AN INVESTIGATION INTO THE CHALLENGES FACING THE UPTAKE OF THE SACCO LINK SYSTEM

A CASE OF SELECTED SACCOS IN NAIROBI COUNTY, KENYA

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MAY, 2014

DECLARATION

Declaration by candidate:

This project is my original work and has not been presented for a degree in any other University

……. ……
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Declaration by supervisor:

I confirm that the work in this project was done by the candidate under my supervision

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Signature Date

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DEDICATION

I dedicate this project to my family and friends. Your many words of encouragement are what have given me the strength to come this far, and face the numerous challenges found along the way. Thank you all.

ACKNOWLEDGEMENT

I would like to thank the Almighty God for bringing me this far, not only in my academic life but also in my life in general.

I would like to acknowledge and thank my lecturers at Kenyatta University. They were as always more than generous with their time and expertise as I sought their assistance. I would like to give a special thanks to Mr.JuliusMurungifor his time and effort spent in reviewing my work and encouraging me throughout the entire process.

TABLE OF CONTENTS

DECLARATION ..... **ii**
DEDICATION ..... **iii**
ACKNOWLEDGEMENT ..... **iv**
TABLE OF CONTENTS ..... **v**
LIST OF LIST OF TABLES ..... **viii**
DEFINITION OF TERMS ..... **ix**
LIST OF ABBREVIATIONS ..... **xi**
ABSTRACT ..... **xii**
CHAPTER ONE: INTRODUCTION **1**
1.1 Background of the problem 1
1.2 Statement of Problem 4
1.3 Objectives of the Study 5
1.4 Research Questions 6
1.5 Significance of the Study 6
1.6 Assumption of the Study 7
1.7 Scope of the study 7
1.8 Limitations 8
CHAPTER TWO: LITERATURE REVIEW **9**
2.1 Introduction 9
2.2 Theory Overview 11
2.3 Financial Challenges 14
2.4 Technical Challenges 15
2.5 Human Resource Challenges 17
2.6 Awareness Challenges 19
2.7 Stakeholder Challenges 20
2.8 Conceptual Framework 23
CHAPTER THREE: METHODOLOGY **24**

3.1 Research Design 24
3.2 Target population 24
3.3 Sampling 25
3.4 Sample Size 26
3.5 Data Collection Tools 26
3.6 Data Analysis Techniques 26
CHAPTER FOUR: FINDINGS AND DISCUSSIONS 28
4.1 Introduction 28
4.2 Demographics 28
4.3 Financial Challenges 30
4.4 Technical Challenges 33
4.5 Human Resource Challenges 36
4.6 Awareness Challenges 38
4.7 Stakeholder Challenges 40
4.8 Regression analysis 43
4.8.1 Relationship between the financial challenges and the uptake of the system 44
4.8.2 Relationship between the technical challenges and the uptake of the System 45
4.8.3 Relationship between the uptake of the system and the human resource challenges 47
4.8.4 Relationship between the uptake of the system and awareness challenges 48
4.8.5 Relationship between the uptake of the system and the stakeholders challenges 49
CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMENDATIONS 50
5.0 Introduction 50
5.1 Summary 50
5.1.1 Financial Challenges 50
5.1.2 Technical Challenges 50
5.1.3 Human Resource Challenges 50
5.1.4 Awareness Challenges 51
5.1.5 Stakeholder Challenges 51
5.2 Conclusion 51
5.3 Recommendations 52
5.4 Suggestions for further research 52
REFERENCES 53

APPENDIX A: COVER LETTER FOR THE QUESTIONNAIRE 59
APPENDIX B: CONSENT FORM FOR THE QUESTIONNAIRE 60
APPENDIX C: QUESTIONNAIRE 61
APPENDIX D: DEPOSIT TAKING SACCOS IN NAIROBI 64
APPENDIX E: RESEARCH SCHEDULE 66
APPENDIX E: RESEARCH BUDGET 67

LIST OF LIST OF TABLES

TABLE 2.1: WOCCU STATISTICAL REPORT (2011) 9
TABLE 2.2: WOCCU STATISTICAL REPORT (2012) 9
TABLE 4.1: THE DURATION IN WHICH THE RESPONDENT HAS BEEN WORKING AT THE SACCO 29
TABLE 4.2: IMPLEMENTATION OF SACCO LINK IN THE RESPONDENTS SACCO 29
TABLE 4.3: ADEQUATE FINANCIAL RESOURCES WITHIN THE RESPONDENTS ORGANIZATION TO FINANCE THE PROJECT 31
TABLE 4.4: AVAILABILITY OF PARTNERS WILLING TO FINANCE THE PROJECT 32
TABLE 4.5: NECESSARY BUDGET TO ASSIST THE RESPONDENTS TO IMPLEMENT THE PROJECT 32
TABLE 4.6: RECOGNITION OF THE FINANCIAL BENEFITS OF THE SYSTEM AND THE NECESSARY RETURNS ON INVESTMENT 33
TABLE 4.7: PRESENCE OF ADEQUATE ICT INFRASTRUCTURE TO SUPPORT CURRENT OPERATIONS 34
TABLE 4.8: PRESENCE OF ADDITIONAL CAPACITY THAT MAY BE USED TO IMPLEMENT THE SACCO SYSTEM 34
TABLE 4.9: IMPLEMENTATION OF THE SACCO SYSTEM WILL NOT NEGATIVELY IMPACT THE CURRENT OPERATIONS 35
TABLE 4.10: ADDITIONAL RESOURCES AND HARDWARE CAN BE PROCURED WHEN AND AS NEEDED 35
TABLE 4.11: THE SACCO HAS AN ADEQUATE TECHNICAL IT TEAM TO ADMINISTER THE SYSTEM 36
TABLE 4.12: THE SACCO HAS AN ADEQUATE OPERATIONS TEAM ABLE TO MANAGE THE DAILY ACTIVITIES INVOLVED IN THE SYSTEM 37
TABLE 4.13: ACQUISITION OF ADDITIONAL WORKERS WILL NOT BE A CHALLENGE 37
TABLE 4.14: TRAINING AND BUILDING OF CAPACITY WILL NOT BE A CHALLENGE 38
TABLE 4.15: WE ARE AWARE OF THE AVAILABILITY OF THE SYSTEM AND ITS SERVICE 39
TABLE 4.16: WE ARE AWARE OF THE BENEFITS IT OFFERS THE MEMBERS OF THE SACCO 39
TABLE 4.17: AWARENESS OF THE PROCEDURES NEEDED TO REQUEST AND IMPLEMENT THE SYSTEM 39
TABLE 4.18: MEMBERS OF THE SACCO ARE AWARE OF THE VALUE OF THE SYSTEM 40
TABLE 4.19: THE STAKEHOLDERS ARE AWARE OF THE AVAILABILITY OF THE SYSTEM AND ITS SERVICES 41
TABLE 4.20: THE STAKEHOLDERS ARE AWARE OF THE BENEFITS IT OFFERS THE MEMBERS OF THE SACCO 41
TABLE 4.21: THE STAKEHOLDERS PERCEIVE THE NEED TO ADOPT SUCH A SYSTEM 42
TABLE 4.22: MEMBERS OF THE SACCO ARE AWARE OF THE VALUE OF THE SYSTEM 42

DEFINITION OF TERMS

Automated Teller Machine: An unattended electronic machine in a public place, connected to a data system and related equipment and activated by a bank customer to obtain cash withdrawals and other banking services. It is also known by other names such as automatic teller machine, cash machine, money machine etc.

Co-operative Bank of Kenya Limited: Aleading commercial bank in Kenyalicensed by the Central Bank of Kenya. It was initially established in 1965 as a cooperative society and later grantedits banking license in 1968.

Information Communications Technology: Technology concerned with the storage, retrieval, manipulation, transmission or receipt of digital data. The data is transferred or communicated to people over long distances electronic means.

Local Area Network: A computer network that interconnects computers in a limited area such as a home, school, computer laboratory, or office building using network media.

Management Information Systems:A general term for the computer systems in an enterprise that provide information about its business operations. It's also used to refer to the people who manage these systems. Typically, in a large corporation, "MIS" or the "MIS department" refers to a central or centrally-coordinated system of computer expertise and management, often including mainframe systems but also including by extension the corporation's entire network of computer resources.

Point of sale: Refers to the capturing of data and customer payment information at a physical location when goods or services are bought and sold. The POS transaction is captured using a variety of devices which include computers, cash registers, optical and bar code scanners, magnetic card readers, or any combination of these devices.

Sacco Link System: This is a system that provides customized Sacco Link cards that FOSA account holders can use access their money via any Cooperative Bank ATM where available. Being that they are visa branded they will also will also allow the Sacco member to gain access their money at any VISA branded ATM at normal Visa Charges and at any Point of Sale (POS) or Co-op agent. It is the output of the Co-op bank’s Co-op switch project.

Sacco Societies Regulatory Authority: This is a semi-autonomous government agency under the ministry of industrialization and enterprise development. It is a creation of the Sacco Societies Act 2008 and was inaugurated in 2009 charged with the prime responsibility to license and supervise Deposit Taking Sacco Societies in Kenya.

Stakeholders: Generally taken to mean a person, group or organization that has interest or concern in an organization. In this project the term will be limited to the members and

administrative staff of the Sacco. This is for the purpose of differentiating their opinions from those of the General Managers.

