

**LOANS BORROWING AND SOCIAL WELL BEING OF ADMINISTRATION  
POLICE SERVICE OFFICERS IN EMBAKASI SUB COUNTY,  
NAIROBI CITY COUNTY, KENYA**

**HEZBORN MICHAEL ANZETSE  
REG. NO S203/38593**

**A Research Project Submitted To The School Of Security, Diplomacy And Peace  
Studies In Partial Fulfilment Of The Requirements For The Award Of The Degree  
Of Master in Leadership and Security Management, Kenyatta University**

**APRIL, 2020**

**DECLARATION**

This Research Project is my original work and to the best of my knowledge has not been presented for a degree in any other University.

.....

Signature

Hezborn Michael Anzese

S203/38593/2017

.....

Date

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

.....

Signature

Dr Peter Philip Wambua

Lecturer

School of Security, Diplomacy and Peace Studies

Kenyatta University

.....

Date

## **DEDICATION**

This Research Project is dedicated to my late mum Akhabosa, my late dad Mbeya, my wife Anyango, my sons Kwatemala, Abineri, Amukoa, the late Mukabi, Abisai, Lubembe and Mike, and my daughter, Akhabosa.

## **ACKNOWLEDGEMENT**

First and foremost, I want to thank the Almighty God who gave me the power and strength to commence this course. The journey through this course, which began earnestly in early 2018, would have been a complete nightmare, were it not for the support I received from those who mattered most. The journey began six months after I lost my mum, the woman I really loved, and as such when I began the course, I was still mourning the demise of this strong, kind, industrious and lovely woman. My sincere gratitude to the man who took me by my hand, led me through the crowd, taught me to crawl, walk and run in the muddy waters of this project, my Supervisor Dr Peter Phillip Wambua, for his patience, guidance and commitment, in seeing that I produce the best out of my Research Project, and to all my lecturers at Kenyatta University, who took me through the whole MA programme in Leadership and Security Management. Third, to the National Police Service for fully sponsoring the course, which has not only added value to me as a person, but generally to the NPS and to the Administration Police Service in particular. I also want to thank the Administration at Loresho Senior Staff College – the Commandant Mr. Charles Obimo, the Dean Mr Charles Mumanthi and all staff, and of course, not forgetting my fellow students, for their commitment to my course. My sincere appreciation to my wife Patricia Anyango, who stayed behind to take care of our children and the Administration Police Officers in Embakasi East, who volunteered to me information in my research work. The other person who really supported my course by giving me some guidance is my friend Justus Buluku, thank you so much. Finally, it would be irrespective of me if I fail to mention and appreciate the man who ignited in me the spirit to take up the course- Mr Stephen Etyang, may the Lord God bless all of you.

