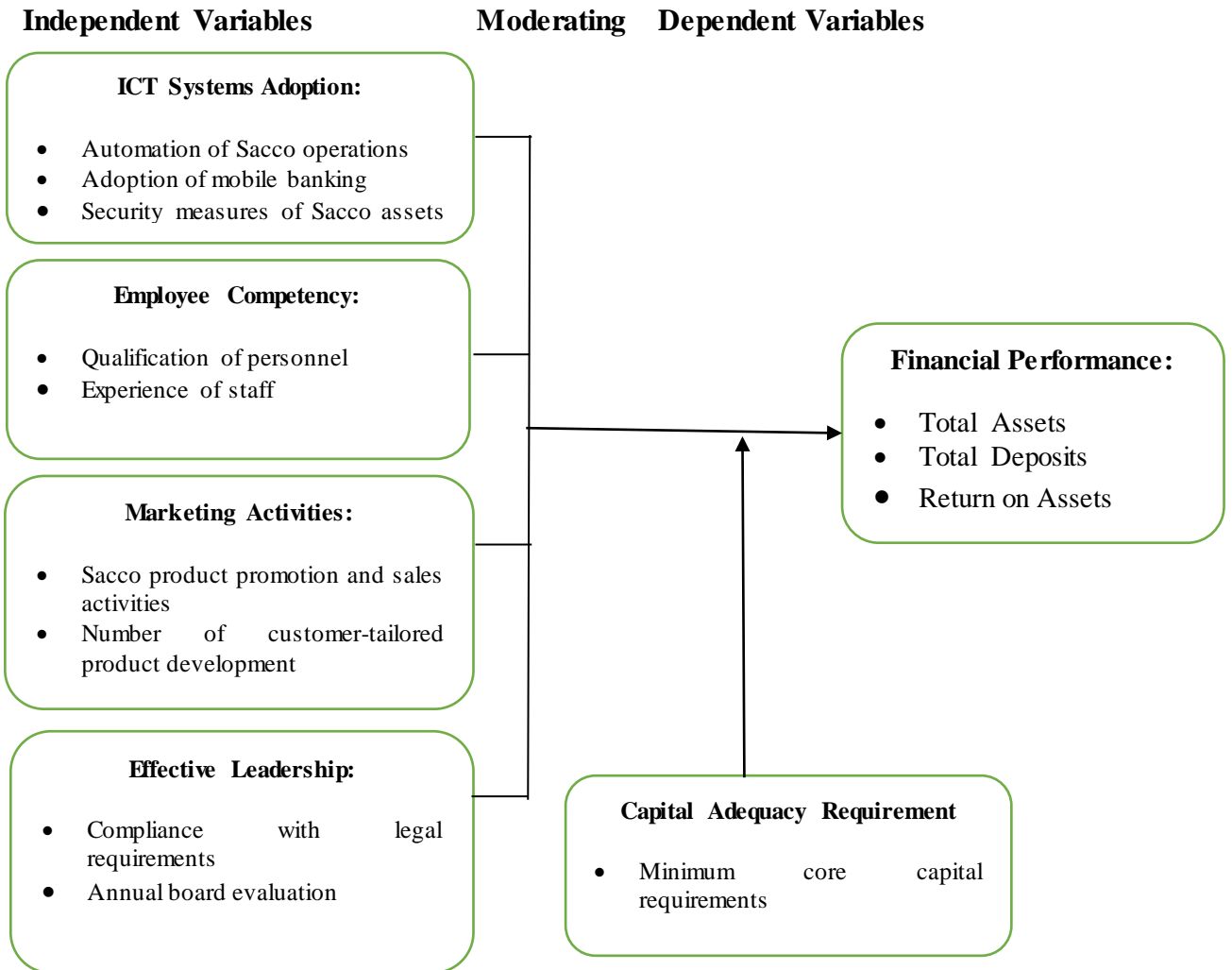
2.4 Summary of Literature and Research Gaps

Table 2.1 Research Gaps

Author	Topic	Key Findings	Research Gap
Barus, Muturi, Kibati, and Koima, (2017)	Effect of management efficiency on financial performance of Savings and Credit Societies in Kenya.	The findings indicated that management efficiency had no significant influence on the financial performance of SACCOs. This was largely due to the lack of effective leadership, poor governance practices	The study focused on SACCOs across the country whereas current study scope focuses only deposit taking SACCOs in Nairobi City County.
Kavulya, Muturi, Rotich, and Ogollah, (2018)	effect of customer focus strategy on the performance of Saccos in Kenya	The results of the study showed that marketing activities that were tailored to the customer demographics enhanced the performance	The study focused on customer focus strategy only whereas current research focuses on overall strategic objectives of the Sacco
Kirimi, Muema, and Mengo, (2016)	factors influencing knowledge management practices in financial institutions a survey of Saccos in Meru County, Kenya	The results of the inferential analysis indicated there was a positive influence of knowledge management on the performance of SACCOs.	The study however focused on general performance whereas current study focusses on financial performance
Owino (2015)	Effect of management competence, competition	The results of the study indicated that the competence of the SACCO leadership	The study however considered PSV Saccos only while the current study

