

**STAKEHOLDERS' MANAGEMENT POLICIES AND GROWTH IN DEPOSIT  
AMONG THE DEPOSIT TAKING SAVINGS AND CREDIT COOPERATIVE  
SOCIETIES IN EMBU COUNTY, KENYA**

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## **DECLARATION**

This research project is my original work, and it has not been submitted to any university for the award of a degree or any other award.

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## **DEDICATION**

This study effort is devoted to my wife Linda Wangari and my daughters Trizah and Tiana for their understanding, support, encouragement, and perseverance they have shown me throughout the course work, as well as their continued prayers for completing this process successfully.

God bless you all.

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## TABLE OF CONTENTS

DECLARATION .....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENT .....	iv
TABLE OF CONTENTS.....	v
LIST OF TABLES .....	viii
LIST OF FIGURES .....	x
ABBREVIATIONS AND ACRONYMS.....	xi
OPERATIONAL DEFINITION OF TERMS USED IN THE STUDY.....	xii
ABSTRACT.....	xiii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background to the Study.....	1
1.1.1 Stakeholders’ Management Policies and Growth in Deposit .....	3
1.1.2 Growth in Deposit.....	3
1.1.3 Deposit Taking Saving and Credit Cooperative Societies in Embu County.....	4
1.1.4 Shareholders’ Management Policy and Growth in deposit.....	5
1.1.5 Staff Development Management Policy and Growth in Deposit .....	5
1.1.6 Customer Retention Management Policy and Growth in Deposit.....	5
1.1.7 Compliance To SACCO Society’s Regulatory Authority Financial Reporting Management Policy and Growth in Deposit.....	6
1.2 Statement of the Problem.....	6
1.3 The Objectives of the Study.....	7
1.3.1 General Objectives.....	7
1.3.2 Specific Objective.....	7
1.4 Research Hypothesis .....	8
1.5 Significance of the Study .....	8
1.6 Scope of the Study .....	9
1.7 Limitation of the Study .....	10
1.8 Organization of the Study .....	10

CHAPTER TWO: LITERATURE RIVIEW .....	11
2.1 Introduction.....	11
2.2 Theoretical Framework.....	11
2.2.1 Stakeholders Theory .....	11
2.2.2 Stewardship Theory .....	12
2.3 Empirical Literature Review.....	13
2.3.1 Shareholders Authority Management Policy and Growth in Deposit .....	13
2.3.2 Staff Development Management Policy and Growth in Deposit .....	15
2.3.3 Customer Retention Management Policy and growth in Deposit .....	17
2.3.4 Compliance to SACCO Society’s Regulatory Authority Financial Reporting Management Policy and Growth in Deposit.....	18
2.4 Summary of Source of Researcher Literature Review and Gaps .....	23
2.5 Conceptual Framework.....	27
CHAPTER THREE: RESEARCH METHODOLOGY .....	29
3.1 Introduction.....	29
3.2 Research Design.....	29
3.3 Target Population.....	29
3.4 Sampling Techniques.....	30
3.4. 1 Sample Size .....	31
3.5 Data Collection Instrument.....	32
3.6 Validity of the Research Instrument.....	32
3.7 Reliability of the Research Instrument.....	32
3.8 Data Collection Procedure.....	33
3.9 Data Analysis Techniques.....	33
3.10 Diagnostic Test .....	34
3.10.1 Test of Linearity .....	34
3.10.2 Test of Autocorrelation.....	35
3.11 Operationalization and Measurement of Variables.....	36
3.12 Ethical Issues .....	37
CHAPTER FOUR: RESEARCH FINDINGS & DISCUSSIONS .....	38
4.1. Introduction.....	38

4.2 Questionnaire Response Rate .....	38
4.3 Reliability Analysis.....	39
4.4 Demographic Data of Respondents .....	39
4.5 Influence of Shareholders’ Authority Management Policy on Growth in Deposit .....	43
4.6 Influence of Staff Development Management Policy on Growth in Deposit.....	45
4.7 Influence of Customer Retention Management Policy on Growth in Deposit .....	47
4.8 Influence of Compliance to SACCO Society’s Regulatory Authority Financial Reporting Management Policy on Growth in Deposit.....	48
4.9 Regression Analysis.....	51
4.10 Discussion of the Findings.....	52
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	55
5.1 Introduction.....	55
5.2 Summary of Findings.....	55
5.2.1 Shareholder’s Authority Management Policy and Growth in Deposit.....	55
5.2.2 Staff Development Management Policy and Growth in Deposit. ....	55
5.2.3 Customer Retention Management Policy and Growth in Deposit. ....	56
5.2.4 SACCO Society’sRegulatory Authority Financial Reporting Management Policy and Growth in Deposit .....	56
5.3 Conclusions.....	57
5.4 Recommendations.....	58
5.5 Suggestions for Further Studies.....	58
REFERENCES. ....	59
APPENDIX.....	65
APPENDIX 1: LETTER OF TRANSMITTAL .....	65
APPENDEX II: Questionnaire For Deposit Taking Saving And Credit Cooperative Sosciety’s Staff.....	66

## LIST OF TABLES

Table 2.1: Summary of Literature Review .....	23
Table 3.1: Target Population.....	30
Table 3.2: Sample Size .....	32
Table 3.3: Operationalization and Measurement of Variables .....	36
Table 4.1: Questionnaire Response Rate .....	38
Table 4.2: Reliability Statistics .....	39
Table 4.3: Distribution of the Chief Executive Officers, Branch Managers, Marketing Growth and Development Managers, Audit Managers, ICT Managers and Finance Managers According to Gender.....	40
Table 4.4: Distribution of the Chief Executive Officers, Branch Managers, Marketing Growth and Development Managers, Audit Managers, ICT Managers and Finance Managers According to Age .....	41
Table 4.5: Distribution of Respondents According to Their Job Position.....	43
Table 4.6: Descriptive Statistics on Shareholders' Authority Management Policy.....	43
Table 4.7: Descriptive Statistics on Shareholders' Authority Management Policy .....	44
Table 4.8: Descriptive Statistics on the Status of the SACCO Staff Development.....	45
Table 4.9: Descriptive Statistics on Staff Development Management Policy .....	46
Table 4.10: Descriptive Statistics on the Status of the SACCO Customer Retention Management Policy .....	47
Table 4.11: Descriptive Statistics on the Role of Customer Retention Management Policy on Growth of SACCO Deposits.....	48
Table 4.12: Descriptive Statistics on the Status of SACCO Society's Regulatory Authority Financial Reporting Management Policy Among the Deposit Taking SACCOs.....	49



Table 4.13: Descriptive Statistics on the influence of SACCO Society’s Regulatory Authority Financial Reporting Management Compliance Policy on Deposit Variables .....	50
Table 4.14: Multiple Regression Model Summary.....	51
Table 4.15: ANOVA.....	51
Table 4.16: Coefficients of the Model .....	52

## **LIST OF FIGURES**

Figure 2.1: Conceptual Framework.....	27
Figure 4.1: Distribution of the Chief Executive Officers, Branch Managers, Marketing Growth and Development Managers, Audit Managers, ICT Managers and Finance Managers According to Education Achievement .....	42
Figure 4.2: Distribution of the Respondents According to the Number of Years Served in Their Respective SACCOs .....	45

## **ABBREVIATION AND ACRONYM**

<b>AGM</b>	Annual General Meeting
<b>SACCOs</b>	Savings and Credit Cooperative Societies
<b>SASRA</b>	SACCO Society Regulatory Authority
<b>BOD</b>	Board of Directors
<b>CEO</b>	Chief Executive Officer
<b>FOSA</b>	Front Office Saving Activities
<b>GDP</b>	Gross Domestic Income
<b>SMEs</b>	Small and Medium Enterprises
<b>LTD</b>	Limited Company
<b>IMF</b>	International Monetary Fund
<b>CBK</b>	Central Bank of Kenya
<b>SSA</b>	SACCO Society's Act (Cap 490B)
<b>NACOSTI</b>	National Commission for Science, Technology and Innovation
<b>SPSS</b>	Statistical Package for Social Sciences

## OPERATIONAL DEFINITION OF TERMS USED IN THE STUDY

**Compliance Policy:** Refers to all formalized internal procedures put in place to ensure adherence to SACCO Society Regulatory Authority guidelines by deposit taking saving and credit cooperative societies in Embu County, Kenya.

**Customer Retention Policy:** Refers to the controls put in place by deposit taking saving and credit cooperative societies to enhance customer satisfaction and retention.

**Deposit Growth:** Refers annual percentage increase in deposit among deposit taking saving and credit cooperative societies.

**Management Policies:** Refers to internal controls put in place by various deposit taking saving and credit cooperative societies to govern interest of all stakeholders.

**Shareholder's Authority Policy:** Refers controls put in place by deposit taking saving and credit cooperative societies outlining the powers vested on shareholders in their operation controls.

**Staff Development Policy:** Refers to processes and procedures put in place by deposit taking saving and credit cooperative societies to enhance employee professional skills.

**Stakeholder Management Policy:** Refers to controls put in place by deposit taking saving and credit cooperative societies to govern shareholders, customers, staff and government agencies that regulate them.

## ABSTRACT

In Kenya, deposit taking saving credit and cooperative societies (DSACCOs) account for approximately 45% of the country gross domestic income. By 2017, SACCO Society Regulatory Authority had licensed 177 deposit taking saving and credit cooperative societies, which controlled a total asset base of 342.6 billion and served about 3.6 million members. Deposit taking saving and credit cooperative societies help Kenya achieve Vision 2030 by establishing a robust and stable financial system that mobilizes savings and allocate financial resources more efficiently in the Kenyan economy. As a result, deposit taking savings and credit cooperative societies will continue to play an important role in realizing Kenya's Vision 2030. Despite their important position in the Kenyan economy, deposit taking savings and credit cooperative societies have insufficient internal controls, lack liquidity, and lack clear internal management strategies to manage stakeholder interests. Due to weaknesses in internal controls, 7 deposit taking savings and credit cooperative societies were unable to maintain the prescribed core capital, 33 were unable to comply with the prescribed core capital to asset ratio, and 108 were unable to comply with the prescribed institutional capital to total asset ratio in 2017. Only six deposit taking savings and credit cooperative societies renewed their deposit taking licenses between 2017 and 2020, despite the fact that twelve deposit taking savings and credit cooperative societies in Embu County failed to meet the regulatory requirements in 2017, resulting in the revocation of their depositing taking licenses. The purpose for this research was to investigate the influence of stakeholder's management policies on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya. The study specifically sought to investigate the influence of shareholder authority management policy, staff development management policy, customer retention management policy and compliance to SACCO Societies Regulatory Authority financial reporting management policy on growth in deposit. The study was based on stakeholder theory and the stewardship theory. To investigate the study variables, the study used descriptive research design and correlation research design. The 73 employees working in the six licensed depositing taking saving and credit cooperative societies in Embu County, Kenya comprised the study population. Using the Cochran 1963 formula, a sample size of 62 was determined. Stratified sampling technique was used in the study to divide the population into seven job role strata and simple random sampling technique used to select the sample size from each stratum. Data was collected using a questionnaire, and data was analyzed using descriptive statistic technique. The Statistical Package for Social Sciences version 23.0 was used to analyze the data, and the results were presented in the form of tables and charts. This study ethical issues were taken into account. The study established that shareholder's authority management policy, staff development management policy and Compliance to SACCO Society's Regulatory Authority financial reporting management policy all had a strong positive influence on growth in deposit among deposit taking SACCOs in Embu County, Kenya whereas customer retention management policy did not. The study concluded that deposit taking SACCOs in Embu County, Kenya had a well-documented shareholder's authority management policy, staff development management policy and Compliance to SACCO Society's Regulatory Authority financial reporting management policy but lacked a well-documented customer retention management policy. The study advised deposit taking SACCOs to ensure that their shareholders authority management policies put in place are frequently assessed to determine whether they are well documented and adequate to inspire growth in deposit.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Mutinda (2016) defined deposit taking savings and credit cooperative societies (DTS&CCS) as financial organizations that accept the risk of accepting deposit, collect deposits on day-to-day basis and advance loans to both members and depositors. The saving and credit cooperative model which is followed globally was conceptualized in Britain by Rockdale pioneers in 1844. The model is anchored on providing savings and credit services. The first saving and credit cooperative society in Africa was introduced in Ghana by Father John Ncnulty in 1959 (Kinyua, 2016). Ghana, Nigeria, Uganda and Kenya were among the first countries in Africa to embrace saving and credit cooperative societies. DTS&CCS play a critical role in Africans economies, accounting for approximately 78% of total deposit held by SACCOs (Kivuvo & Olweny, 2014). They also contribute 40% and 45% of Tanzania's and Kenya's gross domestic income (GDP) respectively through small and medium enterprises financing. Growth in deposit among the deposit taking saving and credit cooperative in Tanzania was influenced by internal polies, procedures, regulatory framework, staff training, information technology and management boards competencies (Nyangarika, 2020).

Kenya has the largest deposit taking savings and credit cooperative societies subsector in Africa representing marginally more than 62% of all the deposit and serve about 40% of the Kenyan population through different deposit products (Ayieko, 2016). DTS&CCS in Kenya are distributed in all the 47 counties, but majority have their origin in Nairobi (SASRA, 2018). According to Kinyua (2016), DTS&CCS controls about 86% of the deposits held by the cooperative sector in Kenya. To ensure financial stability of the deposit taking saving and credit cooperative subsector in Kenya, the government formulated the SACCO Society Regulatory Authority Act, 2008 to regulate and secure members deposit. Notwithstanding, 10 years under these deposit taking society guidelines, there is little awareness of the effect of compliance with these regulations on growth in deposit among deposit taking SACCOs (Mwita, 2015). SACCO Societies Regulatory authority (2010) report indicated that a total of 215 deposit taking SACCOs in Kenya had been licensed to collect deposit through withdrawable deposit, fixed term deposit and non-withdrawable deposit

products. The number of licensed DTS and credit cooperative societies, on the other hand, has increased in Kenya has consistently declined from 215 in 2010 to 172 in 2019 (SASRA, 2010 and 2019). On the other hand, growth in deposit declined from 11.99% in 2018 to 11.27% in 2019. While the withdrawable deposit held declined from 18.2% in 2018 to 17.74% in 2019 (SASRA, 2019).