## ABSTRACT

Loan borrowing is vital for corporations, and even individuals. It entails growth of individuals and companies by construction of premises, purchase of land and even the start of a business. However, even as public and private servants engage in loans borrowing at alarming rates, it is sad the way they have utilized their borrowed money. A close look at the officers, as a result of the way they have utilized the money has led to some change in their behaviour, some have had break-ups of their families while some have lost their jobs. Therefore, the researcher sought to establish whether there is a nexus between loans borrowing and the social well-being of Administration Police Officers in Embakasi Sub County, Nairobi County. Specifically, the study sought to examine the relationship between commercial bank loans and Social well-being of APS Officers; analyse the effects of SACCO loans and Social Well-being of APS Officers; determine the influence of Microfinance Institutional loans on social well-being of APS Officers and establish how social well-being of the Administration Police Officers in Embakasi sub county, Nairobi City County, is affected by the borrowing of loans. The researcher employed two theories: the theory of Banking and Lending Behaviour, and the Social Well-being theory. The study used a descriptive survey research design. The research was carried out at Embakasi Sub County which has 11 Administration Police posts, with a total population of 175 Officers. A sample size of 65 Officers was selected using stratified sampling technique. Questionnaires and interviews were used to collect data. The quantitative data was analysed using descriptive statistics like the mean, mode and standard deviation. These were then presented using tables. Qualitative data was analysed using content analysis and presented in prose form. Using regression analysis, the study found that commercial Bank loans had a positive relationship with social wellbeing of administration police officers. From the regression analysis, the study found that SACCO loans had a positive effect on social wellbeing of Administration Police Officers. From the regression, the study found that microfinance loans had a positive relationship with social wellbeing of Administration Police Service Officers. The study found that loan borrowing affected social wellbeing of Administration Police Service Officers positively. The study concluded that loan borrowing, as measured by bank loans, SACCO loans and microfinance loans, has a positive effect on social wellbeing of administration police officers in Embakasi sub county, Nairobi City County. The study recommends that the government should increase the loans extended to Administration Police Service Officers to rational level in order to improve their wellbeing and enhance service delivery in the service; encouragement of police officers to take SACCO loans in order to improve their wellbeing; Microfinance institutions should give loans to administration police officers in order to improve their social wellbeing; Administration police service officers should borrow loans and use them for the right purpose in order to improve their social wellbeing.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>iv</b>
<b>ABSTRACT</b> .....	<b>v</b>
<b>TABLE OF CONTENTS</b> .....	<b>vi</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>LIST OF FIGURES</b> .....	<b>x</b>
<b>OPERATIONAL DEFINITION OF TERMS</b> .....	<b>xiii</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the study .....	1
1.1.1 Loans Borrowing .....	2
1.1.2 A Brief History of Administration Police Service in Kenya .....	5
1.2 Statement of the problem .....	7
1.3 Purpose of the Study .....	9
1.5 Research Questions .....	9
1.7 Scope of the study .....	10
1.8 Limitations and Delimitations.....	11
<b>LITERATURE REVIEW</b> .....	<b>12</b>
2.1 Theoretical Literature Review .....	12
2.1.1 The Theory of Banking and Lending Behaviour.....	12
2.1.3 Social wellbeing theory .....	14
2.2 Empirical Review.....	15
2.2.1 Commercial Bank loans and social wellbeing.....	15
2.2.2 Sacco Loans and Social Wellbeing .....	17
2.3 Microfinance institutions' Loans and Social Wellbeing .....	19
2.3 Loans borrowing and social well-being.....	21
2.4 Summary of Literature Review .....	23
2.5 Conceptual Framework.....	25
<b>CHAPTER THREE</b> .....	<b>27</b>

<b>RESEARCH METHODOLOGY .....</b>	<b>27</b>
3.1 Research Design.....	27
3.2 Study Site .....	27
3.3 Target Population.....	28
3.4 Sampling Design and Technique .....	29
3.5 Data Collection Instrument .....	29
3.6 Pilot Testing .....	30
3.7 Validity and Reliability of Research Instruments .....	30
3.7.1 Validity of Research Instruments .....	30
3.7.2 Reliability of Research Instruments .....	31
3.8 Data Collection Procedure .....	31
3.9 Data Analysis and Presentation .....	32
3.10 Ethical Consideration.....	33
<b>CHAPTER FOUR.....</b>	<b>34</b>
<b>FINDINGS AND DISCUSSIONS.....</b>	<b>34</b>
4.1 Introduction.....	34
4.2 Response Rate and Reliability analysis .....	34
4.2.2 Reliability Test .....	34
4.3 Demographic Information.....	35
4.3.1 Gender of Respondents.....	35
4.3.2 Respondents' Age.....	35
4.3.3 Marital Status of the respondents .....	36
4.3.4 Years of experience .....	37
4.3.5 Respondents' Rank .....	38
4.4 Descriptive Findings .....	38
4.4.1 Commercial bank loans and social well-being.....	38
4.4.2 SACCO loans and Social-Wellbeing.....	41
4.4.3 Microfinance Institutional loans and social well-being.....	44
4.4.4 Loans Borrowing and Social well-being .....	47
4.5 Regression Analysis.....	49
4.5.1 Model Summary .....	49

4.5.2 ANOVA.....	50
4.7.2 Regression Coefficients .....	51
In addition, the study used the coefficient table to determine the study model. The findings are presented in table 4.16. ....	51
4.6 Interpretation of findings .....	52
4.6.1 Commercial Bank loans and Social wellbeing of Administration Police Officers .....	52
4.6.2 Sacco Loans and Social wellbeing of Administration Police Officers.....	52
4.6.3 Microfinance Loans and Social Wellbeing of Administration Police Officers.	53
4.6.4 Loans Borrowing and Social Well-Being of Administration Police Officers ...	53
<b>CHAPTER FIVE: .....</b>	<b>54</b>
<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>	<b>54</b>
5.1 Introduction.....	54
5.2 Summary .....	54
5.3 Conclusion .....	55
5.4 Recommendations.....	56
5.5 Suggestion for Further Research.....	57
<b>REFERENCES.....</b>	<b>58</b>
<b>APPENDICES.....</b>	<b>62</b>
Appendix I: letter of introduction .....	62
Appendix II: Questionnaire.....	63
Appendix III: Budget for the research .....	67
Appendix IV: Approval of Research from Kenyatta University .....	68
Appendix V: Research Authorization from NACOSTI.....	69