	and working environment on performance of Public Service Vehicle Saccos in Nairobi City County.	enhanced the delegation of duties and enhanced the working environment which fostered the performance of the SACCO.	reviews all deposit taking SACCOs in Nairobi City County.
Riviere (2016)	Competency of employees in the implementation of computer Systems in Ugandan banks.	Employees were not able to capture the right information about the customers and therefore they had a very big challenge on the training.	The study however focused on banking institution employee competency and not SACCOs; further the study did not examine how employee competency influence financial performance of the institution.
Saidi, (2016)	Effect of core capital ratio on the financial performance of deposit taking savings and credit cooperative in Nairobi City County.	The study findings indicated that Sacco's performance was affected by core capital significantly from the regulations in various ways such as, improved public confidence, providing a safety net for members' deposits, and preventing insolvency.	The study only relied on secondary data whereas the current research utilizes a mix of primary and secondary data.

2.5 Conceptual Framework



Source: Author (2018)

Figure 2.1 Conceptual Framework

The above conceptual framework depicts the interaction between the strategic objectives and the financial performance of DT-SACCOs. The strategic objectives are conceptualized as; the ICT systems adoption, the employee competency, the marketing activities and the influence of effective leadership. The financial performance of DT-SACCOs were measured in terms of total assets, total deposits and return on assets. The conceptual framework further hypothesized the moderating effect of capital adequacy requirements on the relationship between strategic objectives and financial performance of deposit taking SACCOs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter of the study presents the blueprint that guided in solving the research problem. The chapter presents a description of the research design, the target population, sampling design, data collection instruments, research procedures and the data analysis techniques and presentation. According to Dawson (2009), research methodology is the philosophy or general principles which guides the research.

3.2 Research Design

Cooper and Schindler (2008) defines research design as the blue print or plan for fulfilling the objectives and answering research questions. The study was premised on a descriptive research design. According to Saunders *et al*, (2012), descriptive research attempts to describe, explain and interpret conditions at its present characteristics. The purpose of a descriptive research is to examine a phenomenon that is occurring at a specific place and time. Further a descriptive design approach allows for the utilization of a mixed research methodology in estimating the causal link between study variables.

3.3 Target Population

According to Mugenda and Mugenda (2003), the target population of a study comprises of the objects or items that are being considered within a research. Sekaran and Bougie (2011) indicate that the population of a study is the group of people or items that are of a particular interest to a researcher. The target population for the study was the 47 DT-SACCOs operating in Nairobi City County (SASRA, 2017).

3.4 Sampling Design and Sample Size

The study conducted a census of all the 47 DT-SACCOs in Nairobi City County. The study respondents were the finance managers of the SACCOs, a total of 47

3.5 Data Collection Instruments

The research adopted a mixed methodology with both primary and secondary data being utilized. Primary data for the study was collected using a semi-structured questionnaire Appendix II. Secondary data was collected from the annual reports of the DT-SACCOs using a data extraction form the data for the years (2013-2017) Appendix II which was filled by the finance managers. Other information was found in SASRA supervision Reports. Cooper and Schindler (2008) clarified, optional information is a helpful subjective strategy for assessing authentic or contemporary private open records, government reports, and opinions.

3.6 Data Collection Procedure

The researcher collected data from primary and secondary sources. The study relied on both qualitative and quantitative data. The main research instrument for the study was a semi-structured questionnaire that collected both quantitative and qualitative data. This was carried out using a drop and pick methodology. Likert scale questionnaire was used. Likert scale is an interval scale that specifically uses five anchors of strongly disagree, disagree, neutral, agree and strongly agree. The Likert measures the level of agreement or disagreement. According to Mugenda and Mugenda (2003) questionnaires give a detailed answer to complex problems. Additionally, questionnaires are also a popular method for data collection in deduction because of the relative ease and cost-effectiveness with which they are constructed and administered. The questionnaires adopted due to their ease in collecting research data within a short time. The study further collected secondary data

from the audited financial statements of the DT- SACCOs and SASRA supervision reports regarding the financial performance of DT-SACCOs.

3.7 Pilot Test

A pilot test is an evaluation of the specific questions, format, question sequence and instructions prior to the main survey. It involves testing the instruments by trying them in the field. The researcher undertook a pilot test that was guided by both the reliability and validity testing. Once the questionnaire has been finalized, it should be tried out on the field and the questionnaire should be pretested to a similar selected sample to the one the researcher plans to use in the study (Mugenda & Mugenda, 2003). This was important in enhancing the quality of the research instrument as well as limiting ambiguity in the research. The pilot test was conducted in the 10 DT-SACCOs in Machakos County, Kenya.

3.7.1 Validity

The validity test of a research instrument seeks to measure how well the results obtained from a study actually represent the current phenomena. Validity is concerned with ensuring the research instrument is measuring what it was intended (Mugenda & Mugenda, 2003). The study utilized content validity which involved seeking expert opinion of the supervisor on the validity of the research instrument to answer the research questions. The study further undertook construct validity. This was tested by ensuring that the research constructs discussed in the conceptual framework are included in the research instruments.