DTS and credit cooperative societies in Embu County were characterized by weak stakeholder policy controls due to lack clear internal policy guideline to manage conflicting stakeholder interest. Effective stakeholder's management policies are characterized by a shareholder authority, staff development, customer retention and compliance to government regulatory management policy framework that contribute to the growth in both withdrawable deposit and fixed term deposit (Mwanja, Marangu, Wanjere & Thuo, 2014). Bwana and Mwakujonga (2013) observed that most deposit taking Saccos had weak policy guidelines that failed to differentiate the role of staff, shareholders and management committees in deposit mobilizations. Staff development management policies that focused on retaining skilled employees and developing competence resulted in an increase in deposits among Meru towns deposit taking saving and credit societies (Olando, Jagongo and Mbewa, 2013). As a result, deposit taking SACCOs could overcome challenges to deposit growth by promoting customer retention, staff skill development, shareholder authority management, and innovative deposit products through policies that promoted customer retention, staff skill development, shareholder authority management, and innovative deposit products.

Deposit taking savings and credit cooperative societies in Kenya are grouped into three categories comprising of those with deposit above 5 billion, 1 billion and below 1 billion (SASRA, 2019). In Embu County, none of the licensed deposit taking savings and credit cooperative societies had deposit above 5 billion and only two had deposit above 1 billion. While only one savings and credit cooperative society had an annual deposit growth rate that was above 10% with majority posting a growth rate that was below 6% (SASRA, 2019) while Mwanja, Marangu, Wanjere and Kuria (2014) suggested that some deposit taking savings and credit cooperatives societies reported declined deposit while other were vibrant in deposit mobilization. Against this background the researcher attention is drawn to the influence of stakeholder's management policies and growth of deposit among the deposit taking savings and credit cooperative societies which appears to have

received insufficient attention. This study sought to establish the influence between stakeholders' management policies and growth in deposit among the six SASRA licensed deposit taking savings and credit cooperative societies in Embu County, Kenya. The study looked at the influence of shareholders' authority management policy, staff development management policy, customer retention management policy and compliance to SACCO Society's Regulatory Authority financial reporting management policy and growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.

### **1.1.1 Stakeholder's Management Policy**

Stakeholders are individuals or groups who can affect or get affected by the operations of an organization (Freeman 1984). In this paper, stakeholders were conceptualized as staff, shareholders, customers and SACCO Societies Regulatory Authority. While Stakeholder's management policies referred to formalized internal policy, controls established by DTS&CCS to manage staffing needs, shareholders interest, customer's retention and regulatory requirements. Stakeholder management policies are defined in diverse ways according to organization internal characteristics and are extensively used in both public and private sector to regulate the activities of entities (Barnabas, 2011). Stakeholder theory postulates that policies that manage stakeholder interest help organization to post better performance compared to organizations that do not manage their interest (Kinyua, Amuhaya and Namusonge, 2015). In contrast, Munene (2019) established negative influence between internal stakeholder management policy and growth in deposit among the Kenya DTS&CCS, and the regulatory authority to focus on strengthening them in accordance to SASRA recommendations. While weak management characterized by fund misuse, an appropriate business practices were experienced by many deposits taking saving and credit cooperative societies (Mwakajumulo, 2011). On the other hand, appropriate stakeholder management policies combined with deposit mobilization factors can lead to a resurgence in deposit (Gathigia, 2016). Therefore, stakeholders' policies should focus on enhancing the independence of the shareholders, staff development, customer retentions and customer retention.

### **1.1.2 Growth in Deposit**

The total deposits held by DTS&CCS in Kenya by 2019 was 380 billion with 70.11% of these deposits being controlled by 31 SACCOs that had deposits that was above 5 billion while 24.38%



was controlled 57 SACCOs which had deposits that was above 1 billion Kenya shillings (SASRA, 2019). As such, the percentage of deposit held be SACCOs with deposits of between 1 billion and 5 billion declined from 27.37% in 2018 to 24.38% in 2019, the deposits held by those with less than 1 billion declined from 6.83% in 2018 to 5.52% in 2019 while the total growth in deposit declined from 11.91% posted in 2018 to 11.27% in 2019. Further, cash management practices, internal cash control policies aimed at complying with liquidity regulatory influenced deposit growth in Kakamega County deposit taking saving and credit cooperative societies (Matianyi and Ndirangu, 2019). On the other hand, poor internal controls, weak operating procedures, poor human resource capacities characterized by high turnover influenced growth in deposit in Kenya (Kenya Financial Sector Stability Report, 2010). Embu County's licensed DTS&CCS in 2019, Winas registered a deposit growth rate of 15.45% from 3.3 billion in 2018 to 3.81 billion, Daima had a growth rate of 5.63% from 0.71 billion in 2018 to 0.75 billion, Nawiri had a deposit of 1.25 billion, County had 0.23 billion Mwiereri had a deposit of 0.08 billion while Biashara Tosha had 0.04 billion (SASRA, 2019). Therefore, no DTS&CCS in Embu County had deposits that was above 5 billion by the time of the study.

### **1.1.3 Deposit Taking Saving and Credit Cooperative Societies in Embu County**

Eighteen saving and credit cooperative societies in Embu County had registered with the SACCO Society Regulatory Authority by 2014 (SASRA, 2014). Nyaga (2014) established high deposit growth in County saving and credit cooperative society since its inception due to good governance, leadership, motivation of staff and service delivery that gave it a competitive advantage over competition. However, this study did not investigate other deposit taking savings and credit cooperative societies in Embu County while SACCO Society Regulatory Authority 2019 report finding established most of SACCOs in Embu County had declined deposit. While Kanyi and Kariuki (2018) established that well composed management boards and board independence among saving and cooperative societies in Embu County related to growth of both assets and deposit. As such skill development and managerial skills facilities operation excellence which may influence customer confidence thereby leading to collection of more deposit. Therefore, this study sought to investigate the six-deposit taking saving and credit cooperative societies that had their deposit taking licenses renewed by the SACCO Society Regulatory Authority in 2019.

#### **1.1.4 Shareholders' Authority Management Policy**

Savings and credit cooperative societies like other commercial organization are required to put in place a shareholder management policy that is responsive to the business environment. As such there exist significant relation between differentiated shareholder authority and growth in deposit among deposit taking SACCOs in Embu County (Kanyi and Kariuki, 2018). While Bwana and Mwakujonga (2013) observed that most deposit taking SACCOs had weak shareholder authority management policy that failed to differentiate the role of different stakeholders in deposit mobilizations.

#### **1.1.5 Staff Development Management Policy**

Staff development policy is critical to the management of deposit taking SACCOs skill capacities. Staff development management policy that focused on retaining skilled employees and developing competence led to growth in deposit among deposit taking saving and credit cooperative societies in Meru town (Olando, Jagongo and Mbewa, 2013). Therefore, deposit taking SACCOs could overcome challenges affecting growth in deposit through management policies that promoted staff skill development. Additionally, poor internal staff controls, weak operating procedures, poor human resource capacities characterized by high turnover had significantly influenced growth in deposit in Embu County, Kenya (Kenya Financial Sector Stability Report, 2010).

#### **1.1.6 Customer Retention Management Policy**

Customer retention management policy gaps have been blamed for the continued decline deposit mobilization among the deposit taking SACCOs in Kenya. SASRA 2017 and 2019 cited customer retention as the main cause of the continued loss of SACCOs deposit. Additionally, they reported liquidity weakness as result of declined deposit among SACCOs taking deposits with 7 of SACCOs with deposits that was below five billion failing to maintain the prescribed core capital of Kenya Shillings 10 million, 33 failing to maintain the prescribed core capital to asset ratio of 10% and 108 failing to maintain and comply with the prescribed institutional capital to total asset ratio of 8% regulatory requirement. While SASRA 2018 reported a deposit to asset ratio of 108% against the 70% to 80% ratio that is recommended by the world council of credit unions due to deposit shortfalls and no new SACCO met the regulation requirement to be licensed to offer

deposit taking services. In addition, twelve licensed deposit taking savings and credit cooperative societies had their licenses revoked to protect the depositors.

### **1.1.7 Compliance to SACCO Society's Regulatory Authority Financial Reporting Management Policy**

To ensure financial stability of the deposit taking saving and credit cooperative subsector in Kenya, the government formulated the SACCO Society Regulatory Authority Act, 2008 to regulate and secure member's deposit. However, 10 years under these deposits taking society regulations, little is known about the impact of compliance with these regulations on growth in deposit among deposit taking SACCOs (Mwita, 2015). SACCO Societies Regulatory authority (2010) report indicated that a total of 215 deposit taking SACCOs in Kenya had been licensed to collect deposit through withdrawable deposit, fixed term deposit and non-withdrawable deposit products. However, the number of licensed deposits taking saving and credit cooperative societies in Kenya has consistently declined from 215 in 2010 to 172 in 2019 (SASRA, 2010 and 2019). On the other hand, growth in deposit declined from 11.99% in 2018 to 11.27% in 2019. While the withdrawable deposit held declined from 18.2% in 2018 to 17.74% in 2019 (SASRA, 2019). Further, cash management practices and internal cash control policy aimed at complying regulatory liquidity had significant influence on growth in deposit among deposit taking saving and credit cooperative societies in Kakamega County (Matianyi and Ndirangu, 2019).

### **1.2 Statement of the Problem**

According to Nyaga (2014), saving credit and co-operative societies sector support up to 45% of the Kenya's GDP with Embu County being among the leading counties in SASRA licensed SACCO branch network in Kenya with eighteen branches. SASRA (2017) deposit taking SACCOs annual report, affirms that SACCOs play a critical role in achieving Kenya's Vision 2030 which aim to foster for a vibrant and stable financial system to mobilize savings and allocate these resources more efficiently in the economy. In 2010, Kenya had 215 licensed DTS & (SASRA, 2010). However, the number of licensed deposits taking saving and credit cooperative societies has declined over time to 177 in 2017 (SASRA, 2017) and 172 in 2019 (SASRA, 2019). On the other hand, growth in deposit declined from 11.99% in 2018 to 11.27% in 2019. While the withdrawable deposit held declined from 18.2% in 2018 to 17.74% in 2019 (SASRA, 2019). As

such, stakeholder's management policies among the licensed deposit taking saving and credit cooperative societies in Kenya are typically weak. This is due to lack clear stakeholder's management policy guideline to manage conflicting interest through clear role definition to outline the authority board members, shareholders and staff that eventually led to loss of deposit. On the other hand, Njoki (2017) studied factors affecting growth of rural SACCOs in Embu County and established operation staff and financial management policy as among the factors that affected deposit performance. While Mwanja (2016) studied the relationship between internal factors and deposit performance and Hazron (2015) on the effect of internal factors on performance of SACCOs, little has been done on the relationship between stakeholder's management policies and growth in deposit among SACCOs. The study therefore sought to examine the influence of stakeholder's management policies and growth in deposit among the six SASRA licensed deposit taking SACCOs in Embu County, Kenya.

### **1.3 Objective of the Study**

#### **1.3.1 General Objective**

The general objective of the study was to investigate the influence of stakeholder's management policies on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.

#### **1.3.2 Specific Objectives**

The specific objectives that guided the study were:

- i. To establish the influence of shareholder authority management policy on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.
- ii. To determine the influence of staff development management policy on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.
- iii. To assess the influence of customer retention management policy on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.

- iv. To investigate the influence of compliance to SACCO Society's Regulatory Authority financial reporting management policy on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya

#### **1.4 Research Hypothesis**

**H01:** Shareholders' authority management policy has no significant influence on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.

**H02:** Staff development management policy has no significant influence on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.

**H03:** Customer retention management policy has no significant influence on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.

**H04:** Compliance to SACCO Society's Regulatory Authority financial reporting management policy has significant influence on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.

#### **1.5 Significance of the Study**

The study findings are expected to provide critical information to the management of the DTS&CCS in Embu County. The management will gain an understanding of the importance of stakeholder management policies on deposit growth among DTS&CCS. This would assist them in developing and implementing policies that are responsive to staff development, customer retention, and compliance with the SACCO Society's Regulatory Authority financial reporting management policy thereby increasing deposit growth.

The study findings would provide information to the Kenya State Department of Cooperatives, which is part of the Ministry of Industrialization, Trade, and Enterprise Development, on how staff development management policy, shareholders' authority management policy, customer retention management policy, and SASRA regulation influence deposit growth among deposit taking SACCOs. This would aid in the development of a policy framework that would support those stakeholder management policies that have a significant influence on deposit growth among deposit taking saving and credit cooperative societies, thereby boosting deposit growth.

The findings of the study would also provide the SACCO Society's Regulatory Authority (SASRA) with an understanding of the DTS&CCS management policies that have a significant influence on deposit growth. This would contribute to the improvement of the existing deposit taking reporting framework by putting in place controls to enforce those stakeholder management policies that have a significant influence on deposit growth among licensed deposit taking SACCOs and those seeking deposit taking licenses.

The study findings would also be of great interest to academics who are looking into the impact of stakeholders' management policies on deposit growth. In particular, the study findings would provide relevant literature that could be analyzed to identify research gaps and support future

### **1.6 Scope of the Study**

The study aimed at assessing the influence of the independent variables on the dependent variable for the period between 2014 and 2019. Specifically, the focus was on determining the influence of shareholders authority management policy, staff development management policy, customer retentions management policy and compliance to SACCO society's regulatory authority financial reporting management policy on growth of deposit among DTS&CCS in Embu County, Kenya. Stakeholder's authority management policy, staff development management policy, customer retention management policy and compliance to SACCO Society's Regulatory Authority financial reporting management policy were used to operationalize the study variables. It covered Embu County due to the high number of deposits taking SACCOs in the region that had their deposit taking licenses revoked due to low liquidity violation between 2014 and 2019 as reported by SASRA report of 2017.

The target respondents were employees who run day to day operations of the selected Saccos for the study. The respondents were therefore believed to provide a more reliable and accurate information. While the indicators used to determine the relationship between the independent and the dependent variables included authority of shareholders in operation, authority of shareholders over management, number of training attended, presence of well-defined roles, percentage decline

in number of dormant accounts, number of customer issues resolved on time, number of deposit capital ratio warning received, presence of deposit capital ratio reporting system.

### **1.7 Limitations of the Study**

The research focused on the assessment of the influence of stakeholder management policies on growth in deposit among DTS&CCS in Embu County. As a result, all study variable conclusions were limited to Embu County and could not be generalized to all deposit taking SACCOs in Kenya. However, the study adopted descriptive survey and correlation research design which allowed generalization of the study findings.

Secondly the study only collected primary and secondary data on the study variables for the period between 2014 and 2019. The results and findings therefore only relate to the influence of shareholders authority management policy, staff development management policy, customer retention management policy and compliance to SACCO Society's Regulatory Authority financial reporting management policy to the growth in deposit among DTS&CCS in Embu County within this period and differed with other studies conducted prior to 2014. This was however mitigated through a comprehensive literature review.