## LIST OF TABLES

Table 1.1: Summary of Literature and Research Gaps .....	23
Table 3.2: Target population.....	28
Table 3.3: Sample size and design.....	29
Table 4.4: Reliability Statistics for Commercial Bank loans.....	34
Table 4.5: Gender of the Respondents .....	35
Table 4.6: Respondents' Age.....	36
Table 4.7: Marital Status.....	37
Table 4.8: Years of experience .....	37
Table 4.9: Respondents' Rank .....	38
Table 4.10: Commercial bank loans and social well-being of APS Officers .....	39
Table 4.11: SACCO loans and social-wellbeing of APS Officers.....	41
Table 4.12: Microfinance Institutional loans and social well-being of APS Officers .....	44
Table 4.13: Loans Borrowing and social well-being of APS Officers .....	47
Table 4.14: Model Summary .....	49
Table 4.15: ANOVA.....	50
Table 4.16: Coefficients.....	51

## LIST OF FIGURES

Figure 2.1: Conceptual Framework .....	25
--	----

## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>AIG</b>	Assistant Inspector General
<b>APC</b>	Administration Police Constable
<b>APS</b>	Administration Police Service
<b>APTC</b>	Administration Police Training College
<b>ASP</b>	Assistant Superintendent of Police
<b>CIP</b>	Chief Inspector
<b>CIPU</b>	Critical Infrastructure Protection Unit
<b>CFI</b>	Credit Financial Institution
<b>CBK</b>	Central Bank of Kenya
<b>CP</b>	Commissioner of Police
<b>CPL</b>	Corporal
<b>DC</b>	District Commissioner
<b>DIG</b>	Deputy Inspector General
<b>DO</b>	District Officer
<b>IP</b>	Inspector
<b>JKIA</b>	Jomo Kenyatta International Airport
<b>KCB</b>	Kenya Commercial Bank
<b>KFS</b>	Kenya Forestry Service
<b>KPS</b>	Kenya Police Service
<b>KWH</b>	Kenya Women Holding
<b>KWS</b>	Kenya Wildlife Service
<b>MFI</b>	Microfinance Institution

<b>MUSCCO</b>	Malawi Union of Savings and Credit Cooperatives
<b>NACOSTI</b>	National Commission for Science, Technology and Innovation
<b>NCO</b>	Non Commissioned Officer
<b>RBPU</b>	Rural Border Patrol Unit
<b>RDU</b>	Rapid Deployment Unit
<b>SACCO</b>	Savings and Credit Cooperative Organization
<b>SAIG</b>	Senior Assistant Inspector General
<b>SAP</b>	Structural Adjustment Programme
<b>SGB</b>	Security of Government Buildings
<b>SGT</b>	Sergeant
<b>S/SGT</b>	Senior Sergeant
<b>SSM</b>	Senior Sergeant Major
<b>SP</b>	Superintendent
<b>SSP</b>	Senior Superintendent
<b>SSTPU</b>	Special Stock Theft Prevention Unit
<b>USA</b>	United States of America
<b>WHO</b>	World Health Organisation

## OPERATIONAL DEFINITION OF TERMS

- Personal loans** : Personal loans is an unsecured kind of loan and is borrowed for a variety of reasons (Tipalti 2014)
- Commercial Banks** : A commercial bank is a financial institution which performs functions of accepting deposits from the general public and giving loans for investment with the aim of earning profit J. Singh (2017). Commercial banks generally finance trade and commerce with short-term loan.
- Microfinance Institution:** A Microfinance Institution, at basic level, is a financial institution that provides small loans to people who otherwise wouldn't have access to credit, Songbae (2017). India defines microfinance as loans less than 1lakh which is an equivalent of \$1,500 today, while US SBA defines microloans as loans less than \$50,000.
- Wellbeing** : Wellbeing, according to (Land 2010), is viewed as family economic wellbeing, social relationships, health, educational attainment, community connectedness and emotional wellbeing
- Social Wellbeing** : Referred as to social acceptance, social actualization social contribution, social coherence and social integration, Keyes (1998), and later, Lopez and Keyes (2007)