Wide Area Network:A network that covers a broad area (i.e., any telecommunications network that links across metropolitan, regional, or national boundaries) using private or public network transports. Business and government entities utilize WANs to relay data among employees, clients, buyers, and suppliers from various geographical locations. In essence, this mode of telecommunication allows a business to effectively carry out its daily function regardless of location.

LIST OF ABBREVIATIONS

ATM	-	Automatic Teller Machine
CBD	-	Central Business District
Coop-Bank	-	Cooperative Bank
FOSA	-	Front Office Service Activities
ICT	-	Information And Communications Technology
LAN	-	Local Area Network
ME	-	Microenterprise, Same as Small And Medium Sized Enterprises
MIS	-	Management Information System
Sacco	-	Savings And Credit Co-Operative
SASRA	-	Sacco Societies Regulatory Authority
SME	-	Small And Medium Sized Enterprises
WAN	-	Wide Area Network
WOCCU	-	World Council Of Credit Unions

ABSTRACT

Savings and Credit Co-operatives commonly referred to as Saccos are a form of Credit Union bodies which in turn is a form of major part of the cooperative movement. They are basically member-owned, not-for-profit financial cooperatives that provide savings, credit and other financial services to their members. They pool their members' savings deposits and shares to finance their own loan portfolios rather than rely on outside capital. Members then benefit from higher returns on savings, lower rates on loans and fewer fees on average among many other benefits. In the recent past Sacco societies have witnessed faster growth than other types of cooperatives in Kenya. This may have been one of the motivating factors to prompt Coop-Bank to develop and implement the Sacco Link System to allow the members of the various Sacco societies enjoy services that would have otherwise only been accessible to holders account within commercial banks. The use of the Sacco Link System provides customized Sacco Link card that FOSA account holders can use access their money via any Cooperative Bank ATM where they are available. The card is visa branded and will help the member to access his or her money at any VISA branded ATM at Visa Charges and at any Point of Sale (POS) or Co-op agent as well. Considering the outlined usefulness of the system it would be a natural to expect the Sacco societies quickly adopt the use of the system. This study investigated the challenges facing the projects involved in the uptake of Sacco Link System by a selected set of Sacco's within the Nairobi area. The objectives of the study were toexamine the financial, technical, capacity, awareness and stakeholder challenges facing these projects. The information gained by the study may be used to aid further decision making by concerned stakeholders in relation to the design or delivery of the system and its adoption as well as other industry players such as SASRA in aiding these Saccos overcome such challenges. The Saccos will use this opportunity to voice the issues they are facing as feedback to the providers of the system and other concerned stakeholders. The research design was of the descriptive survey. Data was collected from primary and secondary sources. Self-administered questionnaires constituted the primary sources. The target population consisted of the General Managers of the Saccos. Previous studies and journals constituted the secondary sources. The data collected was then analyzed using descriptive statistics to assess the variables being investigated.

CHAPTER ONE: INTRODUCTION

1.1 Background of the problem

A Savings and Credit Union organization commonly referred to as a Sacco is a form of a Credit Union society which in turn is a form of a cooperative organization. To truly understand the Sacco one would best define and shed light on both the Credit Unions and how they both evolved from the cooperative movement.

A cooperative society, otherwise known as a cooperative is an association or corporation established for the purpose of providing services on a nonprofit basis to its shareholders or members who own and control it. It can also be looked at as an association of individual businesses, farmers, ranchers, or manufacturers with similar interests who intend to cooperate in related activities such as production and marketing etc. to sell their products as efficiently as possible and then share the profits based on these activities (The Free Dictionary, 2010).

According to the International Cooperative Alliance (2011) a cooperative is an autonomous association of persons voluntarily united to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. They are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

According to the Worldwide Credit Unions (2013), Credit Unions evolved from the cooperative activities of early 19th century Europe from simple idea that people could pool their money and

make loans to each other. The first of these cooperatives were seen in England and Germany in 1844 before spreading to communities around the world in the early 1900s.

Credit unions as defined by Worldwide Credit Unions (2013), and as called by various names around the world, are member-owned, not-for-profit financial cooperatives that provide savings, credit and other financial services to their members. The membership is based on a common uniting bond shared by savers and borrowers such as belonging to a specific community, organization, religion or place of employment. Credit unions pool their members' savings deposits and shares to finance their own loan portfolios rather than rely on outside capital. Members then benefit from higher returns on savings, lower rates on loans and fewer fees on average among many other benefits.

This now brings us to the definition of a Sacco. SACCO is the acronym for Savings and Credit Co-operative. There is no difference between a credit union and a Sacco and the term "credit union" is generally not used in Africa avoid confusion with various other movements. A Savings and Credit Co-operative (SACCO) is a democratic, unique member driven, self-help co-operative. It is owned, governed and managed by its members who have the same common bond: working for the same employer, belonging to the same church, labor union, social fraternity or living/working in the same community (Savings and Credit Co-operative League of South Africa, 2013).

According to The Sacco Supervision Report from SASRA (2011), the Sacco sub-sectors in the country forms a significant part of the cooperative movement in Kenya. These cooperatives interestingly are comprised two major groups of bodies, Financial Cooperatives and Non-Financial Cooperatives. Financial Cooperatives comprise of Savings & Credit Cooperative

Societies while and Non-Financial Cooperatives comprise of housing, transport, produce marketing and investment cooperatives. This study we will focus on the financial cooperatives. Sacco societies have witnessed faster growth than the other types of cooperatives. It is this growth that indeed brought attention to it as a development vehicle and as well as the need for the establishment of regulations such as the Sacco Societies Act 2008 to legislate the use of prudential guidelines to protect the savings of the members of the society. This act places the licensing, supervision and regulation of deposit taking under the office of the Sacco Societies Regulatory Authority (SASRA). Through this new legal framework, guidelines and regulations have been introduced to guide Sacco societies' growth and development.

The Sacco Supervision Report in SASRA (2010) describes how in the early 1990s, Kenya experienced difficult economic times that forced commercial banks to demand higher minimum operating balances for individual accounts to sustain their businesses. This saw many middle and low income people unable to operate bank these accounts. It was during this period that Saccos became popular among employed persons who had been unable to maintain or operate those commercial bank accounts. This was as a result of Saccos being formed by individual members with the primary purpose of pooling savings and lending to each other. The Saccos responded by introducing Front Office Service Activity (FOSA) services which offered semi banking services at competitive rates. Saccos further comprise both deposit and non-deposit taking. In the current legal framework a Deposit Taking Sacco is that Sacco operating a front office savings activity (FOSA). A FOSA activity is a semi-banking activity undertaken by licensed Saccos.

Saccos comprise over 50% of all cooperatives in Kenya and as financial institutions they play a critical role of financial intermediation in Kenya's financial environment focusing mostly on personal development, small and micro enterprise sector of the economy. The sub sector

comprises of large Saccos, some of which have a total asset base of over 15 billion shillings to the very small ones that have fewer than 10 million shillings in assets and are well spread across the country from the large cities to the rural Kenya.

The above growth and level of activities has hastened the need and drive for quick and reliable access to information and services to aid the members of these cooperatives go about their related activities. This in turn has spurred some of these Sacco societies to carry out various ICT related projects. It is the aim of this study to investigate the challenges affecting the uptake of one such technology, the Sacco link System designed and implemented to allow the members of the Saccos access their funds through the use of ATMs provided by Co-op Bank and other Visa.

Sacco societies and Micro finance institutions are lagging behind in their use of modern IT systems, thus slowing down their role of providing financial help to those without bank accounts. Unlike commercial banks, which are racing into new technology such as mobile banking and improving their software systems to boost efficiency and accuracy, increasing outreach, and reducing costs, MFIs (And inherently Saccos) have been slow to adopt technology (Were, 2009). The Sacco link system is one such technological innovation that provides the potential to bring financial services closer to the members of the Sacco societies without having to travel considerable distances to get to the Sacco offices to obtain service.

1.2 Statement of Problem

The use of the Sacco Link System provides customized Sacco Link cards that FOSA account holders can use access their money via any Cooperative Bank ATM where available. The visa branded card allows the Sacco members access their money at any VISA branded ATM at normal Visa Charges and at any Point of Sale (POS) or Co-op agent. Connection to the Sacco Link System requires the establishment of local resources that may be handled as a single or multiple projects depending on the ICT facilities

already available. The first is the setting up and configuration of a requisite local Information Management System to maintain member records in a digital format. The second involves the interlinking the local MIS to the Sacco link system to enable the sharing of data leading to the provision of the outlined services. This communication is dependent on established LAN/WAN structures. This study investigated the challenges facing these projects because they influence and impact the uptake of the Sacco Link System by the Saccos.It put into consideration the challenges experienced throughout the lifecycle of the project(s), from initialization all the way through to implementation and closure. According to AFRACA (2008), only 50 Saccos had been connected at the time of that report, this was a stark contrast to the 180 Saccos that had FOSA offerings across the country at that time.The total number of Saccos has risen to 215 but the current statistics on the matter have been elusive thus far. However, there is reason to believe the situation is still as dire.

1.3 Objectives of the Study

The main objectives of the study were to investigate the challenges facing the projects involved in the uptake of Sacco Link System.

To help achieve this main objective the following sub objectives were looked at;

i. Investigation of the financial challenges affecting the projects involved in the uptake of the Sacco system.
ii. Investigation of the technical challenges affecting the projects involved in the uptake of the Sacco system.
iii. Investigation of the human resource challenges affecting the projects involved in the uptake of the Sacco system.
iv. Investigation of the challenges related to awareness affecting the projects involved in the uptake of the Sacco system.

v. Investigation of the stakeholder challenges affecting the projects involved in the uptakeof the Sacco system.