Finally, the study only focused on assessing how stakeholders' management policies influenced growth of fixed term and withdrawable deposit in Embu County and not non-withdrawable deposit mobilized through member saving.

### **1.8 Organization of the Study**

The study was divided into five chapters, the first of which provided background information, the knowledge gap, the purpose, the significance, the objectives, and the research hypothesis that the study attempted to answer. The second chapter reviewed the available theoretical and empirical literatures related to both the independent and dependent variables, gave a theoretical framework on which the study was based, and provided a conceptual framework to the study. The third chapter described the study's design, sampling method, data analysis techniques used in the study, and how the reliability and validity of the data collection instrument were ensured. It also addressed how research ethics were followed throughout the study. The fourth chapter covered data analysis, presentation, interpretation, and the implications of the research findings. The fifth chapter included a summary of the findings, discussions, conclusions, and study recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter includes a review of relevant scholarly articles and published reports. It discussed the study key theoretical framework as well as an empirical review of literature related to the study variables. The chapter also included a summary of the literature review, research gaps, and a conceptual framework that conceptualized the relationship between the study variables.

#### **2.2 Theoretical Framework**

The theoretical foundation of this study was strengthened by Stakeholder Theory and Stewardship Theory. The two theories supported the study variables.

##### **2.2.1 Stakeholders Theory**

Freeman (1984) proposed this theory, which viewed an enterprise role as one of creating value for stakeholders. According to this theory, a stakeholder is any individual or group who is involved or is affected by the operations of an organizations (Freeman, 2010). The theory applies to this study because the day-to-day operations of DTS&CCS rely on the contribution of shareholders, staff, customers and SACCO Society Regulatory authority. According to the proponent of the stakeholder theory, shareholders like other stakeholders such as customers, employees and regulators are affected by the firm's performance. They asserted that true organizational success is defined by meeting the needs of all its stakeholders and that organizations thrive because of their ability to align stakeholders' interest with their business objectives (Odhiambo 2012). As a result, DTS&CCS with a working stakeholder management policy were able to attract skilled personnel and gain stakeholder acceptance, protecting their reputation during difficult times (Hezron, 2015).

Stakeholder management policies are central to deposit taking SACCO's deposit growth strategy and they are a variable that influences customer retention, growth in number active accounts and growth in deposit all of which are key indicators for determining their liquidity. According to the theory, in addition to having a duty to invest, firms also have varying duties to other stakeholders with whom they interact (Norman, 2004). Deposit taking SACCOs must therefore manage stakeholder conflict by ensuring that their demands and interests are moderated. As such, the



premise of stakeholder theory is realized in the organization through the implementation of a stakeholders focused governance framework. However, the application of this theory is limited by its general definition of key concepts that premise it. It for example defines stakeholder as “any group or individual who can affect or be affected by the decisions and actions of the organization”. This generality can enlarge scope of the organization management responsibility from the board and the executives to entire society thereby legitimizing any social actor as an interested party to the decisions and actions of organizations.

This theory was appropriate to this research because it offered fundamental guides on how effectively deposit taking savings and credit cooperative societies could formulate processes necessary to align organizations functions, goals and objectives with the stakeholders’ interests thus managing conflicting interest among stakeholders in the DTS&CCS effort to grow deposit, improve returns on shareholder investment and enhance stakeholders’ wealth creation.

### **2.2.2 Stewardship Theory**

Donaldson and Davis (1991) proposed this theory, which is based on the assumption that when given a choice between personal behavior and organizational support, the manger will prioritize organization success. Because the role of deposit taking savings and credit cooperatives societies is to maximize shareholders’ investment, the relevance of the theory is that it assisted in explaining the part taken by the managers in protecting the interest of the shareholders. Steward theory advocates that through favorable performance, a steward safeguards and optimizes the wealth of shareholders (Davis, Schoorman & Donaldson, 1997). Further, it emphasizes the role of employees in management to behave more autonomously to maximize shareholders yield and asserts that organization performance could be achieved through alignment of their personal interest with core purpose of the organization (Mwati, 2014).

However, stewardship theory is criticized for a having exceeding levels of “blind” trust that employees in management roles are honest and dutiful stewards’ organizations interest (Lewis, 2003). Further, there is also lack of empirical evidence on the feasibility of trust-based management as postulated by the stewardship theory (Torfin and Tina, 2020). Therefore, an undertaking that is entirely build on trust without controls may lead to excesses that deny stakeholders benefits. Stewardship theory was used in this study because by applying this theory

on the management of DTS&CCS operation management, they would be able to create and maintain performing and reputable organization on behalf of stakeholders. It was therefore used in this study to support implementation of stakeholders' management policies aimed at improved performance of deposit collection among deposit taking SACCOs in Embu County.

## **2.3 Empirical Literature Review**

This section examined empirical scholarly articles written by other scholars on the impact of shareholder authority management policy, staff development management policy, customer retention management policy, and compliance with SACCO Society's Regulatory Authority Financial Reporting management policy on deposit growth. It covers the global, regional, and local perspectives as established by previous scholars.

### **2.3.1 Shareholders Authority Management Policy and Growth in Deposit**

Mwanga, Marangu, Wanjere, and Kuria (2014) investigated the impact of business governance on SACCO operations in Kakamega Province. The target population included 33 SACCOs taking deposits in Kakamega Province, and randomized samples were used for sample selection in eight regional districts. According to the study, the majority of SACCOs (91.8 percent) had at least 60 percent of their shareholders in general meetings intended to make major decisions. Further, the study established that 70.2% of SACCOs had policies that guided management boards on investment, human resource, risk management and education and training functions. Additionally, the study observed corporate governance indicators measuring shareholder authority management policy had overall significant influence ( $p$ - value of 0.03) on deposit performance among deposit-taking SACCOs. Despite the fact that the study established the existence of policies to ensure shareholders were involved in critical decisions on the operation of deposit taking SACCOs, the study did not investigate the impact of shareholder authority management policy on deposit growth.

Ondari, Nyang'au & Chesoli (2019) assessed the influence of corporate governance principles on growth of savings and credit co-operative societies in Kisii County, Kenya using cross sectional research design. The target population was 108 DTS&CCS officials from the eight registered deposit taking SACCOs. The study established moderate governance accountability among deposit taking SACCOs as reflected by (3.27 mean rating), majority of respondent indicated that

taking full responsibility by management as an important corporate governance attribute as implied by (3.53 mean rating) and moderate participatory governance (3.27 mean rating) was established. The study concluded that accountability policy was critical in the growth of deposit among deposit taking SACCOs in Kisii County. Further, the study recommended establishment of policies to govern accountability to shareholders.

On the other hand, Kinyua (2016) looked at stakeholder management strategies and financial performance of deposit taking SACCOs in Kenya using the descriptive research design. The target population was 180 DTS&CCS listed on the SASRA website. The target respondents were senior managers and executive directors. structured questionnaires were used to collect both primary and secondary data and by scrutinizing the audited accounts, respectively. The study established that shareholder participation management policy was used in majority of deposit taking SACCOs 72.7%, that employees had been given shareholding (72.7%), shareholder authority management was influenced by shareholder authority in majority 71.9% of deposit taking SACCOs. Further, the study revealed that majority 81.1% of management were engaging shareholders through various communication channels. Financial performance of DTS&CCS was assessed using return on investment, return on equity and liquidity. Liquidity was determined through growth in deposit between 2013 and 2014 and the finding established a correlation coefficient of 0.715 which implied strong correlation between shareholder authority management and performance of liquidity. Further, the study also noted that shareholder authority management had linear positive correlation that was geographically distributed. However, this study did not evaluate how specific shareholder authority management policies influenced growth in deposit. Further, growth in deposit was conceptualized and evaluated through liquidity performance and not through withdrawable deposit and fixed term deposit. Deposit according to SASRA 2014 regulation was conceptualized through withdrawable deposit and fixed term deposit. In contrast this study conceptualized shareholder saving as deposit thereby contradicting the regulation.

According to SASRA's Annual Supervision Report, 2017, the key challenge faced by deposit taking SACCOs is removing obstacles that impede growth and a lack of a level playing field geared at ensuring fair competition for deposits with commercial banks. More studies should be conducted based on the reviewed literature to investigate the relationships between shareholder authority management policy and deposit growth.

### **2.3.2 Staff Development Management Policy and Growth in Deposit**

Staff development management policy refers to the governance of DTS&CCS undertakings at developing staff competence. Magara (2013) used descriptive research design to examine the effect of internal controls on financial performance of DTS&CCS in Kenya. The target population includes 215 SACCOs licensed by SASRA as of December 2012. Purposive sampling was used to determine a sample of senior managers. The study analyzed the collected data using descriptive statistics and the finding presented using frequency tables. The study established that employee internal policies and procedures had significant influence 0.657 on growth in deposit among the deposit taking and positive direct correlation to return in investment. The study also related the implementation of controls policies and return on investment in SACCOs and revealed that this influence was constrained by their incapacities to recruit and retain personnel. The study however established positive correlation between internal controls and return on assets. However, the study did not indicate which staff policies and procedures influenced growth in deposit. In addition, the study used purposive sampling and the finding could not be generalized.

Okombo (2018) used descriptive research design to study effect of retention strategies on job satisfaction among employees in DTS&CCS in Kenya. The target population included 42 deposit taking saving and credit cooperative societies in Nairobi County with a 10% sample selected from the population. Questionnaires were used for data collection while analysis was done using descriptive statistics. Findings were presented through frequency distribution tables and graphs. The study established that job security had significant influence on job satisfaction at ( $\beta= 0.347$ ), followed by rewarding ( $\beta= 0.283$ ), then work environment at ( $\beta= 0.230$ ), while training and development had positive but insignificant influence at ( $\beta= 0.127$ ). However, the study used non-probability sampling and could therefore be generalized. Based on the study finding, Saccos should put in place various strategies to ensure recruitment and retention of workforce who possess the right skills and knowledge to ensure quality service delivery.

Muithya (2015), using descriptive research design investigated the factors affecting growth of saving and credit cooperative societies in Machakos County. The target population was 33 deposit taking SACCOs. Data were collected using self-administered questionnaires. The study established that management skills and adoption of technology had positive significant influence on growth in deposit among deposit taking SACCOs in Machakos with beta of 0.556;  $P < 0.05$

and 0.869;  $P < 0.05$  respectively while human resource capacity and loan portfolio management had weak negative significant on growth in deposit with a beta of -0.395;  $P < 0.05$  and -0.114;  $P < 0.05$ , respectively. The study indicated that irrespective of the employee capacity, a working staff management policy influenced growth in deposit of deposit taking SACCOs. However, the study findings could not be generalized because the study used purposive sampling.

On the other hand, Olando, Mbewa and Jagongo (2013) sought to investigate financial practice as a factor of growth of savings and credit co-operative societies' wealth in Meru County, Kenya. The target population was 44 DTS&CCS in Meru that had operated for more than two years. Data was collected using semi structured questionnaires. The study established that majority of deposit taking SACCOs had failed to provide employees with short-term training opportunities 39.3% and staff turnover was high 42.9%. The study also discovered a lack of professional qualification and attributed it to poor remuneration and poor working conditions in SACCOs. According to this, staff competence had a significant impact on growth in deposit among the deposit taking SACCOs. To address the established deposit performance gaps, the study recommended that SACCOs implement a staff development policy aimed at attracting and employing competent staff capable of making prudent decisions to boost SACCOs growth. The study, however, was unable to identify the competencies that had significant influence on deposit growth. Furthermore, the use of census sampling design constrained generalization of the study findings.

Njoki (2017) investigated factors affecting growth of rural SACCOs in Embu County using descriptive research design. The target population consisted 200 stakeholders of County Sacco Society Limited that included directors, staff, and members. To generate the sample size, stratified sampling was used. The data was analyzed using descriptive statistics and finding presented through frequency distribution tables and bar graphs. According to the findings of the study, staff morale and motivation had (85%) influence on SACCO growth followed by management and leadership (72%). The study recommended provision of training and conducive working environment to SACCO staff to facilitate smooth delivery of services. However, the study did not indicate the performance indicators that were influenced by the independent variables. Further the study variables 'leadership and management', 'staff moral and motivation' and 'other factors' were not well defined.

### **2.3.3 Customer Retention Management Policy and Growth in Deposit**

Customer retention is a critical focus area for any value-driven organization. Deposit-taking SACCOs control deposit loss to financial competitors through customer retention management policies. The revised national cooperative policy (2017), citing the IMF World Economic Outlook, April 2014, affirmed the importance of DTS&CCS in the mobilization of savings in Kenya. Deposit held by deposit taking SACCOs accounted for over 48% of all deposit held by financial institutions in Kenya. Furthermore, the report concluded that the role of deposit-taking SACCOs was aligned with the Kenyan government's financial sector reform, development strategy, and the financial inclusion thematic area of the government of Kenya's Vision 2030.

Owino (2017) investigated how service quality relates with customer loyalty in Kenyan deposit taking SACCOs using descriptive research design. Target population was 177 SASRA registered deposit taking SACCOs. The study used convenience sampling to identify 40 DTS&CCS in Nairobi which served as sample population, and data was collected using semi-structured questionnaires. According to the study, customer service quality has an 81.6 percent influence on customer retention. Besides, the review found that empathy had strong correlation on customer service quality ( $r= 0.778$ , and  $P< 0.05$ ) and recommended customer retention management policy that focused on customer loyalty among the deposit taking savings and credit cooperative societies. The study also concluded that deposit taking SACCOs management were required to integrate responsiveness, reliability, assurance and empathy with their products to foster growth in deposit.

On the other hand, Kariri and Kavinda (2019) investigated DTS&CCS deposit mobilization strategies in Nairobi. Target population for this study included 242 employees from Nairobi-based SACCOs, as well as 11,900 customers. They used cluster sampling method to determine the sample size for employees, and targeted sampling was used to select two respondents from each SACCO customer. Questionnaires were used to collect data, and descriptive and non-descriptive statistics were used to analyze the data. The study found that the customer retention management policy had a positive effect on deposit growth among deposit-taking SACCOs as indicated by  $t = 1.271$ ,  $p < 0.05$ . As such, the study concluded that customer service was enhanced by customer retention management policy. Additionally, the study recommended deposit taking SACCOs to provide both communication skill training to customers and customer service skill to staff. These skills according to the study were critical at governing customer satisfaction beyond deposit

product and services. The study therefore concluded that a working customer retention management policy that focused on optimization of the customer experienced facilitated deposit SACCOS to reduce deposit mobilization related cost as well customer satisfaction through memorable brand experience.