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the study

Researchers have, in different aspects, examined several well-being measures that human beings ought to have. Key amongst these are; Economic, Social, Psychological, Emotional, Development and Life Satisfaction well-being, (Pollard & Lee 2003). Well-being, according to (Land 2010), is viewed as family economic wellbeing, social relationships, health, educational attainments, community connectedness and emotional wellbeing. Each of them deals with a certain aspect of life. For example, in economic circles, immense prosperity is deemed to entail a high level of well-being. Being accessible to resources and being able to participate in a market economy depicts that sense of wellness in society. There is increasing evidence that the relationship between life satisfaction and income is generally not very strong, Blanchflower & Oswald (2004). However, as Grusky and Kanbur (2006) state, economics has seized on income as a major indicator of well-being and has accordingly treated income-enhancing policies as the centrepiece of any strategy to reduce poverty and inequality. Mental health is defined as, a state of well-being in which every individual realizes his or her own potential, in which someone can cope with the normal stresses of life, in which someone can work and be productive and fruitful, and in which someone is able to contribute to one's community. The positive dimension of mental health is stressed by WHO (2014), which defines health as it is contained in its constitution: "Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity."

Every other human being needs money to improve on his/her social wellbeing. Social wellbeing is the extent to which you feel a sense of belonging and social inclusion, a connected person is a supported person. Lifestyles, ways of living together, value systems, traditions and beliefs, are all important to our social wellbeing and quality of life. Studies carried out, have varying revelations about social well-being. According to these studies, happy, healthy and engaged employees are not more likely to leave, or to be off sick, Simpson (2017). Our social wellbeing is characteristic of the basic human needs such as food, water, shelter and health services, accessibility to better primary and

secondary education. The lack of social well-being among communities may easily lead to conflict. Lack of social well-being may also leave families going hammer and tong against each other, thus tearing the social fabric apart. Disputes over land, pasture, marriage and water, may arise to spoil the otherwise prevailing peace. Due to these happenings, pupils' and students' education could easily be put to test. Access to and Delivery of Education is a condition in which the population has equal and continuous access to quality formal and non-formal education that provides the opportunity for advancement and promotes a peaceful society.

Although different things, like a nice place to live, work fulfilment, partner/spouse relationship, community and friends, contribute to our social wellbeing, money plays an even bigger role in determining our social wellbeing. Money allows us to meet our basic needs – to buy food and shelter and to also pay for our healthcare. The failure to meet these needs leads to our social wellbeing facing great test. Money can increase our short-term happiness by giving us more control over how we spend our time. Sometimes life can be very unbearable to some people, especially, low income earners. This therefore calls for a need to apply for loans. With loan facility, one is able to meet life's basic needs, and other things that may add value to one's life.

### **1.1.1 Loans Borrowing**

People who live in Latin America and Sub Saharan region can easily access needed financial resources through the services provided by various financial institutions. Penetration to financial services provides the possibility for a business that exists, to tremendously grow. Loan has been defined as a credit extended to a business concern; a direct relationship between a borrower and lender, and a provision at a time of making the loan that some part of the principal is repayable after the passage of one year. A loan is when you receive money from a friend, bank or financial institution in exchange for future repayment of the principal, plus interest, Hill (2014). The principal is the amount you borrowed while the interest is the amount charged for receiving the loan, Hill (2014).

The ability of a bank to give out loan to potential customers is of great significance to countries that practice capitalism around the world. Loans allow large corporations, small businesses, households, and individuals to pursue worthwhile investments, which are

intended to generate greater returns, (Fischietto, 2016). Being accessible to a loan facility plays a pivotal role in economic growth. Within underdeveloped communities the role of microfinance institutions provides the credit access and financial services needed to develop income-earning business.