3.7.2 Reliability

The reliability test for the research questionnaire is concerned with how well a research instrument can produce consistent results with repeated attempts (Mugenda & Mugenda, 2003). According to (Leedy, 1997) reliability refers to the extent to which the research design and the data that it yields allows the researcher to draw accurate conclusions. The

reliability of the research instrument was tested using the Cronbach's alpha. All study variables with a Cronbach alpha of 0.7 and above was considered for the research. Cronbach's Alpha value greater than 0.7 is regarded as satisfactory for reliability assessment (George Mallery2003)

3.7.3 Data Analysis and Presentation

Upon collection of the research data the information was reviewed, edited and coded into SPSS 23 for subsequent analysis. The research utilized both descriptive and inferential statistics. The descriptive results were presented using percentages, means, standard deviation and frequency tables. The research further utilized multiple linear regression Model to estimate the association between the research indicators. For the qualitative data the study was adopted content analysis. The regression equation was as follows;

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \varepsilon$$

α = Constant

Y_{it} = Financial performance of DT-SACCOsi at time t

X_1 = ICT systems adoption

X_2 = Employee competency

X_3 = Marketing Activities

X_4 = Effective Leadership

β_1, β_4 = Constant of the predictor variables

ε = error term

3.8 Ethical Consideration

Prior to embarking on the study, the research sought authorization from the Kenyatta University graduate schools. The research also sought clearance from NACOSTI before

embarking on the main study. The research ensured that due confidentiality was maintained in the course of the research. The anonymity of the research respondents was maintained and all the responses obtained was utilized solely for academic purposes.

CHAPTER FOUR

DATA PRESENTATION AND FINDINGS

4.0 Introduction

This chapter presents the research findings through data analysis and presentation of the research findings. The chapter begins with response rate, reliability test, descriptive statistics and lastly inferential statistics. The chapter presents the findings in line with research objectives and research variables demonstrating the relationship among the various variables, the data is presented in the form of tables.

4.1 Response Rate

Data collection instrument (questionnaires)were administered within a period of two weeks. a total of 40 questionnaires were successfully completed and returned. This represented a response rate of 85% given that a total of 47 respondents were targeted. According to mugenda and mugenda (2003), a response rate of 50% or more is adequate. This percentage was enough to represent the sample since according to necamaya (2010) recommends that a response rate greater than 75% is acceptable to analyze and publish . Generally speaking, it's preferable to get a high response rate (80% or higher) from a small, random sample rather than a low response rate from a larger pool of potential respondents. therefore, with response rate of 85%, the result can make valid conclusion.

Table 4.1: Response Rate

Response	Rate Frequency	Percent
Returned	40	85%
Unreturned	7	15%
Total	47	100%

4.2 Reliability Test.

The study instrument reliability test was done using Cronbach's alpha which should have a coefficient of 0.7 and above. The result is shown in the table below

Table 4.2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.836	.662	27

The table above shows reliability statistics which Cronbach's alpha coefficient $\alpha = 0.836$ which is greater than 0.7. This indicates that the statements were good for analysis.

4.3 Descriptive Statistics

4.3.1 Financial performance

Table 4.3 Return on Assets

YEARS	N	MEAN	STANDARD DEVIATION
2013	40	0.24	0.15
2014	40	0.25	0.14
2015	40	0.26	0.14
2016	40	0.23	0.15
2017	40	0.26	0.15

Source: Author (2018)

he discoveries as illustrated in table 4.2 above demonstrate the pattern of profit for resources esteems over the 5-year time frame somewhere in the range of 2013 and 2017. The most minimal incentive for ROA was a mean of 0.23 in year 2016 while the most noteworthy esteem was a mean of 0.26 in year 2017 and 2015. This indicates to a positive change in the ROA mean estimations of 0.02 over the 5-year time span. The relentless ascent in ROA esteems over the 5-year time span shows that the monetary execution of the Deposit taking SACCOS has been on the expansion in the course of the most recent 5

years. Then again, the standard deviation shows variety in the money related execution between different SACCOs however inside 0.01 variation hence consistency overtime

Table 4.4: Sacco Total Deposits

YEARS	N	MEAN	STANDARD DEVIATION
2013	40	1,288,252	436,877
2014	40	1,244,187	450,829
2015	40	1,322,716	401,683
2016	40	1,169,370	411,207
2017	40	1,311,420	512,320

Source: Author (2018)

From the table 4.3, it is clear that most SACCOs have a mean of above Kshs.1 million and this is consistence over the 5-year period. The standard deviation for the five years is over 400,000 and the trend decline over time. This explains why most DT- SACCOs fail to become full commercial banks.

Table 4.5: Sacco Total Asset

YEARS	N	MEAN	STANDARD DEVIATION
2013	40	3,466,515	854,336
2014	40	3,475,916	871,457
2015	40	3,294,701	851,739
2016	40	3,494,049.	914,574
2017	40	3,617,177	882,393

Source: Author (2018)

The findings as shown in table 4.4 above indicate the trend of TA values over the 5-year period between 2013 and 2017. The lowest value for TA was a mean of 3.2 million in year 2015 while the highest value was a mean of 3.6 million in year 2017. This represented a

positive change in the TA mean values of 400,000 over the 5-year period. The steady rise in TA values over the 5-year period indicates that the financial performance of the Deposit taking SACCOS has been on the increase over the last 5 years. On the other hand, the standard deviation indicates variation in the financial performance between various SACCOS over the 5-year period.