Oluoch (2016) used descriptive research design to identify the determinants of savings mobilization in SACCOS in Mombasa County. The target population was all the deposit taking savings and credit cooperative societies in Mombasa County. Based on the study findings there existed positive correlation between interest rate 0.722, income 0.495 and access to financial institutions 0.096. The study recommended SACCOS to implement policies aimed at improving depositors returns through competitive interest rates for savings because it attracted cheap deposit which supported lending. As such, as part customer retention strategy, SACCOS should consider implementing customer focused policies.

#### **2.3.4 Compliance to SACCO Society's Regulatory Authority Financial Reporting Management Policy and Growth in Deposit**

A policy is a governance framework designed by an institution to provide guidance to both internal and external management functions. Growth in total deposits, total membership, and total assets determines the performance of Kenya's DTS&CCS. The total year-on-year deposit growth among DTS&CCS was 14.8% in 2016, 12.01% in 2017, 11.99% in 2018 (SASRA, 2017). The SASRA reports are based on reports submitted by deposit taking SACCOS and SASRA audits. According to the finding of this report, total growth in deposit has declined from an annual growth rate of 14.80% in 2016 through 12.01% in 2017 to 11.99% in 2018. The report further revealed that 54.64% of the total deposit held by deposit taking SACCOS was controlled by 17 SACCOS which had deposit above 5 billion Kenya shilling. Additionally, deposit according to this report was categorized into withdrawable deposit, fixed term deposit and non-withdrawable deposit. The report concluded existence of need for all deposit SACCOS to adhere to Section 30 of the SACCO Society's Act on 15% deposit management. The report asserted, based on a comparison of previous reports, that appropriate governance interventions were likely to positively influence performance due to increased operational discipline because regulation tended to work on monetary execution of cooperatives that would some way or another work in a non-judicious way. Additionally, the report observed that maturity of prudential regulatory framework had led to aggregated deposit

taking SACCOs' deposit stability. However, the report did not indicate the research design and the data analysis technique that was used. Further, the influence of regulatory enforcement on growth in deposit taking SACCO's deposit was not determined by the report.

Chumo (2013) investigated the effects of regulatory compliance on financial performance of deposit taking SACCOs in South Rift Region, Kenya through the descriptive research design. The total year-on-year deposit growth among DTS&CCS was 14.8% in 2016, 12.01% in 2017, 11.99% in 2018 (SASRA, 2017). The SASRA reports are based on reports submitted by deposit taking SACCOs and SASRA audits. According to the finding of this report, total growth in deposit has declined from an annual growth rate of 14.80% in 2016 through 12.01% in 2017 to 11.99% in 2018. The report further revealed that 54.64% of the total deposit held by deposit taking SACCOs was controlled by 17 SACCOs which had deposit above 5 billion Kenya shilling. Additionally, deposit according to this report was categorized into withdrawable deposit, fixed term deposit and non-withdrawable deposit. The report concluded existence of need for all deposit SACCOs to adhere to Section 30 of the SACCO Society's Act on 15% deposit management. The report asserted, based on a comparison of previous reports, that appropriate governance interventions were likely to positively influence performance due to increased operational discipline because regulation tended to work on monetary execution of cooperatives that would some way or another work in a non-judicious way. Additionally, the report observed that maturity of prudential regulatory framework had led to aggregated deposit taking SACCOs' deposit stability. However, the report did not indicate the research design and the data analysis technique that was used. Further, the influence of regulatory enforcement on growth in deposit taking SACCO's deposit was not determined by the report.

Saidi (2016) investigated the effect of core capital ratio on the financial performance of DTS&CCS in Nairobi County using descriptive correlation research design. Target population was forty (40) deposit taking SACCOs in Nairobi County that had been registered by SASRA by 2015. The study obtained data from three secondary sources; the Central Bank of Kenya publication, SACCOs financial statement and SASRA published report. The study established from regression analysis that core capital ratio had a significance influence of financial performance of the deposit taking SACCOs at 0.617 followed by growth in deposit at 0.564. The study concluded that core capital ratio had significant influence on performance of deposit taking SACCOs and therefore



implementation of capital adequacy management policy would improve performance among them. The study recommended strict adherence to the SASRA liquidity regulatory requirement through implementation of internal policy to ensure conformance. However, this study failed to quantify performance and only evaluated the relationship between conformance to SASRA regulation and financial performance. Further, the study relied on secondary data and did indicate the sampling design that was used to determine the sample.

Mugo, Muathe and Waithaka (2017) looked into the impact of government policies on the interaction between mobile technology services and the Kenyan DTS&CCS. The research project designs used in the study was descriptive survey. A sample of 86 SACCOs taking a deposit was selected using random samples from 110 people licensed by SASRA at the end of 2011. Structured questionnaires were used for data collection. A regression analysis conducted between the moderating variable “government policies” and independent variable “mobile technology services”. The findings revealed a coefficient of 0.192 with a p-value 0.024 which was less than significance value (0.05). The study concluded existence of significance moderating effect of government policies on the influence of mobile technology services and performance of Deposit-Taking SACCOs in Kenya. According to research, the benefit of SACCO Society Regulatory Authority as include improved accounting procedures and investment policies. The study however, failed to highlight the specific policies that moderated the relationship between the independent and the dependent variable. It was the opinion of this study that specific SASRA, government and mobile banking policies should have been evaluated and their moderating effect determined. Further the study conceptualized financial performance through liquidity ratio but failed to determine the association between government policies, mobile technology services and growth in deposit even though increase in deposit directly influenced liquidity ratio.

Therefore, the study sought to determine if deposit taking SACCOs had formulated a policy to manage SASRA regulatory requirement that related to liquidity and deposit management. The indicators to compliance to SACCO Society’s Regulatory Authority Financial Reporting Management Policy variable included the number of deposit capital ratio warning received and presence of deposit capital reporting system. The influence of these indicators on growth in deposit among the deposit taking SACCOs was determined. The study therefore sought to determine the influence of compliance to SACCO Society’s regulatory authority financial reporting management

policy on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County, Kenya.

## 2.4 Summary of Source of Researcher Literature Review and Gaps

The empirical and theoretical literature review was based on the four research variables. The study examined the existing literature along four research variables and found that while much has been done on factors affecting financial performance and deposit taking SACCO's role in financial inclusion, little has been done on stakeholder management policies and how they relate to the growth of deposit taking SACCOs in Kenya.

**Table 2.1: Summary of Literature Review**

<b>Author (year)</b>	<b>Focus of the Study</b>	<b>Findings</b>	<b>Research gaps</b>	<b>Focus of the current study</b>
Mwanja, Marangu, Wanjere and Kuria (2014)	Effect of corporate governance on performance of SACCOs in Kakamega county, Kenya.	<ul style="list-style-type: none"> <li>- Majority of the SACCOs (91.8%) had at least 60% of their shareholders attending general meetings intended at making major decisions.</li> <li>- (70.2%) of SACCOs had policies that guided management boards on investment, human resource, risk management and education and training functions</li> <li>- Corporate governance indicators measuring shareholder authority management policy had overall significant influence (p- value of 0.03) on performance of deposit</li> </ul>	<ul style="list-style-type: none"> <li>-The influence of shareholder authority management policy on growth in deposit was not examined.</li> <li>- The study only focused on general governance processes and ignored stakeholder governance</li> </ul>	The study collected and analysed primary data on the effect of shareholder authority management policy on growth in deposit in Embu County, Kenya.
Kinyua (2016)	Stakeholder management strategies and financial performance of deposit taking SACCOs in Kenya.	<ul style="list-style-type: none"> <li>- Shareholder participation management policy was used in majority of deposit taking SACCOs 72.7%.</li> <li>- Employees had been given shareholding 72.7%</li> <li>- Shareholder authority management was influenced by shareholder authority in</li> </ul>	<ul style="list-style-type: none"> <li>-The study did not evaluate how specific shareholder authority management policy and how they influenced growth in deposit.</li> <li>- Growth in deposit was conceptualized and evaluated</li> </ul>	The study focused on the influence of shareholder management policy on growth of withdrawable deposit in Embu County, Kenya.

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		majority 71.9% of deposit taking SACCOs. - Majority (81.1%) of management where engaging shareholders through various communication channels. - Correlation coefficient of 0.715 which implied strong correlation between shareholder authority management and performance of liquidity	through liquidity performance and not through withdrawable deposit and fixed term deposit - The study conceptualized shareholder saving as deposit thereby contradicting SASRA 2014 regulation.	
Magara (2013)	Effect of internal controls on financial performance of deposit taking savings and credit cooperative societies in Kenya.	- Employee internal policies and procedures had significant influence 0.657 on growth in deposit among the deposit taking and positive direct correlation to return in investment. - Positive correlation between internal controls and return on assets was established.	- The study applied purposive sampling to determine a sample therefore the findings cannot be generalized. - The study failed to indicate which staff policies and procedures influenced growth in deposit.	The study used stratified and simple random sampling to examine the influence of staff development management policy on growth in deposit thereby allowing generalization of the findings.
Muithya (2015)	Factors affecting growth of saving and credit cooperative societies in Machakos County.	- Management skills and adoption of technology had positive significant influence on growth in deposit among deposit taking SACCOs in Machakos with beta of 0.556; $P < 0.05$ and 0.869; $P < 0.05$ respectively. - Human resource capacity and loan portfolio management had weak negative significant on growth in deposit with a beta of -0.395; $P < 0.05$ and -0.114; $P < 0.05$ , respectively. - A working staff management policy influenced growth in deposit of deposit taking SACCOs.	The findings could not be generalized because the study used purposive sampling. .	The study used stratified and simple random sampling to examine the influence of staff development management policy on growth in deposit thereby allowing generalization of the findings.

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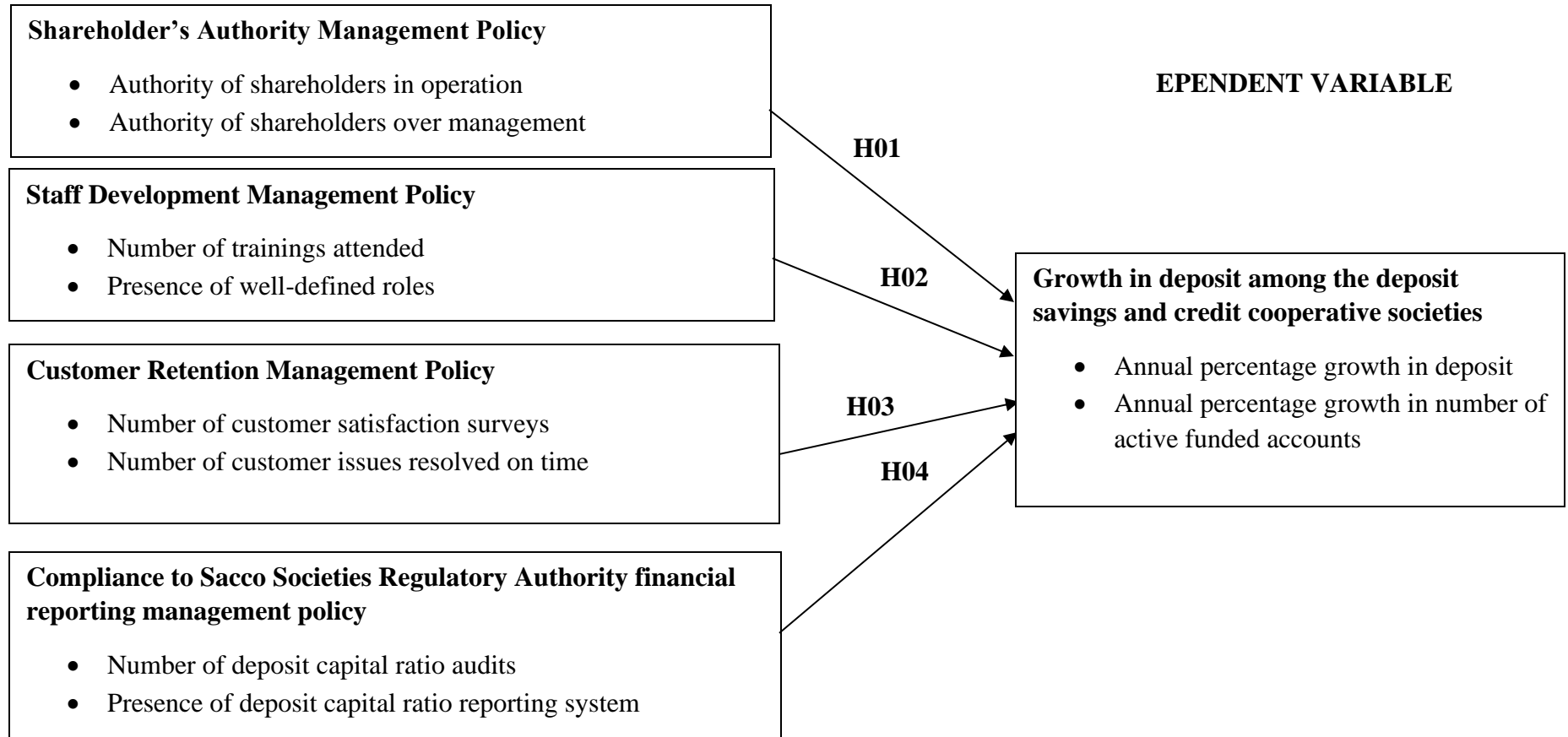
Olando, Mbewa and Jagongo (2013)	Financial practice as a determinant of growth of savings and credit co-operative societies' wealth in Meru County, Kenya.	<ul style="list-style-type: none"> <li>- Staff competence had a coefficient of 0.119 and a p-value of 0.0002 and concluded staff development had direct proportional influence on deposit growth.</li> <li>- Majority of deposit taking SACCOs had failed to provide employees with short-term training opportunities 39.3% and staff turnover was high 42.9%.</li> <li>- Staff competence according to this study had strong influence on growth in deposit</li> </ul>	<ul style="list-style-type: none"> <li>- The use of census sampling design constrained generalization of the study findings</li> <li>- The study failed to identify the competencies that had significant influence on growth deposit</li> </ul>	The study focused on the effect of staff development policy on growth of deposit.
Owino (2017)	Relationship between service quality and customer loyalty in deposit taking SACCOs in Kenya.	<ul style="list-style-type: none"> <li>- Customer service quality had 81.6% influence on customer retention.</li> <li>- Customer empathy had strong correlation on customer service quality with (r= 0.778, and P&lt; 0.05).</li> <li>- Recommended customer retention management policy that focused on customer loyalty among the deposit taking savings and credit cooperative societies</li> </ul>	The study applied convenience sampling and the finding cannot be generalized.	The study used stratified and simple random sampling to examine the effect of customer retention management policy on growth in deposit thereby allowing generalization of the findings.
Kariri and Kavinda (2019)	Deposit taking savings and credit cooperative societies' deposit mobilization strategies in Nairobi.	- Customer retention management policy had a positive significant relationship on growth in deposit among deposit taking SACCOs as indicated by t = 1.271, p < 0.05.	The study findings could not be generalized because the study used purposive sampling to select the sample.	- The study used stratified and simple random sampling to examine the effect of customer retention management policy on growth in deposit thereby allowing generalization of the findings.
Chumo (2013)	Effects of regulatory compliance on financial performance of deposit taking SACCOs in	- Governance regulations only attributed to 34.1% variation in the financial performance of deposit taking saving and credit cooperative societies.	The study failed to quantify how human capital gaps, high cost of compliance and weak governance influenced growth in deposit among SACCOs.	The study focused on influence of Compliance to SACCO Society's Regulatory Authority Financial Reporting