1.4 Research Questions

i. Are financial challenges affecting the projects involved in the uptake of the Sacco system?

ii. Are technical challenges affecting the projects involved in the uptake of the Sacco system?

iii. Are human resource challenges affecting the projects involved in the uptake of the Sacco system?

iv. Are awareness challenges affecting the projects involved in the uptake of the Sacco system?

v. Are stakeholder challenges affecting the projects involved in the uptakeof the Sacco system?

1.5 Significance of the Study

As indicated by Mugenda & Mugenda (2003), research helps us to describe phenomena and enable its prediction and controls. The studygathered and analyzed vital feedback on the challenges facing the projects involved in the uptake of the Sacco link system. This in turn may be used to aid further decision making by concerned stakeholders. The providers of the system may use the results of the findings to reduce the restrictions and challenges associated with the uptake of the system. The Saccos used the opportunity to voice the issues they are facing and the feedback collected will be used as further design input to the providers of the system. Other industry stakeholders such as the government (through channels like SASRA) may use the

results to formulate and implement policies and strategies to mitigate and minimize these challenges for the benefit of the industry and its players.

In addition the study sought to contribute to the body of knowledge and help stimulate further research in the field.

1.6 Assumption of the Study

Anassumption held by the researcher was that the Sacco societies being studied are already registered by SASRA or are preparing to register and will be successfully registered before the grace period ends. The Sacco Supervision Report in SASRA (2011) highlighted that of the 215 applications received from Deposit Taking Sacco societies, a total of 110 had been licensed while 105 Saccos were at various stages of analysis and processing. All of them are expected to have fully complied by the stated rules by June 2014 having been accorded a transition period of four years. These are the Sacco societies expected to make use of the Sacco Link System.

1.7Scope of the study

The study investigated the challenges facing the uptake of Sacco Link System by the 45 Sacco societies limited to the Nairobi area and those which have branches within its environs. It focused on challenges related to financial, technical, human resource and awareness and leadership challenges affecting the uptake of the system. This particular area was picked for the ease of access to various amenities present in the CBD available the Saccos in comparison to those located elsewhere. These amenities include financial institutions, human resource pools, level of awareness etc.

1.8 Limitations

i. The updated list of Saccos using the system was not made available tothe research team.

ii. Limited access to the heads and decision makers in the Sacco societies. Considering the nature of the organization under study and the schedules of key decision makers, their availability was a times a challenge.

iii. Availability of time to conduct the research. Having conducted my studies on a part time basis and mostly in the evening, this constraint of time proved to be a hindrance as I conducted the research project. This may also present a mismatch of schedules since I will mostly be available in the evenings while the people I will be working with will mostly be available during working hours.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

According to the World Council of Credit Unions (2012), there were 55,952 credit unions at the end of that year. This was an increase from the previous World Council of Credit Unions (2011) which indicated that there were only a total of 51,013 credit unions worldwide in that particular period. This observed increase in the total number of unions has been consistently recorded year after year as these institutions gain prominence in the cooperative movement as well as in the financial services sector (See table 2.1 and table 2.2 for more details). Of the credit unions recorded in 2012 there were a total of 20,831 unions in Africa and more specifically, 5000 unions in Kenya.

Table 2.1: WOCCU Statistical report (2011)

2011	Credit Unions	Members	Savings & Shares (USD)	Loans (USD)	Reserves (USD)	Assets (USD)
Kenya	4,638	4,183,220	2,534,612,350	2,678,325,980	228,141,275	3,797,713,946
Africa	18,221	17,950,633	4,308,902,703	4,179,072,096	283,512,521	4,926,148,557
World Wide	51,013	196,498,738	1,221,635,067,922	1,016,243,687,594	141,314,921,924	1,563,529,230,920

Source : WOCCU Statistical report (2011)

Table 2.2: WOCCU Statistical report (2012)

2012	Credit Unions	Members	Savings & Shares (USD)	Loans (USD)	Reserves (USD)	Assets (USD)
Kenya	5,000	4,722,126	2,972,704,029	3,397,826,904	273,998,961	4,180,986,255
Africa	20,831	16,022,707	4,817,446,825	4,944,970,128	480,971,225	5,600,465,483
World Wide	55,952	200,243,841	1,293,256,192,194	1,083,818,986,319	161,810,294,796	1,693,949,441,328

Source : WOCCU Statistical report (2012)

The recorded statistics are impressive. Closer to home, according to the Sacco Supervision Report from SASRA (2011), of these institutions 215 had made applications to SASRA as Deposit Taking Saccos. The ensuing report published the year after SASRA (2012) mentions that as at 31st December 2012, the total number Saccos remained the same but 124 had been successfully licensed with the remaining 91 still being found at different levels of compliance with the provisions of the law.

This may have been one of the motivating factors to prompt Coop-Bank to develop and implement the Sacco Link System to allow the members of the various Sacco societies enjoy services that would have otherwise only been accessible to account holders within commercial banks. According to a press statement from one of Coop Bank's affiliate websites Proudly African (2013), with every one in five Kenyans being a member of a co-operative, its role as an apex financial institution for cooperatives becomes even more critical as it affects the lives of the majority of Kenyans who directly or indirectly derive their livelihood from the Movement. In addition to the conventional lending and deposit-taking service, Coop Bank is adding value to this relationship by launching Sacco Link, which is an IT supported link that connects the FOSA banking outlets of the various Sacco Societies to Coop Bank systems. The bank then issues the Sacco Link Visa debit cards to members of participating cooperatives, thereby enabling them to access their money from any Visa ATM or other Visa accepting outlets worldwide.

According to AFRACA (2008), Coop-bank has invested in the underlying multi million shillings project known as the Co-op switch project which is what enables the issue of the Sacco Link Debit Card to individual members of the Sacco societies across the country. The Sacco link system and service being an ICT based venture that has taken Saccos to a new and higher level in terms of service delivery to the members of the Sacco society. But for them to enjoy these

services, the Saccos pay for connectivity, upgrade of their software & a bridge to connect to the Coop-bank's system. At the time of this report only 50 Saccos had been connected so far.

2.2 Theory Overview

According to Chibelushi (2008), the successful operation of many companies in most industries is becoming ever more dependent on the ability of the company to adopt and utilize ICT based systems. This inextricably requires such prerequisites such as the knowledge of business and IT, substantial investment in IT infrastructure, investments in training in new technologies and other related issues. Many companies lack these factors. ICT adoption in fact has been considered to be a complex problem by SMEs.

Development of all modern economies in the world is dependent on the speed and effectiveness of the implementation of ICT based solutions in businesses. While it has been observed that large companies have been quick to adopt and implement ICT based solutions, small and medium-sized enterprises have had more serious problems with the requirements and challenges associated with the uptake of such solutions. Some of the factors affecting the adoption ICT these in SMEs can be clustered relating to (a) technological, (b) organizational, (c) environmental, (d) economic and (e) individual contexts (Skoko, Ceric& Huang, 2008).

More often than not, SMEs usually possess little or no training on ICTs and lack the awareness of the benefits that they may provide to their organizations. These results in a majorbarrier to the adoption of ICT based solutions. Below are some of the challenges faced by such organizations as they attempt to adopt ICT.

i. Attitude-related challenges. These are the most common and most related to perceptions of individuals or the organization. Fortunately they are also easier to manage and

overcome since they mostly involve training or proper communication of the benefits being missed out on.

a. Lack of top management engagement.
b. Resistance to technology. Different individuals differ in their technical knowledge and skills. In many cases, users who have little time to devote to learning new technology easily become frustrated and hence resistant to ICT based solutions.
c. Technology-related risk.Some users and/or organizations fear making mistakes that would undermine their business. Some organizations are forced to work with various businessrelated risks and therefore have little interest in adding technology risk to it all.
d. Lack of utilitarian value and other incentives. There are cases in which the stakeholders fail to see the value (utilitarian) in the use of a technology.
e. Lack of awareness. Users are not always aware of the technological solutions that are available for particular problems they may be facing.
f. Lack of confidence. Some decision makers have little time to spend on tasks not directly related to running their business and fear experimenting with technology.
g. Lack of trust in the Technology.

ii. Context-related challenges. Brought about by such issues as diversity in ethnicity, culture, demographics, location, professional backgrounds of the employees etc. This may create a mismatch between the technology and social/business systems. These in turn may make the key decision makers feel that the technology adds little value to their organization.

iii. Operational challenges. A problem facing many SMEs is the lack of a dedicated ICT support service. Theseorganizations are usually too small to hire their own technology staff. Many of them are usually also not able to afford to hire ICT consultants.

iv. Capability-related challenges. This has to deal with the issue of inadequate pool of ICT user skills. Whether real or perceived, a lack of skills is a great hindranceto the use of IT in micro-enterprises.

v. Resource challenges. The lack of or limited availability of financial resources is a common constraint among micro-enterprises especially when it comes to ICT budgets. An almost forgotten resource that needs to be mentioned is time. Lack of time. Micro-enterprise entrepreneurs have little time to spend ontechnology. This is at times even considered to be wasteful.

vi. Access challenges. Inadequate hardware and software as well asthe presence of poor infrastructure. Suffice it to say that a lack of technology limits an organizations ability to benefit through the use ICT based solutions.

See below image for more details (Wolcott,Kamal &Qureshi, 2008).