4.3.2 ICT Systems adoption and Financial Performance

Table 4.6: ICT Systems and Financial Performance

Statement	strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total percentage
Adoption of ICT systems has enhanced the security of the Sacco assets and customers' data	20%	35%	5%	22%	18%	100%
Adoption of ICT systems has led to automation of Sacco services	12.5%	47.5%	10%	12.5%	17.5%	100%
Adoption of ICT systems has increased the efficiency of Sacco service provision	52%	13%	7%	15%	13%	100%
Adoption of ICT systems has enhanced the monitoring and evaluation of employee work performance	45%	25%	4%	20%	6%	100%
Adoption of ICT systems has enhanced the financial recording and reporting within the Sacco	78%	5%	0%	8%	9%	100%

Source: Author (2018)

From the findings in table 4.6, 20% of respondent strongly agreed with the statement that

Adoption of ICT systems has enhanced the security of the Sacco assets, 35% agreed, 22% disagreed and 18% strongly disagreed with the same statement. On the statement on Adoption of ICT systems has led to automation of Sacco services 12.5% strongly agreed, 47.5% respondents agreed and 40% disagreed with the same statement. The findings of this study support the findings by Ngambi and Ndifor (2015) showed that information technology had a negative effect on performance of financial institutions due to the cost incurred in investing in IT. However ICT can tremendously impact positively in financial performance as it becomes easier for company to organize activities. On the statement Adoption of ICT systems has increased the efficiency of Sacco services 52% and 13% respondents strongly agreed and agreed respectively and 28% disagreed on the same statement. Adoption of ICT has also enhances monitoring and evaluation of employee work performance where 45% and 25% strongly agreed and agreed respectively and only 26% disagreed with the same statement. On the other hand, 78% of respondent strongly agree that adoption of ICT systems has enhanced the financial recording and reporting within the Sacco. This is majorly due to fact that most accounting systems and customer management systems have been developed. This finding is in line with Harrell & Mackoy (2005) who found that the websites enable interactions between consumers and providers of products and service in real-time hence improves customer management.

4.3.3 Employee competency and Financial Performance

Table 4.7: Employee competency and Financial Performance

Statement	strongly agree	Agree	Neutr al	Disagr ee	Strongl y Disagr ee	Total percentage
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Technical expertise of Sacco personnel has reduced financial fraud within the institution	42%	15%	6%	19%	18%	100%
Financial competency of the personnel has enhanced financial reporting of the Sacco	56%	10%	2%	17%	15%	100%
High work experience within the Sacco employees leads to reduction of financial errors in the accounting statements	28%	42%	0%	15%	15%	100%
Employee training has fostered the work performance which reduces wastage of Sacco resources	34%	45%	0%	5%	16%	100%
Continuous performance evaluation has enhanced employee performance leading to productivity in the Sacco	46%	12%	14%	20%	8%	100%

Source: Author (2018)

On the employee competence the results are recorded in table 4.7, on the statement whether Technical expertise of Sacco personnel has reduced financial fraud within the institution 42% of respondent strongly agreed,15% and 37% of respondent disagreed with the same statement.56% and 10% of respondents strongly agreed and agreed respectively with the statement that financial competency of the personnel has enhanced financial reporting of the Sacco, and 32% disagreed with the same statement. Employee training is another statement which resonate well with most of respondent as 34% and 45% strongly agree d and agreed with the statement respectively. Likewise, with the statement on continuous performance evaluation has enhanced employee performance leading to productivity in the Sacco 46% of respondents strongly agreed and 12% agreed with the

same statement. The findings of this study are in line with the study by Kirimi, Muema, and Mengo, (2016) which stated that knowledge management and employee training improves performance of the employee and general financial performance of Sacco.

4.3.4 Marketing Activities and Financial Performance

Table 4.8: Marketing Activities and Financial Performance

Statement	strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total percentage
Increased member training programmes have led to a high uptake of Sacco products	32%	13%	6%	24%	25%	100%
Increased promotional activities have led to increase in Sacco members	45%	30%	12%	8%	5%	100%
Customer-tailored marketing activities have enhanced member savings mobilization	62%	18%	0%	13%	7%	100%
Adoption of e-marketing tools have enhanced efficiency and cost reduction in the Sacco	58%	12%	4%	18%	8%	100%
Adoption of niche-marketing has led to increased sales of Sacco products.	31%	16%	6%	21%	26%	100%

Source: Author (2018)

From the results in table 4.8, when respondents were asked their opinion on whether increased member training programmes have led to a high uptake of Sacco products, 32% of respondents strongly agreed , 13% of respondents agreed, 6% of respondents were neutral, 24% disagreed while 25% strongly disagreed with the statement. On whether increased promotional activities have led to increase in Sacco members, 45% strongly

agreed, 30% of respondents agreed, 12% of respondents were neutral while 5% strongly disagreed. The researcher further asked whether customer-tailored marketing activities have enhanced member savings mobilization a larger percentage 62% strongly agreed, 18% agreed, while 13% disagreed and 7% strongly disagreed. On whether adoption of e-marketing tools have enhanced efficiency, 60% agreed while 26% disagreed. 47% respondents agreed on the adoption of niche-marketing while 47% disagreed and 6% were neutral. The findings in this study is in line with Bwana and Mwakujonga, (2013), they both acknowledge that one of the main contemporary issues facing the Sacco movement is the stiff competition within the financial sector which calls for innovative marketing strategies that will foster the competitive edge of the institution. The findings are also in agreement with those of Kavulya, Muturi, Rotich, and Ogollah, (2018) whose findings indicated that there is a positive correlation between focus strategy and performance of Saccos.