	South Rift Region, Kenya.	<ul style="list-style-type: none"> <li>- Government regulation according to this study had little impact on financial performance due to resistance to changes on governance structure</li> <li>- Inadequate information system, human capital gaps, high cost of compliance and weak governance structures were identified as among challenges that were faced by deposit taking SACCOs.</li> </ul>		Management Policy on growth in deposit
Saidi (2016)	Effect of core capital ratio on the financial performance of deposit taking savings and credit cooperative in Nairobi County.	<ul style="list-style-type: none"> <li>- Core capital ratio increase had the highest influence of financial performance of the deposit taking SACCOs at 0.617 followed by growth in deposit at 0.564.</li> <li>- core capital ratio had significant positive influence on performance of deposit taking SACCOs</li> <li>- Implementation of capital adequacy management policy would improve deposit performance among SACCOs.</li> </ul>	<ul style="list-style-type: none"> <li>- The study failed to quantify performance and only evaluated the relationship between conformance to SASRA regulation and financial performance.</li> <li>- The study relied on secondary data and did indicate the sampling design that was used to determine the sample.</li> </ul>	The study collected primary using questionnaire to examine the effect of compliance to SACCO Societies regulatory financial reporting management policy on growth in deposit.
Mugo, Muathe and Waithaka (2017)	Moderating effect of government policies on the relationship between mobile technology services and performance of Deposit-Taking Savings and Credit Cooperative Societies in Kenya.	<ul style="list-style-type: none"> <li>- The influence of government policies on mobile technology services had a coefficient of 0.192 with a p-value 0.024 which was less than significance value (0.05).</li> <li>- The study established significance moderating effect of government policies on the influence of mobile technology services and performance of Deposit-Taking SACCOs in Kenya.</li> </ul>	<ul style="list-style-type: none"> <li>- The study failed to highlight the specific policies that moderated the relationship between the government policies and the performance of deposit taking SACCOs.</li> <li>- The study conceptualized financial performance through liquidity ratio but failed to determine the association between government policies, mobile technology services and growth in deposit.</li> </ul>	The study focused on the effect of compliance to SACCO Societies regulatory financial reporting management policy on growth in deposit.

## **2.5 Conceptual Framework**

The conceptual framework illustrates the relationship between the key concepts that guided this research. It identifies the key indicators that were measured in an effort to determine the relationship between the independent variables, such as staff, customer satisfaction, shareholders, and compliance with regulation management policies, and the deposit taking saving and credit cooperative societies in Embu Town. It depicts the independent variables and the dependent variable graphically. Each independent variable in the framework below has a direct causal effect on the dependent variable, but they do not operate in isolation. The use of arrows indicates the assumed relationships between the variables, as shown below.

**INDEPENDENT VARIABLE**



**Figure 2.1:** Conceptual Framework for stakeholder management policy and growth in deposit.  
**Source: Research 2018**



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The research designs used to conduct the study, the target population, the sampling procedures, and the sample size were all described in this chapter. It also described the research instrument, data collection instrument, pilot testing, research instrument reliability and validity, data collection method, and data analysis techniques used in the study. The chapter also operationalized the research variables via a conceptualization table and emphasized the ethical considerations.

#### **3.2 Research Design**

In this study, the descriptive survey and correlation research designs were used to collect data by administering questionnaires to sampled individuals and determining relationships between independent variables and dependent variables. The descriptive survey research design was chosen for the study because it provided the researcher with a methodology for investigating the extent to which stakeholder management policies related to deposit growth among deposit taking SACCOs in Embu County using a multivariate based analysis of the surveyed data. Furthermore, the correlation research design was chosen for this study. Both designs enabled the researcher to examine the deposit growth situations of the sampled deposit taking SACCOs in Embu County as they were, with no changes or modifications.

#### **3.3 Target Population**

This included the 73-management staff of the six deposit taking savings and credit cooperative societies in Embu County. The population distribution was as illustrated by table 3.1 below.

**Table 3.1: Target Population**

<b>Deposit Taking SACCO Name</b>	<b>Number of Management Employee</b>
Daima SACCO Society Ltd	11
Mwietheri SACCO Society Ltd	9
Nawiri SACCO Society Ltd	16
Winas SACCO Society Ltd	14
Biashara Tosha SACCO Society Ltd	10
County SACCO Society Ltd	13
<b>Total Population</b>	<b>73</b>

Source: SASRA Schedule I: Licensed SACCO Societies for Period Ending 31/12/ 2017

### **3.4 Sampling Techniques**

Stratified sampling was used to create seven stratum of chief executive officers, branch managers, marketing growth development managers, audit managers, operation managers, finance managers, and information technology managers, to choose samples from each stratum, basic random sampling was utilized.

The Cochran 1963 formula was used in the study to calculate the sample size, which is based on the sample for proportions:

$$n = \frac{Z^2 * p * q}{E^2}$$

Where:

n = Sample size that is desired

Z = 1.96 which is the required confidence level value at 95% Confidence level

p = Level an attribute estimated to be present in the population and which upper limit is 0.5 variability

q% = Level of attribute that is estimated not exist in the population (1-p).

E% = Level of precision that is considered appropriate and which is 5%

The minimum sample size was collaborated through the finite population formula for correction for finite population.

$$n_1 = \frac{n_0}{1 + \left(\frac{n_0 - 1}{N}\right)}$$

Where:

$n_1$  = minimum adjusted sample size

$n_0$  = Adjusted minimum sample size that is derived from the previous formula (384)

$N$  = The total population that is known

The sample size was calculated as follows:

$$n = \frac{(1.96)^2 (0.5)(0.5)}{(0.05)^2}$$

$$= \frac{3.8416 \times 0.25}{0.0025}$$

$$n = 384$$

$$n_1 = \frac{n_0}{1 + \left(\frac{n_0 - 1}{N}\right)}$$

$$n_0 = \frac{384}{1 + \left(\frac{384 - 1}{73}\right)} = 62$$

$$n_1 = \frac{384}{1 + \frac{384 - 1}{6}} = 6$$

Deposit taking SACCO management stratum sample size ( $n_0$ ) = 62.

Total Deposit taking SACCO sample size ( $n_1$ ) = 6.

### 3.4. 1 Sample Size

From the seven stratum created using stratified sampling, (5) chief executive officer, (17) branch managers, (17) marketing growth and development managers, (8) audit managers, (5) operational manager, (5) ICT managers and (5) finance managers were sampled as illustrated by table 3.2.

**Table 3.2: Sample Size**

<b>Respondent</b>	<b>Target Population</b>	<b>Sample Size</b>
Chief Executive Officers	6	5
Branch Managers	20	17
Marketing Growth and development managers	20	17
Audit Managers	9	8
Operational Managers	6	5
ICT Managers	6	5
Finance managers	6	5
<b>Total</b>	<b>73</b>	<b>62</b>

### **3.5 Data Collection Instrument**

Data were collected using a single set of structured questionnaire that included both open and closed questions. The study used Likert's scale, which is a measure used to assess attitudes by providing respondents with descriptive statements. The participants were asked to rate how much they agreed or disagreed with each of the statements of the four questions of the study under consideration. A scale was used in the construction of the respondents' questions, and a 5-point scale was used in this study.

### **3.6 Validity of the Research Instrument**

A test instrument's validity is a measure of how well a test instrument measures what it was designed to measure. During the questionnaire development process, the researcher solicited expert advice. The researcher then carried out a pilot study with ten randomly selected respondents from the seven strata of the six DTS&CCS. The researcher also used face validity to determine how well the test measured what it was supposed to measure. The researcher used content validity to decide if the questionnaire responded to the research objectives.

### **3.7 Reliability of the Research Instruments**

The accuracy of a measuring instrument is referred to as its reliability. According to Orodho (2004), the reliability of a research instrument is the ability of the measuring procedure to produce similar results over multiple trials. A pilot study was conducted, and the pilot data was used to determine the instrument's clarity and relevancy. The research instruments that were found to be

insufficient in measuring the research variables were removed or modified as needed. Cronbach's Alpha, a factual proportion of inner consistency that reaches from 0.0 to 0.9, was utilized to decide the dependability of the exploration instruments. As the value increases, so does the reliability. An Alpha threshold of 0.6 would be considered acceptable reliability, while an Alpha threshold of 0.8 or higher would be considered good reliability. The Alpha was used to determine the instrument's reliability in measuring the relationship of shareholder authority management policy, staff development management policy, customer retention management policy, and compliance to SASRA financial reporting management policy to deposit growth among the six DTS&CCS in Embu County. The findings were presented in a table that was used to determine if the questionnaire was reliable.

### **3.8 Data Collection Procedure**

The study relied on primary data. Data was collected by administering a structured questionnaire to the respondent. The researcher delivered the questionnaire to all the sampled deposit taking SACCOs and explained the research variables that were under investigation. The researcher then appointed a research aid in each deposit taking SACCOs to facilitate the distribution and collection of questionnaires. The respondents were given one month to fill and submit their duly filled questionnaires to the respective research aids. The researcher then collected the filled questionnaires from the research aids for analysis.

### **3.9 Data Analysis Techniques**

The collected data was cross-checked to ensure its accuracy. Items with incorrect responses, including spelling errors and blank spaces, were identified. The data was then coded, allowing the responses to be categorized into various discrete groups. The Statistical Package for Social Sciences (SPSS Version 23.0) was used to run descriptive statistics such as frequency and percentages to determine and represent quantitative data in table distributions based on the major research questions. Furthermore, the researcher used a multiple regression analysis to determine the relationship between shareholder authority management policy, staff development management policy, customer retention management policy, SASRA financial reporting management policy compliance, and deposit growth among the six deposit-taking SACCOs. This was used to generate the statistics on which the discussion of the research findings was based. The

quantitative data was presented using frequency distribution tables, while the relationship was demonstrated using linear coefficient regression tables.

To show the relationship between the independent and dependent variables, a Linear Regression model was utilized. The equation is as shown below:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$$

Where, Y = Annual percentage growth in deposit

$\alpha$  = constant

X1 = Shareholder's authority management policy

X2 = Staff development management policy

X3 = Customer retention management policy

X4 = Compliance to SASRA financial reporting management policy

e = Error term

$\beta_1 \dots \beta_4$  = Regression coefficient for variables.

For each deposit taking SACCO, the mean score for the respective variable was obtained, and the values were then used for regression analysis. The value of Y (growth in deposit) was an average over three years, from 2016 to 2018.

### **3.10 Diagnostic Test**

#### **3.10.1 Test of Linearity**

The existence of a linear relationship between the dependent variable and one or more independent variables is referred to as linearity (Cuestas and Regis, 2013). The Goodness of Fit was used to determine the disparity in this investigation between the observed values and the projected values under a statistical model.

### 3.10.2 Test of Autocorrelation

The Durbin-Watson statistical test was used to test the independence of each of the four predictor variables. The Durbin-Watson test presumes that the errors in the regression model are caused by a first-order autoregressive process observed at equally spaced time intervals, i.e,

$$\varepsilon_t = \rho\varepsilon_{t-1} + a_t$$

Where  $\varepsilon_t$  is the error term in the model at period  $t$ ,  $a_t$  ( $0, \sigma^2$ ) random variable, and  $\rho$  ( $|\rho| < 1$ ) is the autocorrelation parameter. The Durbin –Watson statistics test value ranges from 0 to 4, an idea value of 2 indicates non-autocorrelation, a value from 0 to less than 2 indicates a positive autocorrelation while a value from more than 2 to 4 indicate a negative autocorrelation. This means that a coefficient value ranging from 1.5 to 2.5 shows no presence of autocorrelation while above 2.5 to 4 shows a negative autocorrelation. The linear regression model with first-order autoregressive errors for each independent variable was shown below-

$$y_t = \beta_0 + \beta_1 x_t + \varepsilon_t$$

$$\varepsilon_t = \rho\varepsilon_{t-1} + a_t$$

Where  $y_t$  and  $x_t$  are the observations on the response and regression variables at period  $t$ .

### 3.11: Operationalization and Measurement of Variables

**Table 3.3: Operationalization of Variables**

<b>Variable type</b>	<b>Variable name</b>	<b>Indicators (Presence of)</b>	<b>Measurement</b>	<b>Data Analysis</b>
Independent variable	-Shareholder's Authority Management Policy.	- Authority of shareholders in operation - Authority of shareholders over management	Ordinal Likert scale	Descriptive statistics
Independent variable	-Staff Development Management Policy	- Number of trainings attended - Presence of well-defined roles	Ordinal Likert scale	Descriptive statistics
Independent variable	- Customer Retention Management Policy	- Number of customer satisfaction surveys - Number of customer issues resolved on time	Ordinal Likert scale	Descriptive statistics
Independent variable	- Compliance to Sacco Societies Regulatory Authority financial reporting management policy	- Number of deposit capital ratio warning received - Presence of deposit capital ratio reporting system	Ordinal Likert scale	Descriptive statistics
<b>Dependent Variable</b>	<b>- Growth in deposit among the deposit savings and credit cooperative societies</b>	<b>- Annual percentage growth in deposit - Annual percentage growth in number of active funded accounts</b>	<b>Likert scale</b>	<b>Descriptive statistics</b>



### **3. 12 Ethical Issues**

Because of the sensitive nature of the information gathered, all information obtained from respondents was handled with the utmost care. Respondent participation was also voluntary, and their information was handled confidentially by applying a study code and a security code to computerized records, with the information gathered being used only for the purpose of this study.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSION

#### 4.1. Introduction

The data analysis and findings for the four research variables that were studied are presented in this chapter. It also discusses the research findings and presents data in frequency tables on how shareholder authority management policy, staff development management policy, customer retention management policy, and compliance with SACCO Society's Regulatory Authority financial reporting management policy influence deposit growth among DTS&CCS in Embu County, Kenya.