Countries, Corporations, Households and Individuals, take loans for different purposes, the world over. While countries may take loans possibly to stabilize an already dwindling economy, a corporation may take a loan to grow itself so that it may be able to produce certain items for export or local sales, pay its workers and be able to pay for accruing expenses such as electricity bills, water bills and even telephone bills. Individuals, groups, companies and states that may want to commence some business, are at liberty to approach a bank for some loan that may enable them purchase material and even develop new products. Some businesses, that are well established, turn to borrowing loans for them to be able to purchase material and develop new products, (Kokemuller, 2018). A range of different loans are borrowed, and each type of loan is stipulated for a particular function. Some of the kinds of loans we have are; personal loans, education loans, debt consolidation loans, medical bills loans, mortgage loans, and a variety of other different kinds of loans. Personal loan is an unsecured kind of loan and is borrowed for a variety of personal reasons (Tipalti, 2014). In America and India, for instance, personal loans maybe applied for reasons that one may be deem as minor, such as for home renovations, buying furniture, supporting weddings and so many other reasons that the normal earnings are unable to do. Education loans are mostly taken to finance one's education. In most countries, people are unable to finance their education without supporting it with loans. So, they take loans to support their education. According to 'BusinessInsider.com', more than 43% of American families do actually spend more than they can financially afford. In USA, American education in universities, for instance, is not free, yet it is very expensive. Therefore, almost all students take education loans in order to finance their education. According to a South African magazine, (The personal finance magazine, 2017), acquiring a university degree is too expensive, such that for one to advance it, one has to apply for it. It is said that it could cost R25,000 a year, for a full-time study, being just tuition, therefore making it imperative for need to apply for a loan. In Malaysia, people enjoy various benefits provided for by government, such as housing loans, medical



benefits, various incentives and others, (Ismael, 2018). In essence, people borrow loans in order to improve their welfare, to construct a building premise, to finance education for oneself, a spouse or children.

In most countries, medical expenses are usually too high, and therefore unaffordable to even the middle-income earners. This therefore calls for borrowing of medical loans in order to meet the medical bills. Sometimes, such bills are settled using the personal loans. Life brings up different emergencies and urgent solutions – unanticipated medical costs, accidents causing damage to property/car repairs, unexpected travels, etc. Not always do people have enough sources from their ‘rainy day’ budget to fully cover these pop –up costs, so they do not have any other choice but borrow some loan from banks or other private lenders.

Sometimes people borrow to consolidate loans. A person could have borrowed from different creditors to the extent that one feels it burdensome to pay different creditors differently. This increases the burden of interest rate. By one borrowing a personal loan, one can use that money to pay off one’s various creditors and be left with just one single monthly payment to make. Consolidation saves one time and money, and is actually one of the benefits that a personal loan can offer, (Tipalti, 2014).

From this, therefore, banks in Kenya understand this and have amassed their strengths to provide loan services to its people, depending on divergent needs that they have got. Hence, banks have played a pivotal role in advancing loans to customers, for the benefit of all stakeholders. Even access to microcredit financing institutions, another lending institution, has been of great significance for it has made it possible for low income earners to provide for their families and has also enabled them to raise their household incomes, build assets, as well as reduce the risks of diseases. Unsecured, and even secured personal loans have been advanced by commercial banks to assist individuals to improve their homes, put up businesses to generate some additional income to their families, fund medical expenses, invest in farming to guarantee food security and acquire assets such as cars and houses, Wangura and CBK [1997].

The Administration Police Service (APS) Officers in Kenya are able to access various types of loans with the aim of improving their social wellbeing. The APS officers have, in

a bid to develop themselves, borrowed loans from a variety of financial institutions, key amongst them, the Harambee Savings and Credit Cooperative Organizations (SACCOs), with the intention of improving their living standards. Other SACCOs that the APS officers borrow loans from are Ukulima SACCO, Kenya Police SACCO and various Banks, such as Barclays, Equity, Cooperative, Kenya Commercial Bank (KCB), Family Bank, among others. Most of the employed class are usually unable to save part of their salary to a certain amount to be able to acquire an asset, finance education, cater for medical emergencies or start small businesses, hence unsecured personal loans come in handy to save the situation, since most of these people do not have collateral.

Most of the APS officers save with the Harambee SACCO. In 2012, the SACCO's interest rate was 1.15%. According to Ullamcorper (2012), there are a variety of loans to be borrowed. Each loan taken is four times the amount of savings one has with the institution as deposits. The development loan is usually paid within 48 months. The interest rates keep changing, depending on the country's economy. School fees loan, which itself is an unsecured kind of loan is usually a flat figure to all contributors, irrespective of how much one has saved, and payable within a period of one year and attracts 1% interest rate per month.