4.3.5 Effective Leadership and Financial Performance

Table 4.9: Leadership and Financial Performance

Statement	strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total percentage
Enhanced coordination within the Sacco improves services	43%	23%	12%	10%	12%	100%
Routine review of the work-output by the management enhances the work-performance	54%	13%	5%	23%	5%	100%
Compliance with legal requirements promotes the going concern of the Sacco	70%	15%	0%	10%	5%	100%

Qualified Sacco leadership ensures adherence to international bests standards in the financial reporting	13%	45%	2%	14%	26%	100%
Routine appraisal of the management board enhances the attainment of the Sacco financial goals	23%	46%	0%	9%	22%	100%

Source: Author (2018)

The researcher further investigated the role of leadership in financial performance. From the results in table 4.9, 66% agreed with the statement that enhanced coordination within the Sacco improves services, while only 22.68% agreed on the statement that routine review of the work-output by the management enhances performance while 28% disagreed and only 5% were neutral. On whether Compliance with legal requirements promotes the going concern of the Sacco 70% of respondents strongly agreed, 15% agreed, 10% and 5% strongly disagreed and disagreed respectively. The statements which brought a lot of reactions was whether qualified Sacco leadership ensures adherence to international bests standards in the financial reporting, only 13% strongly agreed with this statement, while 26% strongly disagreed with this statement. 69% of respondents agreed with the statement that routine appraisal of the management board enhances the attainment of the Sacco goals and 31% disagreed. We can conclude that effective leadership has direct impact on financial performance of SACCOs but to large extent does not influence their adherence to international bests standards. These findings echo what Ndugu (2011) found that SACCO considered effective leadership as a predictor of operating efficiency and performance of the institution. The board of directors, financial manager and executive management participates in formulating loan portfolio policies which enhance the financial performance of the SACCO. Odhiambo (2012) further recommended that SACCOs should put in place effective leadership structures that will be harnessed to improve the SACCO

performance.

4.3.6 Capital Adequacy Requirements

Table 4.10: Capital Adequacy Requirements and Financial Performance

Statement	strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total percentage
Core capital requirements by SASRA ensures member savings are protected	75%	15%	5%	5%	12%	100%
Adoption of best financial practices enhances the quality of the financial reporting	78%	5%	0%	8%	5%	100%
Regular financial reporting ensures the financial soundness of the Sacco	52%	13%	7%	15%	5%	100%
Regular auditing of the financial statements enhances the confidence among members of the Sacco	45%	25%	4%	20%	26%	100%

Source: Author (2018)

From the above table 4.10 shows that capital adequacy is important when it comes to performance of SACCO's, 75% of respondent strongly agreed, 15% agreed and 17% disagreed with the statement that core capital requirements by SASRA ensures member savings are protected. 78% of respondent strongly agreed with the statement that adoption of best financial practices enhances the quality of the financial reporting while 8% disagreed with the same statement. In addition 52% of respondent strongly agreed with the statement that regular financial reporting ensures the financial soundness of the SACCO and 5% strongly disagreed. On the statement on whether regular auditing enhances confidence among members, 45% of respondents strongly agreed, 26% agreed, 20% disagreed and 26% strongly disagreed. The finding resonates with the findings

by Kivuvo, and Olweny, (2014) that liquidity and leverage had significant impact of SACCO performance. According to the study, financial stability enhances economic performance.

4.5 Model Analysis

Using regression analysis with the regression equation will be as follows;

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \varepsilon$$

α = Constant

Y_{it} = Financial performance of DT-SACCOs i at time t

X_1 = ICT systems adoption

X_2 = Employee competency

X_3 = Marketing Activities

X_4 = Effective Leadership

β_1, β_4 = Constant of the predictor variables

ε = error term

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.821 ^a	.675	.627	.80352

The findings on R which is the multiple correlation coefficient that shows quality of the prediction of the dependent variable by the independent variable is 0.821. This is a relatively fair indication since it points to a strong correlation. The R -Square which is the coefficient of determination shows that the four independent variables in the model explain 67.5% of financial performance. Subsequently from the Adjusted R Square it is evident that after adjusting the model for inefficiencies the independent variables can explain 62.7% of financial performance.

Table 4.12: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	45.503	5	9.101	14.096	.000
Residual	21.952	34	.646		
Total	67.455	39			

Table 4.12 shows the relationship of the variables .With F = 14.096 and 39 degrees of freedom the test is highly significant, thus we can assume that there is a linear relationship between the variables in our model. The significance level in the model was 0.00 which is less than the 5% level ofsignificance used in the model. It therefore follows that the model is statisticallysignificant in predicting how the independent variables affect financial performance.