#### 4.2 Questionnaire Response Rate

The proportion of returned questionnaires is referred to as the questionnaire response rate to the questionnaires issued to the respondents. Table 4.1 illustrate the questionnaire return rate for the Chief executive officers, branch managers, marketing growth and development managers, audit managers, ICT managers and finance managers.

**Table 4.1: Questionnaire Response Rate**

<b>Study Group</b>	<b>Questionnaire distributed</b>	<b>Questionnaire returned</b>	<b>Response rate</b>
Chief Executive Officer	5	3	60.00%
Branch Manager	17	15	88.24%
Marketing Growth and Development Manager	17	13	76.47%
Audit Manager	8	7	87.50%
Operational Manager	5	4	80.00%
ICT Manager	5	5	100.00%
Finance Manager	5	4	80.00%
<b>Total</b>	<b>62</b>	<b>51</b>	<b>82.26%</b>

Table 4.1 shows that 62 questionnaires were distributed to the respondents sampled. Table 4.1 furthers shows that 51 respondents filled and returned the questionnaire. The questionnaire response rate was 82.26% and was deemed adequate because it conformed to Mugenda and

Mugenda (2003) stipulation that a response rate of 50% and above is adequate for analysis and reporting.

### 4.3 Reliability Analysis

Cronbach Alpha was used to determine the internal consistency of the research questionnaire as illustrated by Table 4.2 below:

**Table 4.2: Reliability Statistics**

<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on Standardized Items</b>	<b>N of Items</b>
<b>.893</b>	<b>.891</b>	<b>37</b>

The reliability statistical analysis yielded a Cronbach's Alpha of 0.893, as shown in Table 4.2. A Cronbach alpha value greater than 0.7, according to George and Mallery (2013), indicates excellent internal consistency. Because this statistic was greater than 0.7, it implied that the research questionnaire was reliable and appropriate for producing reliable results.

### 4.4 Demographic Data of Respondents

This segment breaks down the information for all respondents based on their gender, age and education achievement distributions as indicated by table 4.3, table 4.4, and figure 4.1. This analysis enabled the researcher to determine if the findings represented various classifications of the respondents.

**Table 4.3 Distribution of the Chief Executive Officers, Branch Managers, Marketing Growth and Development Managers, Audit Managers, ICT Managers and Finance Managers According to Gender.**

<b>Demographic Factor</b>	<b>Study Group</b>	<b>Variable</b>	<b>Frequency</b>	<b>Percentage</b>
Gender	Chief Executive Officer	Male	0	0.00%
		Female	3	100.00
	Branch Manager	Male	11	73.33%
		Female	4	26.67%
	Marketing Growth and development managers	Male	10	76.92%
		Female	3	23.08
	Audit manager	Male	5	71.43%
		Female	2	28.57%
	Operational Manager	Male	3	75.00%
		Female	1	25.00%
	ICT Manager	Male	4	80.00%
		Female	1	20.00%
	<b>Finance Manager</b>	<b>Male</b>	<b>3</b>	<b>75.00%</b>
		<b>Female</b>	<b>1</b>	<b>25.00%</b>

Table 4.3 shows that majority 3 (100%) of chief executive officers were female, majority 11 (73.33%) of branch managers were male, majority 10 (76.92%) of marketing growth and development managers were male, majority 5 (71.43%) of audit managers were male, Majority 4 (80.00%) of ICT managers were male while majority 3 (75.00%) of finance managers were

male. This meant that male respondents outnumbered their female respondents and the gender distribution fell short of Kenya (2010) constitutional threshold of a one-third.

**Table 4.4 Distribution of the Chief Executive Officers, Branch Managers, Marketing Growth and Development Managers, Audit Managers, ICT Managers and Finance Managers According to Age.**

<b>Demographic Factor</b>	<b>Study Group</b>	<b>Variable</b>	<b>Frequency</b>	<b>Percentage</b>
Age	Chief Executive Officer	18- 30 years	0	0.00%
		29- 39 years	1	33.33%
		<b>40 and above years</b>	<b>2</b>	<b>66.67%</b>
	Branch Manager	18- 30 years	1	7.14%
		29- 39 years	7	50.00%
		<b>40 and above years</b>	<b>6</b>	<b>42.86%</b>
	Marketing Growth and development managers	18- 30 years	2	15.38%
		29- 39 years	8	61.54%
		<b>40 and above years</b>	<b>3</b>	<b>23.08%</b>
	Audit manager	18- 30 years	1	14.29%
		29- 39 years	4	57.14%
		<b>40 and above years</b>	<b>2</b>	<b>28.57%</b>
	Operational Manager	18- 30 years	0	0.00%
		29- 39 years	3	75.00%
		<b>40 and above years</b>	<b>1</b>	<b>25.00%</b>
	ICT Manager	18- 30 years	2	40.00%
		29- 39 years	3	60.00%
		<b>40 and above years</b>	<b>0</b>	<b>0.00%</b>
	Finance Manager	18- 30 years	1	25.00%
		29- 39 years	2	50.00%
		<b>40 and above years</b>	<b>1</b>	<b>25.00%</b>

Table 4.4 shows that majority 2 (66.67%) of chief executive officers were above 40 years, majority 7 (50.00%) of branch managers were between 29- 39 years, majority 8 (61.54%) of marketing growth and development managers were between 29- 39 years, majority 5 (57.14%) of audit managers were between 29- 39 years, Majority 3 (60.00%) of ICT managers were between 29- 39 years, while majority 2 (50.00%) of finance managers were between 29- 39 years. According to the findings, the majority of SACCO employees were young.

**Figure 4.1 Distribution of the Chief Executive Officers, Branch Managers, Marketing Growth and Development Managers, Audit Managers, ICT Managers and Finance Managers According to Education Achievement.**

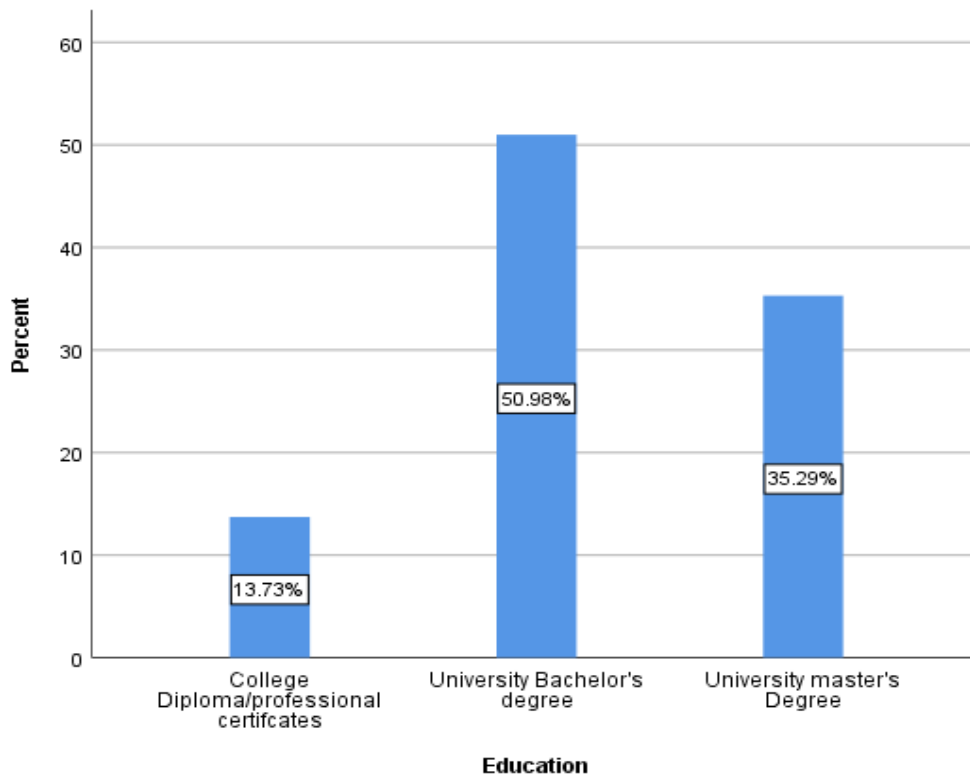


Figure 4.1 shows that majority 50.98% of the respondents had accomplished a university bachelor's degrees, 35.29% of the respondents had attained university master's degrees while 13.73% of the respondents had attained college diploma and professional certificate. The findings implied that the respondent had the capacity and the skills needed to manage different stakeholders' groups.

**Table 4.5 Distribution of Respondents According to their Job Position**

<b>Job role</b>	<b>Frequency</b>	<b>Percent</b>
Chief Executive Officer	3	5.90%
Branch Manager	17	33.30%
Marketing Growth and development managers	13	25.60%
Audit manager	5	9.80%
Operational Manager	4	7.80%
ICT Manager	5	9.80%
Finance Manager	4	7.80%
<b>Total</b>	<b>51</b>	<b>100.00%</b>

Table 4.5 shows that greater number 33.30% of the respondents were branch managers followed by marketing Growth and development managers at 25.60%.

#### **4.5 Influence of Shareholders' Authority Management Policy on Growth in Deposit**

The study sought to determine the influence of shareholders' authority management policy on growth in deposit among the DTS&CCS in Embu County, Kenya. The respondents were asked to rate different statements related to stakeholders' authority management policy. The goal was to determine the extent to which they agreed with the various statements on shareholder authority management policy. Table 4.6 summarizes and discusses the findings.

**Table 4.6 Descriptive Statistics on Shareholders' Authority Management Policy**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>STD</b>
The SACCO shareholder authority management policy clearly stipulates the operation functions that must be approved by the shareholders	51	3.4714	.6539
<b>The SACCO shareholder management policy clearly stipulates the shareholder's authority over management</b>	<b>51</b>	<b>4.185</b>	<b>.3313</b>

Table 4.6 shows that the SACCO shareholder management policy clearly stipulated the authority of shareholder over the SACCO management team (M=4.185, STD=.3313). The

respondents were however of neutral opinion on whether the SACCO shareholder authority management policy clearly stipulated the operation functions that required mandatory shareholder approved (Mean=3.4714, STD=.6539).

When the respondents were asked to determine the extent to which they agreed to various statements on shareholder authority management policy relation to growth in deposit of the SACCO they responded as shown by table 4.7 below.

**Table 4.7 Descriptive Statistics on Shareholders’ Authority Management Policy**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>STD</b>
The authority of the shareholders over the operation of the SACCO relate to annual percentage deposit growth	51	3.7102	.94341
The authority of the shareholders over the operation of the SACCO relate to annual percentage increase in the number of active funded accounts.	51	3.7315	.94410
The SACCO shareholder authority over management relate to annual percentage deposit growth	51	3.2615	.93201
<b>The SACCO shareholder authority over management relate to annual percentage increase in the number of active funded accounts.</b>	<b>51</b>	<b>2.7670</b>	<b>.84075</b>

According to Table 4.7, respondents did not agree nor disagree that the authority of the shareholders over the operation of the SACCO had an influence on the annual percentage deposit growth (Mean=3.7102, STD=.94341), that the authority of the shareholders over the operation of the SACCO had an influence on the growth of active accounts (Mean=3.7315, STD=.94410), and that the SACCO shareholder authority management policy had an influence on annual percentage deposit growth (Mean=3.2615, STD=.93201). The respondents also disagreed that that the SACCO shareholder authority over management had an influence on annual growth in the number of active funded accounts (Mean=2.7670, STD=.84075). As a result, the findings established that while deposit taking SACCOs in Embu County had implemented effective shareholder authority management policy, this policy had not contributed significantly to the growth in deposit.



#### 4.6 Influence of Staff Development Management Policy on Growth in Deposit

The study sought to determine the influence of staff development management policy on growth in deposit among the DTS&CCS in Embu County, Kenya. The study began by determining how the respondents had served in their respective SACCOs, and the results are shown in figure 4.2 below.

**Figure 4.2 Distribution of the respondents According to the Number of Years Served in Their Respective SACCOs.**

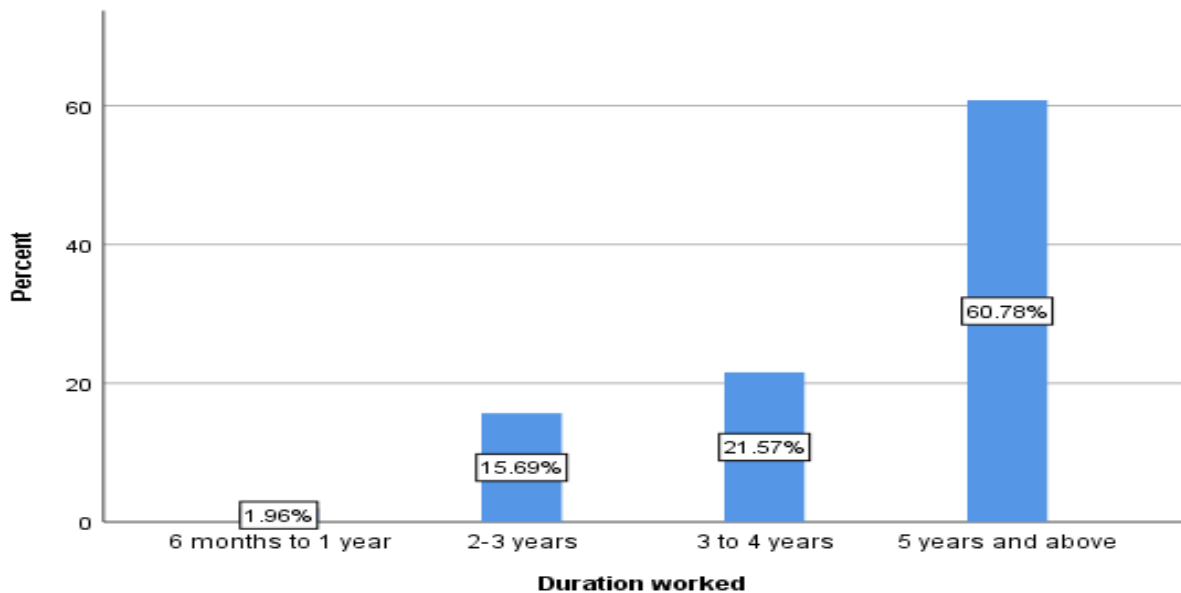


Figure 4.2 shows that the larger part 60.78% of the respondents had served in their respective SACCOs for more than 5 years, 21.57% of the respondent had served for 3-4 years, 15.69% had served for 2-3 years while 1.96% of the respondents had served for 6 months to 1 year. The study established that the period served by the respondents in their respective deposit taking SACCOs was adequate for them to be able to give the data sought through the questionnaires.

When requested to rate their level of concurrence with different explanations about staff development strategy, respondents reacted as displayed in table 4.8 below.