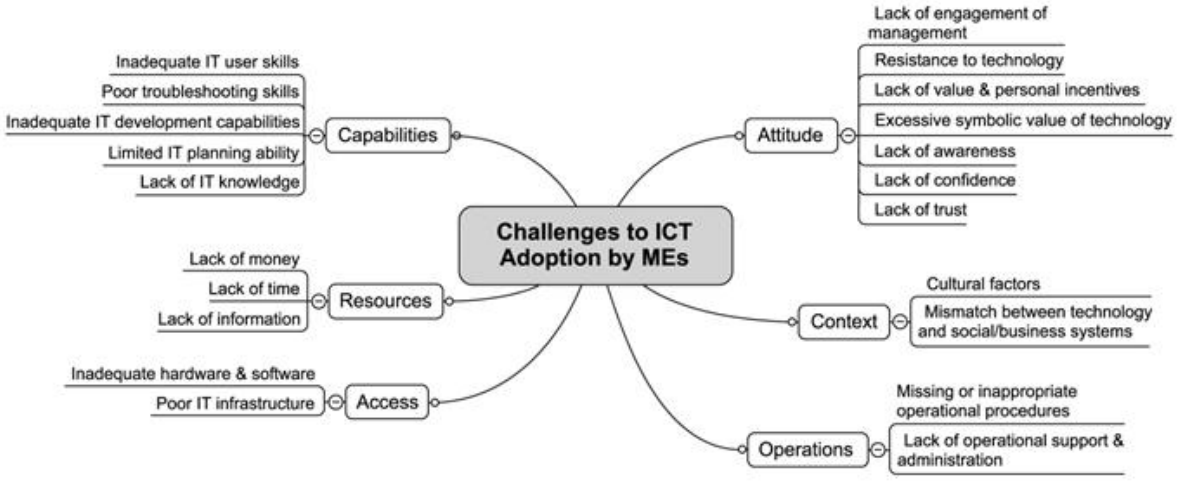


Figure 2.1: Challenges to ICT adoption by micro-enterprises.
Retrieved from http://www.emeraldinsight.com/content_images/fig/0880210605001.png

2.3 Financial Challenges

According to Zeuli&Cropp (2004), cooperatives need efficient capital to function efficiently and grow. Increasing the cooperatives business volume and services requires additional capital. Funding is needed to cater for meetings and feasibility studies, purchase of necessary facilities etc. As had been reported in an article in The Sacco Star (2011, July), SACCOs require significant financial resources in order to upgrade their systems and impact the necessary skills to their members of staff and management. Lack of adequate financial resources has meant that some SACCOs in the past have been pushed to the point of delaying applying for their deposit taking licenses from SASRA and other related developments.

Few businesses can expect to operate without the use of financing in one form or another, whether this is for the purchase of inventory and supplies, or the payment of wages and settling of debts. Financing is a commonly accepted means of raising the money required to fund any

particular project. Considering that ICT budgets are shrinking for the majority of organizations, ICT financing can be used to supplement budgets and provide a better strategic ICT platform for the organization. There are a few options when it comes to financing an ICT project. The first is for self-financing through cash reserves. However, few organizations usually have the cash reserves required to fund large ICT. External finance is another option. Bank lending will often be the first port of call for many organizations. Another option is to use the vendor's own leasing Programme where the equipment and finance solution is sourced directly or via a partner. The equipment will remain the property of the vendor during the lease period, and if payments are not kept up, the equipment is recovered by the manufacturer (Quocirca, 2013).

The above options may be available to different degrees to any particular Sacco. As highlighted by Ademba (2010), Saccos face various challenges related to finances and capital adequacies. A number of issues have been highlighted as; Saccos not being able to meet the minimum capital, some Saccos have not separated Capital from member's deposits; most Saccos depend on the short term external borrowings etc. Such factors impede or at least relegate ICT based projects to the back of the list of priorities. This means that resources for ICT intensive projects may not be as readily available hampering development of such projects.

2.4 Technical Challenges

Ademba (2010) notes that slow adoption of technology as a major challenge facing Saccos in Africa. This would certainly impact the adoption of related systems and services dependent on the availability of an existing infrastructure for support. Observations from PROCASUR Africa (2012), also underscore these points where they note how the level of use of ICT within the sector is inadequate to reform the way manage their business and facilitate effective delivery of services.

It has been observed that ICTs improve an organization's productivity by allowing firms to adopt flexible structures and locations. The increased geographic dispersion is a source of productivity gains as it also allows firms to exploit comparative advantages and save on costs. Further productivity gains also come from better management, through better inter- and intra-organizational communication, and increased flexibility, owing to the removal of physical constraints on organizational communications (Mihasonirina&Kangni, 2011).

According to a whitepaper from Microsoft (2004) Information and communications technologies (ICTs) are transforming societies and fueling the growth of the global economy. But despite this broad potential their benefits have not been spread evenly. At their most fundamental level, ICTs enable organizations to be more productive. They also assist any organization (Saccos included) to expand the reach of operations.

According to an interview in the Daily Nation the adoption of proper information and communication technology (ICT) is still a challenge to the successful enactment of the Sacco Act. Many of such institutions were still mired in manual operations that need to be dropped if the objectives of the new law are to be met. This helps to highlight the slow growth of adoption of such ICT related system such as Sacco Link that are based on the existence of a viable ICT infrastructure in the Sacco Society ("Slow uptake of ICT hindering new Sacco law", 2009).

The good news is that some of the Saccos are trying to make a change. For example, members of the Kilifi Teachers Sacco have been quoted in the Sacco Star (2010, March) as having chosen to embrace ICT as part of their strategy to modernize their operations and improve their processes and delivery of products in an efficient manner. Indeed they have decided to invest

more in appropriate ICT to modernize our operations and to keep abreast with changing technological advance.

Leveraging the use and benefits of ICT also requires access to sufficient capital to develop, implement and operationalize the needed solutions (Microsoft, 2004). For organizations to take full advantage of ICTs and spur the growth of their activities, it is imperative that they have ready access to affordable financing. Competitive, flexible capital markets make it easier for individuals and firms to purchase ICTs on credit, and make it less expensive for ICT based projects.

2.5 Human Resource Challenges

ICT skills are vital to enabling individuals and organizations to leverage the full potential of information and communication technologies. Yet in many parts of the developing world, relatively few users have the skills to utilize ICT as effectively as compared to the western world. Fewer still have the expertise to develop ICT products or provide critical IT services. A shortage of skilled ICT workers will make organizations reluctant to invest in ICT, thereby curtailing demand for domestic ICT products and services and leaving fewer opportunities for entrepreneurs and domestic ICT firms. A chronic shortage of skilled ICT workers will impair a country's competitiveness not only in the ICT sector – one of the fastest growing areas of the global economy – but in many other more traditional sectors as well (Microsoft, 2004). Since many Saccos are formed by members of the lower to middle class and in environments of depravity, we find them recruiting personnel from the same areas and with the same issues, hence missing out on hiring staff that will increase the productivity and see the fulfillment of the potential of the Sacco.

System implementations usually involve considerable human resources requirements and capacity building needs throughout the organization. The low level of computer literacy in many organizations in developing countries must first usually be adequately addressed before such projects can be truly viable. The lack of staff with required ICT knowledge usually cannot be easily and remedied by training and hiring since other factors usually come into play. Something also pointed out is the level of remuneration applied that is usually not attractive enough to compete with private sector employment conditions. Another risk to consider is the even after spending resources on training and capacity building, trained staff may leave for better opportunities elsewhere (Marie, 2009).

When it comes to the developing world, Ademba (2012) highlights the deficiency in contemporary skills needed to optimize the present opportunities available in the digital era. However, awareness about the importance of ICT skills for empowering small businesses in developing nations among governments is growing. Observations have also been made concerning existing research concerning the transfer of ICT based knowledge to developing countries and the need to develop a skilled workforce to learn from the mistakes of other countries. The ICT skills problems in developing countries like in developed countries are more severe in small-scale enterprises than they are in large corporations (Mutula&Brakel, 2007).

PROCASUR Africa (2012) further adds that qualified ICT personnel have been found to be very expensive for a large majority of the SACCO's. This therefore affects the capacity the Sacco is able to gain and maintain.

We find that ICT skills are vital not only during the implementations and delivery of such ICT based projects, but also in the operations involved in the use of the output of these projects. The

successful implementation of such projects requires the availability of skilled staff or the capacity to quickly equip the existing staff with the required level of skills and know-how.

The use of such systems also requires similar expertise to not only take advantage of the benefits offered but to also overcome the challenges that may be encountered during the use of these technologies.

2.6 Awareness Challenges

According to Bridges to Technology Corp (2006), everyone who adopts a new technology goes through a predictable series of steps: Awareness of the technology, Assessment of whether it is for them or not, Acceptance of the technology, Learning to use it, and Usage. The main differences between individuals and organizations is the amount of time they spend on each stage and how much overlap there is between the steps. Understanding the phases helps us understand how to shape the technology adoption process. Awareness is the phase when people gain their first knowledge and possibly first contact with the technology and make a decision about whether or not they will make assessment of the technology. It is usually the role of marketing at this phase is to influence people to move on to the assessment phase by creating awareness of the technology and generating enough interest for people to investigate further. The potential benefits and delivery channels of the products also need to be clearly communicated. For some awareness is enough for them to make their decision to adopt. Early adopters and visionaries are able to quickly assess the benefits of the technology and decide whether they will benefit from it and therefore whether to accept it or not. This group is also willing to work hard to learn how to use the technology and to work with the associated high levels of complexity and high risk of failure as well as the limited support. Most people on the other hand take a slower route to adopt because they need to be sure they will be able to learn to use the technology or capture its

benefits. Early majority people are more cautious and need more information. They hear about the technology from others and form their decision based on available materials. On the extreme end of the scale we have the late adopters need usually need more direct evidence acquired through peers or people perceived to be important.