Table 4.13: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.589	.555		1.063	.0295
ICT_ADP	.065	.119	.092	.545	.0589
EMP_COMP	.023	.119	.031	.194	.047
MACT	.035	.185	.038	.192	.849
EL	.135	.183	.137	.734	.068
CAR	.650	.141	.724	4.611	.000

Source: Author (2018)

To determine the relationship that exists between financial performance and the four

Independent variables, a multiple regression analysis was conducted. The results generated from the SPSS V 23 in this case are shown in the table 4.12. In this case, the regression equation $Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \epsilon$ becomes;

$$Y_{it} = 0.589 + 0.065ICT + 0.023EMP\ COMP + 0.035MACT + 0.135EL + 0.555$$

Table 4.12 shows the regression coefficients, the intercept and the significance of all coefficients and the intercept in the model. The coefficient indicates that adoption of ICT, Employee competency and capital adequacy requirements are statistically significant while

effective leadership and marketing activities are not statistically significant.

From the regression equation above it follows that holding all the independent variables constant, financial performance will increase by 0.589 units.

ICT adoption has positive relationship with financial performance with a unit increase in ICT adoption increases financial performance by 0.065. Employee competency has positive relationship with SACCO financial performance with a unit increase in employee competency increases financial performance by 0.023, marketing activities has positive relationship with financial performance with coefficient of 0.035, the effective leadership is positively related with financial performance 0.135 coefficient. Lastly, capital adequacy requirement is positively related with the financial performance with coefficient of 0.650.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter contains the summary of the entire study. The main findings of the study are summarized and conclusions drawn. The recommendations on the findings are discussed and areas of further research suggested.

5.2 Summary

The purpose of the study was to investigate the influence of strategic objectives on the financial performance of deposit taking SACCOs in Nairobi City County, Kenya. The study sought to answer five questions: What is the effect of ICT systems adoption on the financial performance of DT-SACCOs? How does employee competency affect the financial performance of DT-SACCOs? What is the effect of marketing activities on the financial performance of DT-SACCOs? How does effective leadership affect the financial performance of DT-SACCOs? What is the moderating effect of capital adequacy requirement on the relationship between strategic objectives and the financial performance of DT-SACCOs?

The study employed a descriptive research design. The population under study was the DT-SACCOs within Nairobi City County whereby a census was taken of the 47 DT-SACCOs operating within the county where the response rate was 40 (85%) and respondents were the finance managers. Questionnaire were employed to collect data and analysis was done using SPSS 23 software. The study utilized multiple linear regression model to determine any correlations between the research variables and frequencies within the data. Frequency tables and inferential statistics were used in data presentation.

5.2 Summary of findings

5.2.1 ICT systems adoption and financial performance

The study found that ICT systems adoption has enhanced the financial recording and reporting within the Sacco and also enhanced the monitoring and evaluation of employee work performance. Adoption of ICT systems has also increased efficiency of Sacco service provision. Generally the adoption of ICT system has a positive effect on financial performance of DT-SACCOs if they are well utilized, otherwise, if not well managed, they may not play important role.

5.2.2 Employee competency and financial performance

The findings of the study indicated that employee training had fostered the work performance which reduced wastage of Sacco resources as many people agreed with the statement. Also highly experienced employees leads to reduction of financial errors. The findings of the study indicated that there was a positive association between employee competency and financial performance.

5.2.3 Marketing activities and financial performance

Increased marketing activities results into increased market base which translates into improved financial performance hence marketing activities is directly related with financial performance of DT-SACCOs in Nairobi City County.

5.2.4 Leadership and financial performance

The study findings shows that leaders who complies with the legal requirements promotes the going concern of the Sacco. By doing routine review of the work output by the management enhances the work performance as this enables the management to measure its set goals verses actual results hence taking correct action where the actual results

deviates from the set standards. Routine appraisal of the management board enhances the attainment of the Sacco financial goals.

5.2.5 Capital adequacy requirements and financial performance

Findings of the study shows that capital adequacy has a core relation with financial performance DT-SACCOs due to increased confidence of the Sacco members.

5.2.6 Financial Performance

The study sought to establish the financial performance of DT-SACCOs in Nairobi City County, Kenya where descriptive statistics, regression analysis and ANOVA were conducted. Results indicated that there was increased financial performance of DT-SACCOs across the years of study. Specifically, the results indicated that there was increased number of total assets, total deposits and return on assets through out the years.

5.3 Conclusion of the study

The conclusions were arrived based on the influence of the independent variables (ICT system adoption, employee competency, marketing activities, leadership and capital adequacy requirement as a moderating variable) on the financial performance of DT-SACCOs based on the findings of the study.

The study concluded that use of ICT system increases efficiency and helps in financial recording and reporting thus influencing positively financial performance of SACCOs.

The results concluded that employee training and hiring of highly experienced employees and technical expertise staff has a positive influence on the SACCOs' financial performance. Continuous performance evaluation of employee has enhanced employee performance leading to improved productivity of the DT-SACCO.