### **1.1.2 A Brief History of Administration Police Service in Kenya**

The study is basically based on the Administration Police Officers in Embakasi Sub County, Nairobi City County, Kenya. The Administration Police Service was born in 1929, and its current name is derived from the Tribal Police Ordinance, which was enacted in 1902, to give legal backing to the Native Police. Its training was carried out regionally by regional agents, most of whom had a military background. It differed in its kitting from one district (current counties) to another, Carter (2012). The uniforms, were more or less the same with those of their colonial military personnel, and had a combination of local, culturally respected symbols of authority. They were predominantly male, then.

A major milestone of the Tribal Police Force began about 1948 due to increased native agitation, and the fear that there was going to be an increase in rebellion. An increase in the Tribal Police helped prevent the spread of Mau Mau during the Emergency years, and

this was during the colonial period, when the British colonised the Kenyans, Carter (2012). The Tribal Police Ordinance changed its name to Administration Police Force in 1958, and had its headquarters in Nyeri. They were solely depended upon by Native Courts. In 1963, upon attainment of Independence, the Provincial Administration and the Administration Police were moved from the Ministry of Native Affairs to the Office of the Prime Minister, then Office of the President. The Commandant Training then, was the most senior officer, followed by the Adjutant. The other ranks were a preserve of Africans, the highest one being Senior Sergeant Major (SSM), equivalent of Warrant Officer, in the army. All the District Officers (DOs) and Commissioners (DCs), who were mostly whites then, held the officer ranks, Carter (2012). Centralisation of training and command continued in the sixties with Embakasi Training School being set up in 1967 where the present day Jomo Kenyatta International Airport (JKIA) stands today, and finally moving to the present-day Administration Police Training College (APTC) in 1972.

A milestone in the shaping of the Administration Police Force was when the introduction of the ranks of inspectorate was done in the late 1970s. The Senior Inspectorate members moved to the ranks of Superintendent in the late 1980s. The Administration Police thus transformed gradually, starting in 1958 from a localised Police service to a national structure, still however, offering localised Policing services, Carter (2012). The current APS is a fully developed entity with a national structure and equipment. Since its formation, the APS never had a single female officer, until 1987 when the former KANU Band officers joined it, fearing being disbanded during the political wave that had given opposition mileage, of forming the next government. In 2001, due to changing moments, and females' fight for inclusion in the public as well as private sector, that recruitment of female officers began in earnest. Today the service has more than 800 female officers spread out all over the country.

The latest landmark in the history of APS officers is the outcome of the Constitution of Kenya Review Commission talks of 2002-2004. This thus gave the service autonomous powers to oversee matters of security and safety. It identified a range of functions, entrenching its lead responsibility for community safety and national duties. Administration Police Service has also entered into partnerships with various local and

international actors on studies in Terrorism, Peace Building, Conflict and areas of human development, among others.

The Administration Police Service, due to an upsurge of terrorism, formed another outfit—the Rapid Deployment Unit (RDU), which also gave birth to the Rural Border Patrol Unit (RBPU). These outfits were solely formed to counter terrorism, and keep the internal Kenyan borders safe and secure. In the just-ended restructuring of the service, which ended in September 13<sup>th</sup> 2018, which merged a number of APS personnel with the KPS to form the General Duties Police, the RDU and RBPU remained under the APS command, together with the Critical Infrastructure Protection Unit (CIPU) and the Specialised Stock Theft Prevention Unit (prevents theft of cattle) and Security of Government Buildings (secures government buildings). Amongst others, the core mandate of the Administration Police Service is to; keep law and order; protect the people and their property; prevent crime, Republic of Kenya, Administration Police Strategic Plan (2004-2009).

After the restructuring of the Service, under the command of the Inspector General who heads both the APS and KPS, the APS is structured in this manner; at the top is the Deputy Inspector General (DIG), under him are Senior Assistant Inspector Generals (SAIG), who, together with the Assistant Inspector Generals (AIGs) head Directorates, Units and Regions. Below them are the Commissioners of Police, who head Regions, the Senior Superintendent and Superintendents, who head counties, Assistant Superintendents and Chief Inspectors, who head Sub-Counties. The Inspectors deputises the Chief Inspectors. Below them are Non-Commissioned Officers who are immediate bosses to the Constables, and are actually the operational team.

## **1.2 Statement of the problem**

The wellbeing of a lot of people all over the world, depend so much on money, without which, things would actually come to a standstill. Many nations the world over have grown because of money, which allows us to meet our basic needs (University of Minnesota 2016). People in richer nations are significantly happier, on average, than those in poorer ones.