The absence of use of a technology may not necessarily mean potential beneficiaries are not aware of its existence (though it may be confused as such); it may also be an indicator of the rejection of that technology. In light of such considerations it would be appropriate to mention this rejection in this particular context. According to Sudhir&Monto Mani (2006), technology fundamentally serves to expand and enhance human capabilities and conveniences. It can therefore only have a successful impact on people when it coincides with accepted routines and prevalent mindsets. Some technologies are therefore well accepted (albeit to varying degrees) while others are rejected. The factors contributing to technology rejection include; technological complexity, technology fatigue / excessive technology, level of flexibility, switching cost and loss aversion among others.

The above factors inevitable affects technology centered projects. This may be in terms of them never really taking off because the users are not aware not only of their existence or possibilities, but also of their potential benefits as well.

2.7 Stakeholder Challenges

Technology fundamentally serves to expand and enhance human capabilities and conveniences. It can have a successful impact on people only when it daily routines and prevalent mindsets. Large ICT projects and reforms are usually perceived by organizations and their members as complex, risky, resource intensive and often requiring major procedural changes. This often

involves conflicts with high-level officials lacking incentives for such reforms. Decision makers and all concerned stakeholders must be convinced that the project's and system's benefits exceed risks and that the promised benefits are what the organization needs to move forward (Marie, 2009).

The stakeholders that are of most concern to this study are the leaders and decision makers in the organization. In most situations, if the leaders are convinced of the need or necessity for change they are usually able to rally up the members to support the initiative. On the other hand, if the leaders do not perceive the need for change for any number of reasons then the change usually becomes stymied at its onset. According to Ojall (2013), the below challenges are the ones that typically associated to leadership that keep a Sacco society from progress and development.

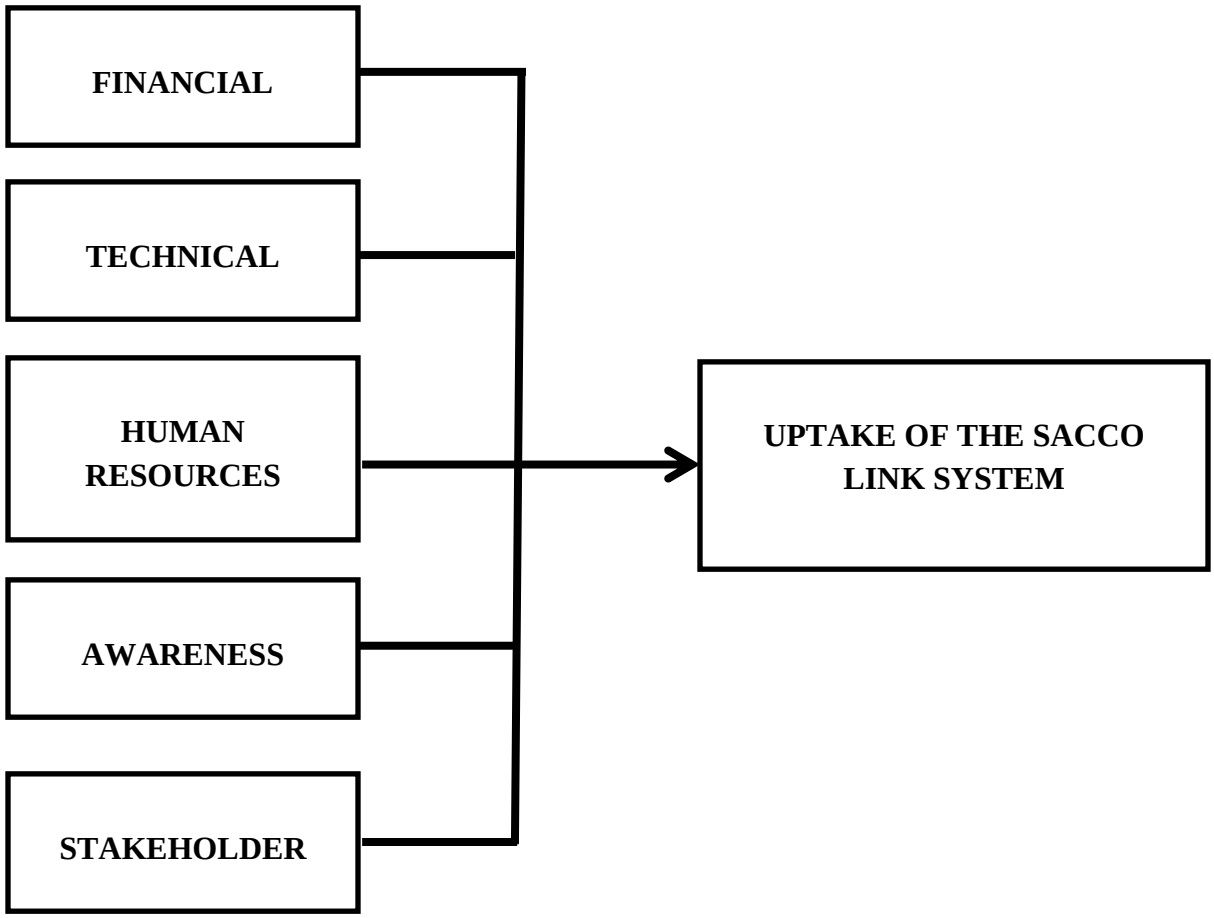
- Board elections more often influenced by factors other than competence.
- Monetary gain still a major factor in seeking board positions. This is as opposed to members seeking those positions to make a difference and develop the society for the benefit of its members.
- Terms of office not limited. This has the uncanny effect of allowing some members to hold office for a long time in comparison to other organizations with fixed terms. This ultimately means fresh ideas and new ways of facing challenges are not introduced to the society.
- Few women directors.
- Few young directors considering the demographics of the member population.
- Conflict between Directors and Managers.

- Board level education is open. This impacts the development of the society since board members who are elected may not have attained the necessary education and training to allow them to fully discharge the duties entrusted to them.

Another observation from Ademba (2010) indicates that political expediencies and a lack of responsible governance players (Sacco board of directors) are some of the major challenges facing Saccos and their regulations within Africa. Ademba (2012) again highlights these issues by mentioning affirming that leadership and governance problems coupled with ethics and integrity are some of the key challenges facing Saccos in Africa.

This cumulatively guides the adoption or rejection of such ICT based projects by the organization as influenced by these key stakeholders.

2.8 Conceptual Framework



CHAPTER THREE: METHODOLOGY

This chapter describes how the research was carried out. It highlights include the research design, study population, sampling strategy, sample size, data collection tools and data analysis techniques.

3.1 Research Design

The aim of this study was to investigate the challenges facing the uptake of Sacco Link System by a selected set of Sacco's within the Nairobi area. The research design that was used in the study was be Descriptive Cross-sectional survey. According to Murphy (2013), this design presents an opportunity to fuse both quantitative and qualitative data in the analysis of a problem. The Dependent variable was the uptake of the Sacco link System. The independent variables included challenges affecting the uptake of the system. These include financial challenges, human resource challenges, technical challenges, awareness challenges as well as stakeholder challenges. Data was collected from the General Managers of the Saccos being investigated. The research used both primary and secondary sources of data. Primary data was obtained from the Sacco members using structured questionnaires while secondary data was sourced from books and journals.

3.2 Target population

The population that was studied consisted of the General Managers of the 45 Saccos within Nairobi (see appendix D). The members of this population had the best insight and authority to provide the data and information being sought. Considerations were made to cater for the different structures that were met across the different Saccos. In line with its comparatively small membership, low financial base and limited product range, Pan Africa Sacco Society (2013)

hadhad a correspondingly lean staff complement and simple organizational structure. The Society's secretariat is headed by an administrator who reports to the Management Committee (MC). The MC comprises nine elected officials; namely, the Chairman, Secretary, Treasurer and six committee members. A Supervisory Committee, which is also composed of elected members, oversees the Management Committee and the Manager on behalf of the Members. Both the MC and the SC report to the Annual General Meeting, which is the highest organ of the Society. The day to day activities are undertaken by the Secretariat which has the following staff members: Administrator and Administration Assistant. TelepostSacco Society Limited (2013) on the other hand was managed by a board of 12 directors elected by delegates from the various branches in annual delegates meeting on a rotational basis. There are four executive members of the board, five members and three supervisory committee members. The day to day management of the Society is overseen by the General Manager and a team of senior Managers.

3.3 Sampling

For this study we will employ the use of simple random sample. It involves selecting a group of subjects known as a sample for a study from a larger group of subjects known as the population. Each individual is chosen entirely by chance and each member of the population has an equal chance of being included in the sample. Every possible sample of a given size has the same chance of selection (Department of Statistics, 2013).

An important benefit of simple random sampling according to Stat Trek (2013) is that it allows researchers to use statistical methods to analyze sample results. Lund Research Ltd (2012) points out that the aim of this approach is to reduce the potential for human bias in the selection of cases to be included in the sample and as a result sample provides us with a sample that is highly representative of the population being studied. According to Mugenda & Mugenda (2003), this

random sampling allows for generalizability to a larger population with a margin of error that is statistically determinable. It also allows for the use of inferential statistics which allows us to draw a valid conclusion about a population based on the characteristics of a sample.