In general, the study concluded that; member training, increased promotional activities, use of e-marketing, offering customer-tailored products and adoption of niche marketing has a positive relationship with financial performance of DT-SACCOs.

The study further concluded that effective leadership is directly and positively associated with financial performance of DT-SACCOs.

The study concluded that there is a positive relationship between capital adequacy requirements and financial performance of DT-SACCO. The study further concluded that SACCOs benefited largely from the imposed capital adequacy regulations as it improves public confidence, provides safety for members' deposits, availability of operating capital and increases lending capacity thus improving the financial performance of SACCOs.

The study further concluded there was a strong relationship between the study variables.

The study found that ICT system adoption, employee competence, marketing activities, effective leadership and capital adequacy requirement were significantly influencing financial performance of Deposit Taking SACCOs in Nairobi City County, Kenya.

5.4 Recommendations of the Study

The DT-SACCOs should embrace the use of information technology in their operations by developing websites to market its products and put more focus on field selling and sales promotion to boost customer base and financial stability. DT-SACCOs should keep on changing their ICT strategies regularly to keep up with the pace of the dynamic world of IT development.

DT-SACCOs should always employ competence staff and there should be continuous training need assessment among employees so as to improve their skills. The SACCO should also ensure that all employees are well trained about the policies governing the SACCOs to enlighten the employees on their knowledge about SACCO and their

profitability. DT-SACCOS should continuously train their members to the concept of saving for prosperity so as to create SACCO members ownership.

The management of SACCOs should strive to adhere to international best standards in financial reporting and strictly adhere to the requirements provided by the regulator so as to achieve their financial goals.

The study recommends that SACCO management to ensure that all SACCOs have effective strategic plans and policies governing the running of the SACCOs which will guide in achieving the SACCOs' goals.

The study recommends all DT-SACCOS should ensure adequate capital requirement is maintained so as to act as a buffer for the SACCO to continue in operation even during economic crisis.

The recommendations for the regulator include the adoption of periodic monitoring to ensure that all Saccos adhere to the laid down regulations since not all SACCOs embraced the change.

The study recommends that the government through SASRA and the Ministry of Industry and Co-operative development continue to provide a conducive environment for the SACCOs to thrive and flourish through beneficial legislation.

5.5 Areas of further study

A similar study should be done on other SACCOs so as to increase the generalizability of the results. Another study could be carried out using other variables that may have an impact on the financial performance of DT-SACCOS. Future studies could also focus on a comparative study among various sectors. Future studies should apply different research instruments like focus group discussions and primary data only to involve respondents in discussions in order to generate detailed information which would help improve financial performance of DT-SACCOS.

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APPENDICES

Appendix I: Introduction Letter

General Manager

Name of SACCO.....

Thro'
Kenyatta University

Dear Sir/Madam

Ref: Request for Research Data

Greetings, I am a student in Kenyatta University persuing a Master's degree in Business Administration . In line with the requirements of the institution award for the degree I am undertaking a study on *relationship between strategic objectives and financial performance of deposit taking Saccos in Nairobi City County, Kenya.*

This letter is to seek assistance from your SACCO during the data collection process to aid in finalizing the research by providing information on the topic .You are kindly requested to fill in the provided questionnaire. The information collected will be used for academic purposes only and will be treated with utmost confidentiality.

Your assistance and co-operation will be highly appreciated.

Thank you for your time.

Yours Sincerely,

Faith Mbula Ngui

Student Reg. No: D53/CTY/PT/33268/2015

Appendix II: Questionnaire

PART A: GENERAL INFORMATION

1) Your position in the organization

Top level management []

Middle level management []

Lower level management []

2) Number of years in this department/position

Less than 3 [] 3-5 [] 5-7 [] Over 8 []

3) Kindly indicate the level of qualification of personnel within the firm.

Personnel	KASNEB Qualification	Diploma	Degree i.e. B.Com	Postgraduate i.e. MBA
Accountant				
Clerk				
Receptionist				
Sales staff				
Human resource				
ICT Staff				

PART B: Strategic Objectives and Financial Performance of Deposit Taking SACCOs

Please tick the extent to which the strategic objectives influence the financial performance of deposit taking SACCOs in Nairobi City County, Kenya

No	Financial Performance	2017	2016	2015	2014	2013
1.	Total Assets					
2.	Total Deposits					
3.	Return on Assets					

Please indicate in the table with a tick (√) or a cross (×) with a scale of

5= strongly agree 4= Agree 3=Neutral 2= Disagree 1= Strongly Disagree

No	ICT Systems and Financial Performance	5	4	3	2	1
1.	Adoption of ICT systems has enhanced the security of the Sacco assets and customers' data					
2.	Adoption of ICT systems has led to automation of Sacco services					
3.	Adoption of ICT systems has increased the efficiency of Sacco service provision					
4.	Adoption of ICT systems has enhanced the monitoring and evaluation of employee work performance					
5.	Adoption of ICT systems has enhanced the financial recording and reporting within the Sacco					

From your own experience in what other ways has the adoption of ICT systems enhanced the financial performance of the Sacco?

.....