**Table 4.8: Descriptive Statistics on Staff Development Management Policy**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>STD</b>
The SACCO staff development policy clearly defines the number of trainings to be attended by staff	51	4.1681	.66784
<b>The SACCO staff development management policy clearly defines the staff roles</b>	<b>51</b>	<b>4.2014</b>	<b>.50371</b>

According to Table 4.8, respondents agreed that deposit taking SACCOs in Embu County had staff development management policy that clearly defined the number of trainings to be attended by staff (M=4.1681, STD=.66784) and that the staff development management policy had clearly defined the staff roles (M=**4.014**, STD=**.50371**).

When asked the extent to which they agreed to various statements on how staff development management policy related to growth in deposit of the SACCO deposit growth, the respondents responded as shown by table 4.9 below.

**Table 4.9: Descriptive Statistics on Staff Development Management**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>STD</b>
The number of trainings attended by SACCO staff relates to annual percentage deposit growth	51	4.0226	.4685
The number of trainings attended by SACCO staff relates to annual percentage increase in the number of active funded accounts	51	4.2298	.76821
The presence of well-defined roles in SACCOs relates annual percentage deposit growth	51	3.4281	.8168
<b>The presence of well-defined roles in SACCOs relates annual percentage increase in the number of active funded accounts.</b>	<b>51</b>	<b>3.9612</b>	<b>.8168</b>

According to Table 4.9, respondents to a large extent agreed that the number of trainings attended by staff had an influence on growth in deposit (M=4.0226, STD=.4685), that staff periodic product training meetings had an influence on growth in deposit (M=4.2298, STD=.76821), and that the SACCO's staff role definition had an influence on growth in deposit

(3.428, STD=.8168) of deposit taking SACCOs in Embu County, Kenya. However, the respondents did not agree nor disagree that the SACCO staff management policy had an influence on growth in deposit SACCOs (M=3.9612, STD=.8168). Therefore, the findings established that while the number of trainings, periodic staff product training and staff role definition influenced growth in deposit, staff management policy had no effect on growth in deposit.

#### **4.7. Influence of Customer Retention Management Policy on Growth in Deposit**

The study also sought to investigate the relationship between customer retention management policy and growth in deposit among the DTS&CCS in Embu County, Kenya. This aimed to establish those components of the customer retention policy that had significant influence on customer retention, growth in customer base and deposit. To assess the influence of customer retention management policy on growth in deposit, responses were sought on the degree to which respondents agreed to a set of statements that related to customer retention management policy at their respective SACCOs. The findings are represented on table 4.10 below.

**Table 4.10: Descriptive Statistics on the Status of SACCO Customer Retention Management Policy**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>STD</b>
The SACCO management policy has indicated the number of customer satisfaction surveys	51	3.1980	.65340
<b>The SACCO management policy enforces documentation of the number of customer issues resolved on time</b>	<b>51</b>	<b>2.9153</b>	<b>.95182</b>

Table 4.10 shows that the respondents neither agreed nor disagreed that deposit taking SACCOs in Embu County customer retention management policy had indicated the number of customer satisfaction surveys required (Mean=3.1980, STD=.65340). However, the respondents disagreed that the SACCO management policy had enforced the documentation of the number of customer issues resolved on time (Mean=2.9153, STD=.95182). The findings established a need for deposit taking SACCOs in Embu County, Kenya to focus on their customer retention management policy to influence deposit growth.

In addition, respondents were asked to rate the extent to which they agreed or disagreed with various statements on the relationship between customers' retention management policy and growth in deposit of DTS&CCS in Embu County, Kenya. The respondents responded as shown by table 4.11.

**Table 4.11: Descriptive Statistics on the Role of Customer Retention Management Policy on Growth of SACCO Deposits.**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>STD</b>
The number of SACCOs customer satisfaction surveys relates to annual percentage deposit growth.	51	4.0286	.67964
The number of SACCOs customer satisfaction surveys relates to yearly percentage increase in the number of active funded accounts	51	4.2059	.6024
The presence of SACCOs customer issues that were resolved on time relates to annual percentage deposit growth.	51	3.9330	.71056
<b>The presence of SACCOs customer issues that were resolved on time relates yearly percentage increase in the number of active funded accounts</b>	<b>51</b>	<b>3.7941</b>	<b>.6113</b>

Table 4.11 shows the respondents agreed that the number of SACCO's customer satisfaction surveys had an influence on the annual percentage deposit growth (M=4.0286, STD=.67964), as well as on yearly percentage increase in the number of active funded accounts (M=4.2059, STD=.6024) of deposit taking SACCOs in Embu County, Kenya. The respondents however neither agreed nor disagreed that the presence of SACCOs customer issues that were resolved on time had an influence on increase in annual percentage deposit growth (M=3.9330, STD=.71056) but had an influence on yearly percentage increase in the number of active funded accounts (M=3.7941, STD=.6113). The findings established customer retention management policy gaps that required enhancement by deposit taking SACCOs to facilitate the desired growth in deposit among the DTS&CCS in Embu County, Kenya.

#### **4.8. Influence of Compliance to SACCO Society's Regulatory Authority Financial Reporting Management Policy on Growth in Deposit.**

The study sought to ascertain the status and the influence of SACCO Society's Regulatory Authority Financial Reporting Management Policy compliance on growth in deposit of

DTS&CCS in Embu County, Kenya. To assess existence of a SACCO society’s regulatory authority financial reporting management policy compliance, the respondents were asked to rate the extent to which they agree on a set of statement and findings are as presented in the table 4.12 below.

**Table 4.12: Descriptive Statistics on the Status of SACCO Society’s Regulatory Authority Financial Reporting Management Policy**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>STD</b>
The SACCO’s compliance to SACCO Society’s regulatory authority financial reporting management policy emphasized monitoring of the number of deposit capital ratio audits	51	4.025	.41880
<b>The SACCO’s compliance to SACCO Society’s regulatory authority financial reporting management policy emphasis presence of deposit capital ratio reporting system</b>	<b>51</b>	<b>4.125</b>	<b>.41573</b>

Table 4.12 shows that the respondents agreed that the compliance to SACCO Society’s regulatory authority financial reporting management policy emphasized on monitoring of the number of deposit capital ratio audits (M=4.025, STD=.41880) and that the SACCO Society’s Regulatory Authority financial reporting management policy emphasized on presence of deposit capital ratio reporting system (M=4.125, STD=.41573). The findings indicated an adequate compliance to SACCO Society Regulatory Authority Act No 14 of 2012 among the deposit taking SACCOs in Embu County, Kenya.

Further, the respondents were asked the extent to which they agreed on the impact of SACCO compliance to SACCO Society’s regulatory authority financial reporting management policy had on various deposit variables. The respondents responded as presented on the table 4.13 below.

**Table 4.13: Descriptive Statistics on the influence of SACCO Society’s Regulatory Authority Financial Reporting Management Compliance Policy on Deposit Variables.**

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>STD</b>
The number of the SACCO deposit capital ratio compliance to SACCO Society’s regulatory authority financial reporting audits relates to annual percentage growth in deposit	51	4.1580	.6813
The number of the SACCO deposit capital ratio compliance to SACCO Society’s regulatory authority financial reporting warning received relates to annual percentage growth in number of active funded accounts	51	3.7021	.8305
The presence of compliance to SACCO Society’s regulatory authority financial reporting deposit capital ratio reporting system relates to annual percentage growth in deposit	51	3.3150	.61368
<b>The presence of compliance to SACCO Society’s regulatory authority financial reporting deposit capital ratio reporting system relates to annual percentage growth in number of active funded accounts</b>	<b>51</b>	<b>3.2392</b>	<b>.4615</b>

Table 4.13 indicates that the respondents agreed that the number of the SACCO deposit capital ratio compliance to SACCO Society’s regulatory authority financial reporting audits had influence on annual percentage growth in deposit (Mean=4.1580, STD=.6813). The respondents however, did not agree nor disagree that the number of the SACCO deposit capital ratio compliance to SACCO Society’s regulatory authority financial reporting audits had an influence on annual percentage growth in number of active funded accounts (M=3.7021, STD=.8305). Further, they agreed that the presence of compliance to SACCO Society’s regulatory authority financial reporting deposit capital ratio reporting system had an influence on growth in deposit (Mean=3.3150, STD=.61368), and that it also had an influence on the annual percentage growth in number of active funded accounts (M=3.2392, STD=.4615) of deposit taking SACCOs in Embu County Kenya.

#### 4.9 Regression Analysis

In order to determine the overall influence of stakeholder management policies on the growth in deposit among the DTS&CCS in Embu County, Kenya a multiple regression analysis was conducted. The independent variables were shareholder authority management policy, staff development management policy, customer retention management policy and SASRA financial reporting management policy compliance while the dependent variable was growth in deposit. The findings of the multiple regression analysis model are as presented by table 4.14.

**Table 4.14: Multiple Regression Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>STD. Error of the Estimate</b>
<b>1</b>	<b>.893</b>	<b>.79744</b>	<b>.780</b>	<b>.18129</b>

Table 4.14 shows strong positive correlation (0.893) between stakeholder management policy and growth in deposit among DTS&CCS in Embu County, Kenya. The R square value obtained was 0.79744 which implied that the stakeholder management policy explained 79.7% of growth in deposit among the SACCOs.

**Table 4.15: ANOVA**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	17.901	4	4.4752	115.521	.001 <sup>b</sup>
Residual	2.401	46	.052		
<b>Total</b>	<b>18.408</b>	<b>50</b>			

The p value in Table 4.16 was 0.001 which was less than 0.05. This indicated that the regression model was statistically significant. This demonstrated that the model was appropriate for predicting the influence of shareholder's authority management policy, staff development management policy, customer retention management policy and compliance to SACCO Society's Regulatory Authority financial reporting management policy on growth in deposit among DTS&CCS in Embu County, Kenya.

**Table 4.16: Coefficients of the Model**

	Coefficients			
	Unstandardized Coefficients		Standardized Coefficients	
	B	STD. Error	Beta	t Sig.
(Constant)	.103.048			2.153.027
Shareholder authority management policy	.729.196		.106	3.721.000
Staff development management policy	.635.236		.160	2.691.000
Customer retention management policy	.974.212		.118	1.417.000
<b>Compliance to SASRA financial reporting management policy</b>	<b>.860.204</b>		<b>.442</b>	<b>4.216.000</b>

Table 4.18 shows that Shareholder authority management policy, Staff development management policy, Customer retention management policy, and SASRA financial reporting management policy had significant influence on the growth in deposit among DTS&CCS in Embu County because they all had a p value that was less than 0.05. According to the coefficient values among the deposit taking SACCOs in Embu County, Kenya, Customer retention management policy had the highest influence on growth in deposit while Staff development management policy had the least influence on growth in deposit among the deposit taking SACCOs in Embu County, Kenya.

#### 4.10 Discussion of the Findings

The assessment of the influence of stakeholders' management policies on the growth in deposit among DTS&CCS in Embu County, Kenya, revealed strong correlation between the two variables. Multiple regression analysis revealed a strong positive correlation (0.893) between stakeholder management policy and growth in deposit among deposit taking SACCOs. Further, The R square value obtained indicated that the stakeholder management policies explained 79.7% of growth in deposit among the deposit taking SACCOs. The regression analysis also indicated that all the coefficients of the independent variables were positive and statistically significant at 95% confidence level. This implied that with all other factors held constant, improvement on the investigated stakeholders' management policy would lead to increased growth in deposits among the sampled SACCOs.



Concerning the influence of the shareholders authority management policy on the growth in deposit, the study established that deposit taking SACCOs in Embu County had put in place a shareholder management policy that had clearly stipulated the operations functions that required shareholders' mandatory approval and the authority of shareholders over the SACCO management team. However, the study observed an impartial finding on the clarity of the shareholder authority management policy about the operational functions that required mandatory shareholder approval. Further, the study established that shareholder's authority management policy did not have significant influence on growth in deposit among the deposit taking SACCOs in Embu County, Kenya. These findings agreed with Ondari, Nyang'au & Chesoli (2019) observation of moderate governance accountability among the deposit taking SACCOs in Kisii. In addition, the findings agreed with Chemakai et al (2018) observation that shareholder management policy was among the key challenges facing deposit taking SACCOs in Kenya thereby contributing to their poor growth.

In term of staff development policies, the study established that the SACCOs had clearly defined the number of trainings to be attended by staff and that the staff development management policy had clearly defined the staff roles. Further, the study established that the number of training offered to staff as well as existence of defined staff roles positively influenced growth in deposit among DTS&CCS in Embu County, Kenya. However, the study neither agreed nor disagreed that staff development policy had influence on growth in deposit among DTS&CCS in Embu County, Kenya.

The study findings agreed with Okombo (2018) who observed that training and development had a positive significant influence ( $\beta= 0.127$ ) on growth in deposit. The study finding also agreed with Olando, Mbewa and Jagongo (2013) observation that staff development had direct proportional influence on growth in deposit among SACCOs in Kenya.

Regarding the influence of customer retention management policy on growth in deposit, the study findings did not agree nor disagree that deposit taking SACCOs had documented a customer management policy that indicated the number of customer satisfaction surveys required and that enforced the documentation of the number of customer issues resolved on time. However, the study established that number of SACCO's customer satisfaction surveys had a positive influence on the annual percentage deposit growth and that customer retention

management policy in sampled Saccos had gaps that required enhancement to facilitate the desired growth in deposit among the DTS&CCS in Embu County, Kenya. These findings agreed with Kariri and Kavinda (2019) finding that had observed that customer retention management policy had a positive significant on the growth in deposit among the deposit taking SACCOs in Nairobi County Kenya.

On the assessment of the influence of compliance to SACCO society's regulatory authority financial reporting management policy on growth in deposit, the study established that the SACCOs had management policies that emphasized monitoring of the number of deposit capital ratio audits in compliance to SACCO Society's Regulatory authority financial reporting management policy. Further, the study established that the SACCO's compliance to SACCO Society's regulatory authority financial reporting management policy had emphasized presence of deposit capital ratio reporting system.

However, study revealed that the compliance of the SACCO society's regulatory authority financial reporting deposit capital ratio audits and the capital ratio reporting system had positive influence on growth in deposit among the DTS&CCS in Embu County, Kenya.

These findings agreed with Mugo et al (2017) conclusion that deposit taking SACCOs benefited from compliance to SASRA regulation policies by achieving streamlined accounting processes, budgetary control systems, procedures in procurement and disposal of assets, investment policy and external borrowing policy.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents a summary of finding for all the research objectives and inferences drawn from the study findings. Furthermore, the chapter includes recommendations and propositions that can be considered in further research.