3.4 Sample Size

The total number of Saccos within the Nairobi area was 45 (See appendix D). Considering the small size of the populationthe researcher will therefore use a census of all the Saccos.

3.5 Data Collection Tools

Data was collected from both primary and secondary sources. A review of existing literature was carried out to understand the studies that had been conducted before especially concerning the history of the cooperative movement as it relates to the Saccos. Primary data was collected from a sample of the General Managers through the use of a structured questionnaire. According to LTDI (2013) and StatPac Inc. (2013) amongst others, questionnaires are the preferable tool of data collection for such an exercise because; Questionnaires are very cost effective, are easy to analyze, are familiar to most people, are less intrusive than telephone or face-to-face surveys, are more standardized and objective etc. There was only one simplified and structured questionnaire used by all the potential respondents. The questionnaires were self-administered. They were delivered to the respondents offices and picked up at a later date.

3.6 Data Analysis Techniques

The data collected from the respondents was be checked for completeness, collated, and coded. The Statistical Package for Social Sciences (SPSS) was used for data entry and the results analyzed using descriptive statistics comprising of tables, graphs, frequencies and percentages for the purpose of interpretation.

Once the data has been collected, multiple linear regression analysis was used to assess the association between the five independent variables (Financial Challenges,Technical Challenges,Human Resource Challenges,Awareness Challengesand Stakeholder Challenges) and the single dependent variable (Uptake of the Sacco Link System). The below model was used.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

Where Y = Uptake of the Sacco Link System

X_1 = Financial Challenges

X_2 = Technical Challenges

X_3 = Human Resource Challenges

X_4 = Awareness Challenges

X_5 = Stakeholder Challenges

The results will be presented and will form the basis for the ensuing recommendations and suggestions.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

This study examined the challenges facing the uptake of Sacco link system by surveying 32 Sacco's within the Nairobi area. This chapter presents the findings of the data analysis using the responses from the questionnaires distributed to the participants. The data were entered and analyzed into SPSS by this researcher. Participants were the general managers of the 32 Saccos within Nairobi. The questions consisted of closed ended questions which at large asked the respondents to agree or disagree with the statements regarding the uptake of the Sacco link system.

4.2 Demographics

The participants involved in this research study consisted of 32 general managers who manage the 32 Saccos in Nairobi area. 43.8% of the participants had worked in their respective Saccos for less than 5 years while 37.5% between 6 to 10 years and only 18.8% had worked in their Saccos for more than 10 years. The frequencies of the duration of the working years of the respondents are displayed in Table 4.2.1 below.

Table 4.1: The duration in which the respondent has been working at the Sacco

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 5 years	14	43.8	43.8	43.8
	6-10 years	12	37.5	37.5	81.3
	more than 10 years	6	18.8	18.8	100.0
	Total	32	100.0	100.0	

The researcher also needed to understand the level at which the system has been implemented in the Saccos. The respondents were asked if their Sacco has implemented the system. The responses are summarized in Table 4.2.2 below:

Table 4.2: Implementation of Sacco Link in the respondents Sacco

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	27	84.4	84.4	84.4
	No	4	12.5	12.5	96.9
	In progress	1	3.1	3.1	100.0
	Total	32	100.0	100.0	

It is clear from this tale that most Saccos have implemented the Sacco link system. 84.4% respondents agree that the system has been implemented and only 12.5% of the Saccos have not embraced the idea. 3.1% are in the process of implementing the system.

Having known the level at which the Saccos have embraced the implementation of the Sacco link system, the researcher went ahead to assess the association within and between the five challenges that are facing the uptake process of the system. The five challenges are Financial Challenges, Technical Challenges, Human Resource Challenges, Awareness Challenges and Stakeholder Challenges.

4.3 Financial Challenges

Under financial challenges, the researcher asked four questions requiring the respondent to agree or disagree in accordance to the status of the Sacco. The four statements were as follows:

- There are adequate financial resources within the organization to finance the project
- There are partners willing and able to assist us finance the project
- We have the necessary budget to aid us implement the project
- The financial benefits of the system and the necessary returns on investment have been recognized

The frequency tables below indicates the responses to this questions:

Table 4.3: Adequate financial resources within the respondents Organization to finance the project

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	27	84.4	87.1	87.1
	Disagree	4	12.5	12.9	100.0
	Total	31	96.9	100.0	
Missing	99.00	1	3.1		
Total		32	100.0		

The respondents were asked confirm whether their respective Saccos had adequate financial resources to finance the implementation of the system. According to the results shown in the table above, most of the Saccos had the financial muscles to finance the project. 87.1% of the Saccos have adequate financial resources to finance the project and only 12.9% do not have it.

Table 4.4: Availability of partners willing to finance the project

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	13	40.6	41.9	41.9
	Disagree	18	56.3	58.1	100.0
	Total	31	96.9	100.0	
Missing	99.00	1	3.1		
Total		32	100.0		

On the availability of partners willing to finance the project, most Saccos lack such partners. 58.1% of the respondents disagreed that they have partners willing to finance the project and only 41.9% agreed.

Table 4.5: Necessary budget to assist the respondents to implement the project

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	26	81.3	86.7	86.7
	Disagree	4	12.5	13.3	100.0
	Total	30	93.8	100.0	
Missing	99.00	2	6.3		
Total		32	100.0		

86.7% of the Saccos within Nairobi have the necessary budget to implement the project and only surpassing the 13.3% of the Saccos that fail to have the necessary budget to implement the project.

Table 4.6: Recognition of the financial benefits of the system and the necessary returns on investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	24	75.0	80.0	80.0
	Disagree	6	18.8	20.0	100.0
	Total	30	93.8	100.0	
Missing	99.00	2	6.3		
Total		32	100.0		

Lastly, under financial challenges, this study sought to understand if the Saccos do recognize the financial benefits of the system and the necessary returns on investment. The study found that most of the Saccos, 80% do recognize it while only 20% do not.

4.4 Technical Challenges

The study sought to understand the extent to which the Saccos are facing technical challenges in implementing the project. The statements that helped the researcher understand this are:

- There is an adequate ICT infrastructure in place supporting the current operations
- There is additional capacity that may be used to implement the Sacco system

- Implementation of the Sacco system will not negatively impact the current operations
- Additional resources and hardware can be procured when and as needed.

The respondent was to agree or disagree on the above statements above in relevance to his or her Sacco. The tables below summarizes the frequencies of the respondents:

Table 4.7: Presence of adequate ICT infrastructure to support current operations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	32	100.0	100.0	100.0

As evident from the frequency table above, all Saccos have the adequate ICT infrastructure in place to support the current operations.

Table 4.8: Presence of additional capacity that may be used to implement the Sacco system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	27	84.4	90.0	90.0
	Disagree	3	9.4	10.0	100.0
	Total	30	93.8	100.0	
Missing	99.00	2	6.3		
Total		32	100.0		

90% of the Saccos have additional capacity which may be used to implement the Sacco link system and only 10 % have less capacity.

Table 4.9: Implementation of the Sacco system will not negatively impact the current operations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	28	87.5	93.3	93.3
	Disagree	2	6.3	6.7	100.0
	Total	30	93.8	100.0	
Missing	99.00	2	6.3		
Total		32	100.0		

On whether the implementation of the system will or will not impact the current operations negatively, 93.3% of the respondents agree that the current operations will not be negatively affected.

Table 4.10: Additional resources and hardware can be procured when and as needed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	30	93.8	100.0	100.0
Missing	99.00	2	6.3		
Total		32	100.0		

Moreover, most of the Saccos have additional resources and hardware that can be procured when and as needed. This is indicated by the 100% agreement of the respondent to the statement.

4.5 Human Resource Challenges

The study sought to know whether there are any challenges facing the uptake of the Sacco link system in relation to the human resource status. The study therefore asked the respondent to agree or disagree to the following statement depending on the status of their respective Saccos:

- We have an adequate technical I.T team to administer the system
- Have an adequate operations team able to manage the daily activities involved in the system
- Acquisition of additional workers will not be a challenge
- Training and building of capacity will not be a challenge

The responses were as follows:

Table 4.11: The Sacco has an adequate technical IT team to administer the system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	31	96.9	96.9	96.9
	Disagree	1	3.1	3.1	100.0
	Total	32	100.0	100.0	

A good number of Saccos (96.9%) have an adequate technical IT team to administer the system. Only 3.1% of the Saccos have inadequate technical team to administer the system.

Table 4.12: The Sacco has an adequate operations team able to manage the daily activities involved in the system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	30	93.8	96.8	96.8
	Disagree	1	3.1	3.2	100.0
	Total	31	96.9	100.0	
Missing	99.00	1	3.1		
Total		32	100.0		

It is clear that most Saccos have an adequate operations team that is able to manage the daily activities that are entailed in the system. 96.8% of the respondents agreed to that and only 3.2% disagreed.

Table 4.13: Acquisition of additional workers will not be a challenge

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	21	65.6	67.7	67.7
	Disagree	10	31.3	32.3	100.0
	Total	31	96.9	100.0	
Missing	99.00	1	3.1		
Total		32	100.0		

If the system is implemented, 67.7% of the Saccos will not be challenged to acquire additional workers whereas 32.3% will face the challenge.

Table 4.14: Training and building of capacity will not be a challenge

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	26	81.3	83.9	83.9
	Disagree	5	15.6	16.1	100.0
	Total	31	96.9	100.0	
Missing	99.00	1	3.1		
Total		32	100.0		

83.9% will find it easy to train and build capacity for the ease functioning of the system. On contrary, 16.1% will find it a challenge.