No	Employee competency and Financial Performance	5	4	3	2	1
1.	Technical expertise of Sacco personnel has reduced financial fraud within the institution					
2.	Financial competency of the personnel has enhanced financial reporting of the Sacco					
3.	Highly experienced employees within the Sacco leads to reduction of financial errors in the accounting statements					
4.	Employee training has fostered the work performance which reduces wastage of Sacco resources					
5.	Continuous performance evaluation has enhanced employee performance leading to productivity in the Sacco					

From your own experience in what other ways has the employee competency affected the financial performance of the Sacco?

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No	Marketing Activities and Financial Performance	5	4	3	2	1

1.	Increased member training programmes have led to an high uptake of Sacco products					
2.	Increased promotional activities have led to increase in Sacco members					
3.	Customer-tailored marketing activities have enhanced member savings mobilization					
4.	Adoption of e-marketing tools have enhanced efficiency and cost reduction in the Sacco					
5.	Adoption of niche-marketing has led to increased sales of Sacco products.					

From your own experience in what other ways have the marketing activities affected the financial performance of the Sacco?

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No	Effective Leadership and Financial Performance	5	4	3	2	1
1.	Enhanced coordination within the Sacco improves services					
2.	Routine review of the work-output by the management enhances the work-performance					
3.	Compliance with legal requirements promotes the going concern of the Sacco					
4.	Qualified Sacco leadership ensures adherence to international bests standards in the financial					

	reporting					
5.	Routine appraisal of the management board enhances the attainment of the Sacco financial goals					

From your understanding in what other ways has effective leadership affected the financial performance of the Sacco?

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No	Capital Adequacy Requirements	5	4	3	2	1
1.	Core capital requirements by SASRA ensures member savings are protected					
2.	Adoption of best financial practices enhances the quality of the financial reporting					
3.	Regular financial reporting ensures the financial soundness of the Sacco					
4.	Regular auditing of the financial statements enhances the confidence among members of the Sacco					

In what other ways have SASRA regulations influenced the financial performance of the Sacco?

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Thank you for your time

Appendix III: List of Deposit Taking SACCOs in Nairobi City County

- 1 AFYA SACCO SOCIETY LIMITED
- 2 AIRPORTS SACCO SOCIETY LIMITED
- 3 AMICA SACCO SOCIETY LIMITED
- 4 ARDHI SACCO SOCIETY LIMITED
- 5 ASILI SACCO SOCIETY LIMITED
- 6 BINGWA SACCO SOCIETY LIMITED
- 7 CAPITAL SACCO SOCIETY LIMITED
- 8 CHAI SACCO SOCIETY LIMITED
- 9 CHUNA SACCO SOCIETY LIMITED
- 10 COMOCO SACCO SOCIETY LIMITED
- 11 DIMKES SACCO SOCIETY LIMITED
- 12 HARAMBEE SACCO SOCIETY LIMITED
- 13 HAZINA SACCO SOCIETY LIMITED
- 14 KENPIPE SACCO SOCIETY LIMITED
- 15 KENVERSITY SACCO SOCIETY LIMITED
- 16 KENYA BANKERS SACCO SOCIETY LIMITED
- 17 KENYA POLICE SACCO SOCIETY LIMITED
- 18 K- UNITY SACCO SOCIETY LIMITED
- 19 MAGEREZA SACCO SOCIETY LIMITED
- 20 MAISHA BORA SACCO SOCIETY LIMITED
- 21 MENTOR SACCO SOCIETY LIMITED
- 22 METROPOLITAN NATIONAL SACCO SOCIETY LTD
- 23 MILIKI SACCO SOCIETY LIMITED
- 24 MWALIMU NATIONAL SACCO SOCIETY LTD
- 25 MWITO SACCO SOCIETY LIMITED
- 26 NACICO SACCO SOCIETY LIMITED
- 27 NAFKA SACCO SOCIETY LIMITED
- 28 NASSEFU SACCO SOCIETY LIMITED
- 29 NATION SACCO SOCIETY LIMITED
- 30 NYATI SACCO SOCIETY LIMITED
- 31 SAFARICOM SACCO SOCIETY LIMITED
- 32 SHERIA SACCO SOCIETY LIMITED
- 33 SHIRIKA SACCO SOCIETY LIMITED
- 34 SHOPPERS SACCO SOCIETY LIMITED
- 35 SOUTHERN STAR SACCO SOCIETY LIMITED
- 36 STIMA SACCO SOCIETY LIMITED
- 37 TAIFA SACCO SOCIETY LIMITED
- 38 TAQWA SACCO SOCIETY LTD
- 39 TELEPOST SACCO SOCIETY LIMITED
- 40 TEMBO SACCO SOCIETY LIMITED
- 41 UFANISI SACCO SOCIETY LIMITED
- 42 UKRISTO NA UFANISI WA ANGLICANA SACCO

SOCIETY LIMITED

- 43 UKULIMA SACCO SOCIETY LIMITED
- 44 UNAITAS SACCO SOCIETY LIMITED
- 45 WANAANGA SACCO SOCIETY LIMITED
- 46 WAUMINI SACCO SOCIETY LIMITED
- 47 YETU SACCO SOCIETY LIMITED

Source: SASRA Website, 2018