According to Rath, J.K & Harter (2010), money can increase our short-term happiness by giving us more control over how we spend our time. According to the Wharton School of

Pennsylvania (2011), no one would deny that having enough money to cover basic needs, would make one happy, or at least relieve stress. Individually, it is thought, the feeling of straining financially and experiencing economic problems are strong harbingers of depression (Wheaton, 1994). A comparison of subjective well-being between the rich and the poor in 19 nations showed that the poor were far less likely to be satisfied with their lives than were the rich. This is a clear indication that poverty is married to negative social well-being. This is the reason as to why loans' borrowing becomes a remedy to this.

Loans' borrowing entails growth of individuals and companies by construction of premises, purchase of land and even start of a business. They will offer you wedding loan to start from, buying the jewellery to support the wedding event (Tipalti, 2014). A debt merging loan helps you to syndicate many different liabilities under one umbrella. Instead of many EMIs, you pay just one big consolidated loan. Besides, you can give cheap interest rates (Tipalti, 2014).

Although loans have helped more, they have been a letdown at some point. Loans have been disastrous to lives of borrowers. When you have debts, it is hard not to worry about how you are going to make ends meet, and stress from loans can lead to mild to severe health problems including ulcers, migraines, depression and even heart attack Irby (2019). Loans borrowing has led families to break ups, stifled relationships at work places, caused poor social integration amongst people and in worse circumstances, led to suicides. Debt has led to unnecessary pressure on household's finances and created a lack of financial security for spouses and children, and have also sparked arguments about who is creating debt, how much debt is too much and who's responsible for debt that's accumulated, hence the fights escalate and lead to a breakdown in marriage, Irby (2011).

In the Administration Police Service, however, the uptake of this credit facility to the APS Officers has resulted into unstable marriages, excessive drinking, absenteeism from work and poor integration with fellow officers and the community at large. In some worse scenarios, loans have interfered with social integration and even broken relationships between colleagues. This is greatly why the researcher wants to carry out a research on this topic, since very little has been done on the APS in Embakasi sub county Kenya.

### **1.3 Purpose of the Study**

The purpose of the study was to determine the effects of loans borrowing on Social Well-being of APS Officers in Embakasi Sub-County, in Nairobi County, Kenya.

### **1.4 Objectives of the Study**

The specific objectives of the study were to:

- i. Examine the relationship between Commercial Bank loans and Social well-being of Administration Police Officers in Embakasi Sub County, Nairobi City County.
- ii. Analyse the effects of SACCO loans on Social Well-being of Administration Police Officers in Embakasi Sub County, Nairobi County.
- iii. Determine the influence of Microfinance loans on social well-being of Administration Police Service Officers in Embakasi Sub County, Nairobi City County.
- iv. Establish the outcome of social well-being of the APS Officers in Embakasi sub county, Nairobi City County, through borrowing of loans.

### **1.5 Research Questions**

- i. What is the relationship between Commercial Bank loans and social well-being of Administration Police Service Officers in Embakasi Sub County, Nairobi County?
- ii. What are the effects of SACCO loans on social well-being of Administration Police Service Officers in Embakasi Sub County, Nairobi County?
- iii. What is the influence of Microfinance Institutional loans and social well-being of Administration Police Service Officers in Embakasi Sub County?
- iv. How do you establish the outcome, through loans borrowing by APS Officers in Embakasi sub county, Nairobi City County?

### **1.6 Justification to the study**

There have been cases of officers committing acts or omissions due to stress caused by misuse of borrowed loans from banks and SACCOs. The study provided a way forward in

policy decisions on how the officers can commit part of their salary and savings after the acquisition of loans.

The Government will come up with a strategy by engaging policy makers, who will also come up with policies on good use of borrowed funds, so that the officers who borrow may put the funds to good use. Academicians and Researchers will use this study further to address the issue of loans borrowing. It takes ages to save in corporative societies. Besides that, it subsequently takes very long again to service the loan. Yet, it takes a very short time to acquire a loan and spend it. Borrowing of loans is a scarce opportunity; it comes rarely in one's lifetime. Therefore, it is imperative that a good plan is mooted so that the borrowed loan is not wasted on unnecessary spending, hence the need to come forth with a policy to address this issue. There is urgency of this study, since it has emerged that due to a lot of stress which eventually lead to loss of lives emanating from poor use of the loans.