4.6 Awareness Challenges

The study had to know whether the Saccos were well informed in regards to the Sacco link system. The statements that guided this were:

- We are aware of the availability of the system and its service
- We are aware of the benefits it offers our members
- We are aware of the procedures needed to request and implement the system
- Our members are aware of the value of the system

The respondents had to agree or disagree according to the level of awareness of their respective organizations. Below are the frequencies of the responses:

Table 4.15: We are aware of the availability of the system and its service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	32	100.0	100.0	100.0

Table 4.16: We are aware of the benefits it offers the members of the Sacco

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	32	100.0	100.0	100.0

From the two tables above, it is evident that at least all the Saccos are aware of the availability of the Sacco link system and its service as well as the benefits it offers to their members.

Table 4.17: Awareness of the procedures needed to request and implement the system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	31	96.9	96.9	96.9
	Disagree	1	3.1	3.1	100.0
	Total	32	100.0	100.0	

96.9% of the respondents agree that they are aware of the procedures required to request and implement the system leaving out 3.1% who are not aware of the procedures.

Table 4.18: Members of the Sacco are aware of the value of the system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	28	87.5	90.3	90.3
	Disagree	3	9.4	9.7	100.0
	Total	31	96.9	100.0	
Missing	99.00	1	3.1		
Total		32	100.0		

Most of the respondents are aware of the value of the Sacco link system. 90.3% of the Saccos have their members enlightened on the value of the system.

4.7 Stakeholder Challenges

The uptake of the Sacco link system may not be implemented due to stakeholder challenges. In order to find this out, the study asked the respondents to agree or disagree to the following statements:

- The stakeholders are aware of the availability of the system and its service
- The stakeholders are aware of the benefits it offers our members
- The stakeholders perceive the need to adopt such a system
- Our members are aware of the value of the system

These were the frequencies of the responses:

Table 4.19: The stakeholders are aware of the availability of the system and its services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	31	96.9	100.0	100.0
Missing	99.00	1	3.1		
Total		32	100.0		

Table 4.20: The stakeholders are aware of the benefits it offers the members of the Sacco

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	31	96.9	100.0	100.0
Missing	99.00	1	3.1		
Total		32	100.0		

For the responses received, 100% indicate that the stakeholders are aware of the presence of the system and its service as well as the benefits associated by the Sacco link system

Table 4.21: The stakeholders perceive the need to adopt such a system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	28	87.5	93.3	93.3
	Disagree	2	6.3	6.7	100.0
	Total	30	93.8	100.0	
Missing	99.00	2	6.3		
Total		32	100.0		

93.3% of the respondents agree that the stakeholders do perceive the need to adopt the system while 6.7% disagree.

Table 4.22: Members of the Sacco are aware of the value of the system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	29	90.6	96.7	96.7
	Disagree	1	3.1	3.3	100.0
	Total	30	93.8	100.0	
Missing	99.00	2	6.3		
Total		32	100.0		

Most members of Saccos are aware of the value of the system. 96.7% of the respondents agree while 3.3% disagree.

4.8Regression analysis

The study used multiple linear regression analysis to assess the relationship between the five independent variables, i.e. the challenges and the single dependent variable, which is the uptake of the Sacco link system. The assessment is divided into five according to the challenges.

4.8.1Relationship between the financial challenges and the uptake of the system

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.583	.419		-1.392	.175
	Adequate financial resources within the respondents Organization to finance the project	.696	.241	.497	2.893	.007
	Availability of partners willing to finance the project	.240	.139	.257	1.727	.096
	necessary budget to assist the respondents to implement the project	.142	.237	.111	.601	.553
	Recognition of the financial benefits of the system and the necessary returns on investment	.368	.196	.328	1.873	.072

a. Dependent Variable: Implementation of Sacco Link in the respondents Sacco

The regression equation above has established that taking all factors concerning finances into account constant at zero the implementation of the Sacco link system will be -0.583. The finding also show that taking all other independent variables at zero, a unit increase in the financial

resources would lead to 0.696 increase in the implementation of the system. Applying the same on partners willing to finance the Sacco gives 0.240 increases in the uptake of the system.

4.8.2 Relationship between the technical challenges and the uptake of the System

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.320	.500		.640	.527
	Presence of additional capacity that may be used to implement the Sacco system	-.160	.283	-.114	-.564	.577
	Implementation of the Sacco system will not negatively impact the current operations	.173	.283	.124	.611	.546
	Additional resources and hardware can be procured when and as needed	.827	.606	.310	1.364	.183

a. Dependent Variable: Implementation of Sacco Link in the respondents Sacco

Taking all the challenges constant, the uptake of the Sacco link system will be 0.320. Again taking all other independent variables constant, a unit change in the additional resources and hardware that can be procured will see the implementation rise by 0.827. Such scenario also

occurs on the negative impact of the system. A unit increase causes 0.173 increases in the probability of implementing the project. Nevertheless, a unit increase in the availability of capacity used in the implementation of the system causes a decrease in the probability of implementing the system. In general, under technical challenges, more resources have the greatest impact on the implementation process while presence of additional capacity has the least impact.

4.8.3 Relationship between the uptake of the system and the human resource challenges

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.963	.528		1.823	.079
	The Sacco has an adequate technical IT team to administer the system	-.284	.611	-.106	-.464	.646
	The Sacco has an adequate operations team able to manage the daily activities involved in the system	.119	.463	.062	.258	.798
	Acquisition of additional workers will not be a challenge	-.351	.174	-.351	-2.016	.054
	Training and building of capacity will not be a challenge	.716	.220	.603	3.255	.003

a. Dependent Variable: Implementation of Sacco Link in the respondents Sacco

The table of the coefficients above indicate that if all the challenges concerning human resources are taken constant, the implementation process of the project will have a probability of 0.963. If other independent variables are kept constant, many Saccos will not face a challenge in training

and building capacity. This will see an increase in the uptake process by 0.716. Training and building capacity has the highest impact to the uptake of the system followed by presence of adequate operations team. However, acquisition of additional workers records a negative impact to the process implying that it is a major challenge to the uptake process.

4.8.4 Relationship between the uptake of the system and awareness challenges

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.306	.610		2.139	.041
	Awareness of the procedures needed to request and implement the system	-.185	.494	-.070	-.375	.710
	Members of the Sacco are aware of the value of the system	.065	.260	.046	.249	.805

a. Dependent Variable: Implementation of Sacco Link in the respondents Sacco

Keeping all the independent variables constant, the implementation process will be 1.306. Awareness appears not to be a major challenge to the Saccos. A unit change in the value awareness of the members concerning the system, other variables constant, causes an increase of 0.065 in the uptake of the system. Awareness concerning the availability of the system and its

service as well as its benefits has no impact to the implantation process. However, the procedures needed to request and implement the system is a big challenge since it has recorded -0.185.

4.8.5 Relationship between the uptake of the system and the stakeholders challenges

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.621	.650		2.495	.019
	The stakeholders perceive the need to adopt such a system	-.207	.353	-.108	-.586	.562
	Members of the Sacco are aware of the value of the system	-.207	.491	-.078	-.421	.677

a. Dependent Variable: Implementation of Sacco Link in the respondents Sacco

The stakeholders' challenges have a great impact to the uptake of the Sacco link system. Other variables kept constant, the implementation of the system will be 1.621. Stakeholders of the Sacco seem to be well informed on the availability of the system and its services as well as its benefits. Therefore, that is not a challenge to the implementation process.

CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMENDATIONS

5.0 Introduction

The results of the data analysis and the findings as well as conclusions drawn by the research are summarized in this chapter. This chapter also contains recommendations and suggestions for further research.

5.1 Summary

5.1.1 Financial Challenges

Most of the respondents had adequate resources with the necessary budgetary capacity and needed little external support from financial partners. They also recognize the financial benefits of the system and the necessary returns on investment.

5.1.2 Technical Challenges

All the respondents indicated that they had adequate ICT infrastructure to support the system and with additional reserve capacity for any increased resource demands. Additional resources that may be required above available resources could easily be procured as well. To add to this, introduction of the system would not have any negative effects on the present ICT infrastructure.

5.1.3 Human Resource Challenges

There is an adequate technical I.T team to administer the system. There is also an adequate operations team able to manage the daily activities involved in the system as well as provisions for the acquisition of additional workers needed should they be needed for the implementation and use of the system. Training and capacity building is an available option for bridging any gaps present in the personnel available to work with the system. .

5.1.4 Awareness Challenges

All the respondents were aware of the existence of the system as well as its benefits. Most were also aware of the procedures needed to request and implement the system and the value it would add to their organization.

5.1.5 Stakeholder Challenges

This is a summary of the characteristics of the chief executives responsible for directing the Sacco societies. Many of whom had already Sacco System. Most of the respondents were male. Slightly over half of the respondents had post graduate qualifications while a majority of the rest had undergraduate training with very few of them having stopped at college level training. There was a healthy distribution of years worked at the institution, with choices being 5, 6 – 10 and greater than 10 years.

When it came to management's awareness of the system, most were aware of its existence as well as its potential benefits and value to the institution.

5.2 Conclusion

From the findings cited above, the research made the following conclusions.

1. The Saccos face few financials challenges regarding projects involved in the uptake of the Sacco link system.
2. The Saccos face few technical challenges regarding projects involved in the uptake of the Sacco link system.
3. The Saccos face few human resource challenges regarding projects involved in the uptake of the Sacco link system.