#### **5.2 Summary of Findings**

The study examined the influence of stakeholders' management policies on growth in deposit among deposit taking SACCOs in Embu County, Kenya. The data collected from 51 respondents was analyzed using both descriptive and inferential analysis methods. According to the findings of the study, shareholder's authority management policy, staff development management policy and Compliance to SACCO Society's Regulatory Authority financial reporting management policy had strong positive influence on growth in deposit among DTS&CCS in Embu County, Kenya while customer retention management policy did not.

##### **5.2.1 Shareholder's Authority Management Policy and Growth in Deposit**

The first objective of the study was to establish the influence of shareholders authority management policy on growth in DTS&CCS in Embu County, Kenya. The study established that deposit taking SACCOs in Embu County had put in place a shareholder management policy that had clearly stipulated the operations functions that required shareholders' mandatory approval and the authority of shareholders over the SACCO management team. However, the study observed an impartial finding on the clarity of the shareholder authority management policy about the operational functions that required mandatory shareholder approval. Further, the study established that shareholder's authority management policy did not have significant influence on growth in deposit among the deposit taking SACCOs in Embu County, Kenya.

Therefore, the study revealed though shareholder authority management policy had adequately been implemented by the deposit taking SACCOs, they had not significantly contributed to growth in deposit among DTS&CCS.

### **5.2.2 Staff Development Management Policy and Growth in Deposit**

The study also sought to determine the influence of staff development management policy on growth in deposit among DTS&CCS in Embu County, Kenya. The study established that the SACCOs had clearly defined the number of trainings to be attended by staff and that the staff development management policy had clearly defined the staff roles. Further, the study established that the number of training offered to staff as well as existence of defined staff roles positively influenced growth in deposit among DTS&CCS in Embu County, Kenya. However, the study neither agreed nor disagreed that staff development policy had influence on growth in deposit among DTS&CCS in Embu County, Kenya. The deposit taking SACCOs should therefore ensure that their staff development policy facilitate staff empowerment and motivation to deliver quality services.

### **5.2.3 Customer Retention Management Policy and Growth in Deposit**

The third objective of the study was to assess the influence of customer retention management policy on growth in deposit among DTS&CCS in Embu County, Kenya. The study findings did not agree nor disagree that deposit taking SACCOs had documented a customer management policy that indicated the number of customer satisfaction surveys required and that enforced the documentation of the number of customer issues resolved on time. However, the study established that number of SACCO's customer satisfaction surveys had a positive influence on the annual percentage deposit growth and that customer retention management policy. The study also established customer retention management policy gaps that required enhancement by deposit taking SACCOs in Embu County, Kenya to facilitate the desired growth in deposit.

### **5.2.4 SACCO Society's Regulatory Authority Financial Reporting Management Policy and Growth in Deposit**

The fourth goal of this study was to investigate the influence of compliance to SACCO society's regulatory authority financial reporting management policy on growth in deposit. The study established that the SACCOs had management policies that emphasized monitoring of the number of deposit capital ratio audits in compliance to SACCO Society's Regulatory authority financial reporting management policy. Further, the study established that the SACCO's compliance to SACCO Society's regulatory authority financial reporting

management policy had emphasized presence of deposit capital ratio reporting system. Furthermore, study revealed that the compliance of the SACCO society's regulatory authority financial reporting deposit capital ratio audits and the capital ratio reporting system had positive influence on growth in deposit among the DTS&CCS in Embu County, Kenya. The study also, established adequate level of compliance to SACCO society's regulatory authority financial reporting management policy among the SACCOs. It also revealed that adequate compliance to SACCO Society's Regulatory Authority financial reporting management policy contributed to growth in deposits among deposit taking SACCOs.

### **5.3 Conclusions**

The study concludes that deposit taking SACCOs in Embu County, Kenya had a well-implemented shareholder's authority management policy, staff development management policy and Compliance to SACCO Society's Regulatory Authority financial reporting management policy. However, these SACCOs did have a document and had not implemented customer retention management policy. This clearly shows that adequate stakeholders management policies had been implemented by deposit taking SACCOs in Embu County, Kenya.

The study also concludes that though DTS&CCS in Embu County had instituted effective shareholder authority management policy, this policy had not contributed significantly to the growth in deposit.

The study also concludes that both the number of trainings attended and presence of well-defined staff role had a positive influence on growth in deposit among DTS&CCS in Embu County, Kenya.

Further, the study concludes that there existed customer retention management policy gaps that required enhancement by deposit taking SACCOs to facilitate the desired growth in deposit among the DTS&CCS in Embu County, Kenya.

Finally, the study concludes that DTS&CCS in Embu County, Kenya had implemented compliance to SACCO Society's Regulatory authority financial reporting management policy that had adequate emphasize on capital ratio audits as well as compliance to deposit capital

ratio reporting system. As a result, the two variables had strong positive influence on growth in deposit among DTS&CCS in Embu County, Kenya.

#### **5.4 Recommendations**

Based on the study findings, the stakeholders' management policies had significant relationship to deposit performance of the SACCOs, therefore, the following recommendations are made;

- i. The deposit taking SACCOs are recommended to ensure that their shareholders authority management policies put in place are frequently assessed to establish if they are well documented, adequate, clearly define role of all stakeholders and support deposit mobilization among the deposit taking SACCOs in Kenya.
- ii. The Kenya State Department of Cooperatives under the Ministry of Industrialization, Trade and Enterprise Development is recommended to ensure that its policy framework is suitable and adequate to support deposit taking SACCOs efforts to improve their customer retention policy gaps.
- iii. The SACCO Society's Regulatory Authority (SASRA) is recommended to automate all their deposit taking SACCOs regulatory functions including audits.
- iv. Finally, academic scholars who have interest in investigating the influence of stakeholders' management policies on growth in deposit are recommended to conduct more research on this topic to collaborate or critic this finding through research.

#### **5.5 Suggestions for Further Studies.**

The study looked at the relationship between stakeholders' management policies and growth in deposits among DTS&CCS in Embu County, Kenya. However, the growth in deposits is not solely due to management policies of stakeholders. Other studies incorporating other strategies such as the generic strategies and other parameters related to growth in deposit among SACCOs are thus recommended. Further, the study only looked at deposit taking SACCOs in Embu County, Kenya. It is critical to conduct similar study focusing on deposit taking SACCOs in other counties for comparison.

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## APPENDICES

### APPENDIX I: LETTER OF TRANSMITTAL

TO WHOM IT MAY CONCERN

The Chief Executive Officer,

.....SACCO,

Embu.

Dear Sir/ Madam,

#### **RE: REQUEST FOR COLLECTION OF DATA**

I am a student Pursuing a Master of Business Administration Degree in Strategic Management at Kenyatta University School of Business City Campus. I am conducting a study that intends to investigate the influence of stakeholder's management policies on growth in deposit among the deposit taking savings and credit cooperative societies in Embu County.

Kindly find the attached questionnaire meant for gathering information for this study. Please participate in filling the questionnaire honestly and to the best of your knowledge. All the responses will be handled with absolute confidence and will be used only for the purpose of this study.

Thank you,

Yours Sincerely

Njiru James Njeru (Student) D53/CTY/PT/38623/2016

Tel: 0725469715

**APPENDIX II: Questionnaire for deposit taking saving and credit cooperative societies staff.** This questionnaire will be administered to the SACCO staff as per the sample population.

**SECTION A: DEMOGRAPHICS**

- 1) What is your gender?
  - a) Male
  - b) Female
2. What is your age bracket?
  - a) 18 - 28
  - b) 29-39
  - c) 40 and over
3. What is your highest level of education?
  - a) Secondary.....
  - b) College diploma/ professional certificate.....
  - c) University Bachelor’s Degree.....
  - d) University Master’s Degree.....
  - e) Other  Specify.....
4. Which deposit saving and credit cooperative society do you work for?
  - a) Daima Sacco Society Ltd .....
  - b) Mwietheri Sacco Society Ltd .....
  - c) Nawiri Sacco Society Ltd .....
  - d) Winas Sacco Society Ltd .....
  - e) Biashara Tosha Sacco Society Ltd.....
  - f) County Sacco Society Ltd.....
5. What job role do you serve in the SACCO?
  - a) Chief Executive Officer....
  - b) Branch Manager .....
  - c) Marketing Growth and Development Manager .....
  - d) Audit Manager .....
  - e) Operation Manager .....
  - f) ICT Manager.....
  - g) Finance Manager.....

## B: Shareholders Management Policy

To establish how shareholder's authority management policy, relate growth in deposit among the deposit taking saving and credit cooperative societies in Embu County, Kenya.

On a scale of 1- 5 where 1 is strongly disagree, 2 is disagree, 3 is Neutral, 4 is agree, 5 is agree strongly to what extent do you agree with the following statements on shareholder authority management policy?						
Scale	1: Strongly disagree 2: Disagree 3: Neutral 4: Agree 5: Agree strongly	1	2	3	4	5
6	The Sacco shareholder authority management policy clearly stipulate the operation functions that must be approved by the shareholders.					
7	The SACCO shareholder management policy clearly stipulates the authority of shareholder over the SACCO management team					
On a scale of 1- 5 where 1 is no extent, 2 is less extent, 3 is Neutral, 4 large extents, 5 is very large extent, to what extent do you agree with the following statements on shareholder authority management policy relation to growth in deposit of your Sacco?						
Scale	1: No extent 2: Less Extent 3: Neutral 4: Large Extent 5: Very large extent	1	2	3	4	5

9	The authority of the shareholders over the operation of the SACCO relate to increase in annual percentage deposit growth.					
10	The authority of the shareholders over the operation of the SACCO relate yearly percentage increase in the number of active funded accounts.					
11	The SACCO shareholder authority over the SACCO's management team relate to increase in annual percentage deposit growth.					
12	The SACCO shareholder authority over the SACCO's management team relate yearly percentage increase in the number of active funded accounts.					

### Part C: Staff Management Policy

To determine how staff development management policy, relate to growth in deposit among the deposit taking saving and credit cooperative societies in Embu County, Kenya.

No	Tick against the number of years worked where: 1: 6 months to 1 Year 2: 1 to 2 years 3: 2 to 3 years 4: 3 to 4 years 5: 5 years and above	1	2	3	4	5
13	How many years have you worked in the Sacco?					
On a scale of 1- 5 where 1 is strongly disagree, 2 is disagree, 3 is Neutral, 4 is agree, 5 is agree strongly to what extent do you agree with the following statements on staff development management policy?						
Scale	1: Strongly disagree	1	2	3	4	5



	2: Disagree 3: Neutral 4: Agree 5: Agree strongly					
14	The SACCO staff development policy clearly defines the number of trainings to be attended by staff					
15	The SACCO staff development management policy clearly defines the staff roles					
On a scale of 1- 5 where 1 is no extent, 2 is less extent, 3 is Neutral, 4 large extents, 5 is very large extent, to what extent do you agree with the following statements on staff development management policy relation to growth in deposit of your Sacco?						
Scale	1: No extent 2: Less Extent 3: Neutral 4: Large Extent 5: Very large extent	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
16	The number of trainings attended by SACCO staff relates to annual percentage deposit growth					
17	The number of trainings attended by SACCO staff relates to annual percentage increase in the number of active funded accounts					
18	The presence of well-defined roles in SACCOs relates annual percentage deposit growth					
19	The presence of well-defined roles in SACCOs relates annual percentage increase in the number of active funded accounts.					

**Part D: Customer Retention Management Policy**

To assess how customer retention management policy, relate to growth in deposit among the deposit taking saving and credit cooperative societies in Embu County, Kenya

On a scale of 1- 5 where 1 is strongly disagree, 2 is disagree, 3 is Neutral, 4 is agree, 5 is agree strongly to what extent do you agree with the following statements on customer retention management policy?						
Scale	1: Strongly disagree 2: Disagree 3: Neutral 4: Agree 5: Agree strongly	1	2	3	4	5
20	The SACCO management policy has indicated the number of customer satisfaction surveys					
21	The SACCO management policy enforces documentation of the number of customer issues resolved on time					
On a scale of 1- 5 where 1 is no extent, 2 is less extent, 3 is Neutral, 4 large extents, 5 is very large extent, to what extent do you agree with the following statements on customer retention management policy relation to growth in deposit of your Sacco						
Scale	1: No extent 2: Less Extent 3: Neutral 4: Large Extent 5: Very large extent	1	2	3	4	5
22	The number of SACCOs customer satisfaction surveys relates to annual percentage deposit growth.					

23	The number of SACCOs customer satisfaction surveys relates to yearly percentage increase in the number of active funded accounts					
24	The presence of SACCOs customer issues that were resolved on time relates to annual percentage deposit growth.					
25	The presence of SACCOs customer issues that were resolved on time relates yearly percentage increase in the number of active funded accounts					

**Part E: Compliance to SACCO Society Regulatory Authority Financial Reporting**

**Authority Management Policy**

To investigate how compliance to SACCO Society Regulatory Authority Financial Reporting Authority Management Policy, relate to growth in deposit among the deposit taking saving and credit cooperative societies in Embu County, Kenya.

On a scale of 1- 5 where 1 is strongly disagree, 2 is disagree, 3 is Neutral, 4 is agree, 5 is agree strongly to what extent do you agree with the following statements on status of compliance to SACCO Society Regulatory Authority Financial Reporting Authority Management Policy in your Sacco?						
scale	1: Strongly disagree 2: Disagree 3: Neutral 4: Agree 5: Agree strongly	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
26	The SACCO's compliance to SACCO Society's regulatory authority financial reporting management policy emphasized monitoring of the number of deposit capital ratio audits					

27	The SACCO's compliance to SACCO Society's regulatory authority financial reporting management policy emphasis presence of deposit capital ratio reporting system					
On a scale of 1- 5 where 1 is no extent, 2 is less extent, 3 is Neutral, 4 large extents, 5 is very large extent, to what extent do you agree with the following statements on compliance to government regulation management policy relation to growth in deposit of your Sacco?						
scale	1: No extent 2: Less Extent 3: Neutral 4: Large Extent 5: Very large extent	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
28	The number of the SACCO deposit capital ratio compliance to SACCO Society's regulatory authority financial reporting audits relates to annual percentage growth in deposit					
29	The number of the SACCO deposit capital ratio compliance to SACCO Society's regulatory authority financial reporting warning received relates to annual percentage growth in number of active funded accounts					
30	The presence of compliance to SACCO Society's regulatory authority financial reporting deposit capital ratio reporting system relates to annual percentage growth in deposit					
31	The presence of compliance to SACCO Society's regulatory authority financial reporting deposit					

	capital ratio reporting system relates to annual percentage growth in number of active funded accounts					
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**Thank You**