4. The Saccos have a great deal of awareness of the Sacco link systems and the procedure involved in acquiring it for their use.
5. The Saccos chief executives comprise of well-educated individuals aware of the existence and benefits of the Sacco link system.

5.3 Recommendations

Below are recommendations from the observations made.

1. 23% of the respondents were unsure or were concerned with the adverse effects that would be introduced to the ICT infrastructure by the implementation of the Sacco Link System. Training of the Sacco staff on the implementation and use of the system may help to alleviate these anxieties. Lesson learnt from the implementation of the system by other Saccos may also be used to minimize the risk associated with the system.
2. Availability of additional staff

5.4 Suggestions for further research

Below are suggestions for further research.

1. Investigation of other constraints affecting the uptake of the system. Seeing the level of challenges experienced from the factors in this study are not as severe, an investigation of other factors such as policy and environment may yield more results.
2. Investigation of factors affecting the maintenance of the system. During the course of the study, it was noticed that some of the institutions faced challenges with the maintenance of the system, chief of which were the high maintenance transaction charges for levied on the members of the Sacco using the system.

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APPENDIX A: COVER LETTER FOR THE QUESTIONNAIRE

Dear participant,

My name is Andrew Ogola and I am a graduate student at Kenyatta University. For my final project, I am investigating the challenges facing the uptake of the Sacco Link system by the Saccos within the Nairobi area. Because you are a senior member of staff within such an organization, I would like to invite you to participate in this research study by completing the attached surveys. The following questionnaire will require approximately 5-10 minutes to complete. There is no compensation for responding nor is there any known risk. In order to ensure that all information will remain confidential, please do not include your name. If you choose to participate in this project, please answer all questions as honestly as possible and return the completed questionnaires as soon as you can. Participation is strictly voluntary and you may refuse to participate at any time. I case of any queries you can get in touch with me on 0726103890. Thank you for taking the time to assist me.

Sincerely,

Andrew Ogola

APPENDIX B: CONSENT FORM FOR THE QUESTIONNAIRE

You will be assured of complete confidentiality. The information you provide for this project will have your name removed. You are free to withdraw from this study at any time without obligation. If you have any questions about the project, you can contact:

Andrew Ogola (Researcher) 0726103890

I have read the above information and I understand it.

I know of no reason I cannot participate in this study.

_____ Signature

APPENDIX C: QUESTIONNAIRE

SACCO NAME…… DATE……..

Please tick the appropriate response

1. How long have you worked for the Sacco

Less than 5 years ☐ 6 - 10 years ☐ More than 10 years ☐

2. Gender

Male ☐ Female ☐

3. What is your level of responsibility in the Sacco?

Management ☐ Middle Management ☐ Senior Management ☐

4. What is your level education?

College ☐ Undergraduate ☐ Postgraduate ☐ Other ☐

5. Has the Sacco Link System been implemented in your Sacco?

Yes ☐ No ☐ In Progress ☐

6. Kindly rate the below questions linked to financing of the system. Consider the challenges as those experienced if the system is already in place.

		Agree	**Disagree**
i	There areadequate financial resources within the organization to finance the project		
ii	There are partners willing and able to assist us finance the project		
iii	We have the necessary budget to aid us implement the project		
iv	The financial benefits of the system and the necessary returns on investment have been recognized.		

7. Kindly rate the below questions linked to technical details of the system's implementation.

		Agree	**Disagree**
i	There is an adequate ICT Infrastructure in place supporting current operations		
ii	There is additional capacity that may be used to implement the Sacco system		
iii	Implementation of the Sacco system will not negatively impact the current operations		
iv	Additional resources and hardware can be procured when and as needed		

8. Kindly rate the below questions linked to human resource capacity needed for the system's implementation.

		Agree	**Disagree**
i	We have an adequate technical I.T team to administer the system		
ii	Have an adequate operations team able to manage the daily activities involved in the system		
iii	Acquisition of additional workers will not be a challenge		
iv	Training and building of capacity will not be a challenge		

9. Kindly rate the below questions linked to the level of awareness of the system.

		Agree	**Disagree**
i	We are aware of the availability of the system and its service		
ii	We are aware of the benefits it offers our members		
iii	We are aware of the procedures needed to request and implement the system		
iv	Our members are aware of the value of the system		

10. Kindly rate the below questions linked to the stakeholders of the Sacco.

		Agree	**Disagree**
i	The stakeholders are aware of the availability of the system and its service		
ii	The stakeholders are aware of the benefits it offers our members		
iii	The stakeholders perceive the need to adopt such a system		
iv	Our members are aware of the value of the system		

17. Any other comments? ……
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APPENDIX D: DEPOSIT TAKING SACCOS IN NAIROBI

	NAME OF SACCO	STATUS	PHYSICAL LOCATION
1	AIRPORTS	Licensed	KAA Complex, J.K.I.A.
2	AFYA	Licensed	Afya Centre, Tom Mboya Street
3	ASILI	Licensed	Asili Co-Op Centre, Ngara Road
4	CHAI	Licensed	KTDA Plaza, Junction Of Moi Avenue/Ronald Ngala
5	CHUNA	Licensed	Old Boiler House, Harry Thuku Road
6	COMOCO	Licensed	CMC Building, Lusaka Road
7	FUNDILIMA	Licensed	JKUAT Building, Thika Road
8	HARAMBEE SACCO	Licensed	Harambee Co-Operative Plaza,Haile Selassie Avenue/UhuruHighway,Round-About
9	HAZINA SACCO	Licensed	Kibera Road Off Ngong Road Behind Kobil Petrol
10	JAMII	Licensed	JamiiSacco Court, Mukenia Road
11	KENPIPE SACCO	Licensed	Kenya Pipeline Premises, LungaLunga Road
12	KENVERSITY	Licensed	Mizpah House, KahawaSukari Street
13	KENYA BANKERS	Licensed	Kenya Bankers Sacco Center, 3rd Ngong Avenue
14	KENYA POLICE	Licensed	Utumishi Co-Op House, Mamlaka Road
15	KINGDOM	Licensed	Githurai45 Shopping Center,Offthika Road
16	MAGEREZA	Licensed	Mageso Chambers, Moi Avenue
17	MAISHA BORA	Licensed	Unilever Kenya Ltd Office, Commercial Street
18	MWALIMU	Licensed	Mwalimu Co-Op House, Tom Mboya Street
19	MWITO	Licensed	Mwito House, Desai Road
20	NACICO	Licensed	Nacico Plaza, Landhies Road
21	NAFAKA SACCO	Licensed	NyumbaYaNafaka, Enterprise Road
22	NAKU	Licensed	Liberty Plaza, Mombasa Road
23	NASSEFU	Licensed	Nssf Building (Block C), Bishop Road
24	NATION STAFF	Licensed	Cambrian House, Moi Avenue
25	ORTHODOX	Licensed	OdesaSacco Building, Kawangware Road
26	SAFARICOM	Licensed	Safaricom House, Waiyaki Way
27	SHERIA SACCO	Licensed	SheriaSacco House, Off Matumbato Street
28	STIMA	Licensed	StimaSacco Plaza, Mushembi Road
29	TEMBO	Licensed	Tembo Complex, Mukima Drive
30	UKULIMA	Licensed	Ukulima House, Haile Selassie Road

	NAME OF SACCO	STATUS	PHYSICAL LOCATION
31	UNITED NATIONS	Licensed	UnSacco Building, Un Avenue, Off Limuru Road
32	WANAANGA	Licensed	Meteorological Hqs, Ngong Road
33	WANANDEGE	Licensed	Wanandege Plaza, Embakasi Road
34	WAUMINI	Licensed	Waumini House, Chiromo Road
35	ARDHI	Unlicensed	Survey Of Kenya Hqs. Ruaraka
36	ELIMU	Unlicensed	South B
37	LENGA TUMAINI	Unlicensed	Kayole
38	NEST	Unlicensed	Uthiru
39	NGP BAMBURI	Unlicensed	Athi River
40	RELI	Unlicensed	Kenya Railways, Hq- Haile Selassie Avenue
41	TELEPOSTA	Unlicensed	Post Bank House City Square Branch Haile Selassie Ave
42	TRANSCOM	Unlicensed	TranscomSacco Building Near Odeon Cinema
43	UFANISI	Unlicensed	Development House Moi Avenue
44	UFUNDI	Unlicensed	UfundiSaccoPlaza,Moi Avenue
45	UKRISTO NA UFANISI	Unlicensed	K-Rep Bank, Kilos Bldg, Nairobi

APPENDIX E: RESEARCH SCHEDULE

Below is a summary of the scheduleforthe proposed research.

DATE	ITEM
01/10/2013	Prepare proposal
12/11/2013	Present and Defend proposal
10/01/2014	Prepare questionnaires
15/01/2014	Get research assistant
19/01/2014	Prepare distribution and collection plan
29/01/2014	Distribute questionnaires
15/02/2014	Collect the questionnaires
20/02/2014	Analyze the data
25/02/2014	Present Findings

APPENDIX E: RESEARCH BUDGET

Below is a summary of the budgetary requirements for the proposed research.

ITEM	DESCRIPTION	AMOUNT (KSHs.)
Laptop	For rent during the data analysis period	15000
Stationery	Materials needed for note taking, questionnaires etc.	3000
Fare	Transportation to and from recipient locations	3800
Labor	Small stipend for an assistant who will help me distribute and collect questionnaires	3000
Miscellaneous	Cover other costs not anticipated	6000
	TOTAL	30800