The research will provide a basis and help Administration Police Officers and other stakeholders in the National Police Service, like the Kenya Police Service (KPS) officers, the Directorate of Criminal Investigation (DCI), and by extension, the KDF (Kenya Defence Forces) officers, the KWS (Kenya Wildlife Service) officers and the KFS (Kenya Forestry Service) officers, borrow loans and learn and know the best ways to control the way to use them. The APS recruits will benefit a lot, as new comers in matters of loan borrowing, to borrow and properly put in use the borrowed money. Prospective lenders, as stakeholders in the service, shall also benefit from this due to the fact that, they will attract more customers who in turn will grow the institutions by borrowing loans. The interest of the prospective lenders will grow due to more loans borrowing, and therefore more job opportunities.

### **1.7 Scope of the study**

The scope of this research was limited to an analysis on loans borrowing and social wellbeing of Administration Police Service Officers in Embakasi sub county, Nairobi City County, in Kenya. The study covered all areas of Embakasi Sub County, Nairobi City County, and it involved members of APS Officers only, and it is the area where data

was collected. The data collected was restricted to the objectives of the study undertaken within a period of two and a half months- from October 2019 to December 2019.

### **1.8 Limitations and Delimitations**

The empirical results reported herein should be considered in the light of some limitations. The researcher experienced some limitations, which made the research a little bit difficult. Getting all the participants for interview at the same time was the most challenging issue, since they usually left for duty at different times, and they did so in shifts. Their bosses were most of the times, also engaged in various meetings, such that the researcher had difficulty in getting ample time with them for interviews. This in essence proved to be a little bit time wasting for the researcher, making it hard to collect data at the stipulated time.

Unwillingness of officers to volunteer information was a big limitation to the researcher's work. Most officers were not very free to give a detailed analysis concerning the research in question to the researcher. It took some time persuading them on it. For most research to be successful, the researcher organized with the head of the Sub County, in such a way that it was easy getting the officers in turns. In such a way that those who remained behind from work were first interviewed. This was done progressively until the researcher was through. The same also applied to the officers' bosses. To get more information from each individual, the researcher carried out a one-on-one interview, so that one would not shy away giving out information.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter contains a review of loans borrowing from financial institutions and the nexus between it and social wellbeing of the Administration Police Officers in Embakasi Sub County, Nairobi City County in Kenya. The study applied three theories that lend credence to variables under study, and backed with existing empirical literature. Empirical evidence is attested by reviewing past studies that determined the authenticity of this study.

#### **2.1 Theoretical Literature Review**

This study used the banking and lending behaviour theory, whose proponents are Ahtiala and Pekka (2016). According to Ahtiala and Pekka (2016), the bank in which a person becomes a perennial borrower at, and establishes good relationship with, of constantly paying back, that customer is bound to be lent money continuously, even the period of repayment being extended because of that person's continued loyalty. The other theory that the researcher used is the social well-being theory. According to Keyes and Lopez (2002), a person is deemed to be enjoying a high level of social well-being if one has a heightened state of prosperity. The researcher also employed one more theory- 'A Dynamic Theory of Multiple Borrowing'.

##### **2.1.1 The Theory of Banking and Lending Behaviour**

The Theory of Banking and Lending Behaviour is based on three observed phenomena; Banks earn substantial profits from off-balance sheet activities and services, which they take into account in their lending decisions. Secondly, the critical point in the customer relations is the loan decision; the probability of the customer staying with a Bank, is a function of the loan extended each time one is applied for, Ahtiala (2016). According to Keyes and Lopez (2002), a person is deemed to be enjoying a high level of social well-being if one has a heightened state of prosperity.

It can be optimal to extend loans to present and future good customers at an interest rate loss. Loyalty increases the customer's value to the bank but improves its loan terms only if the customer makes it conditional on the loan extended, Ahtiala (2016). The more

perennial a customer is to a particular financial institution, the more they lend more money to that customer. Another important aspect is that the customer is given a little bit longer periods to service the loan, with slightly appealing interest rates.

According to this theory, those banks that are perennial lenders to a particular person, in the process of that person borrowing from the same bank frequently, the bank provides some kind of favours Ahtiala and Pekka (2016). Though this action is meant to be beneficial to the bank, however it increases the customer's value by virtue of the customer's loyalty. A loyal customer does not take long to wait to be served, especially if the customer has an emergent issue to solve. This is significant in the sense that, a borrower will always have easiness in acquiring a loan. One may be facing some critical moments, as having a patient in need of urgent attention and because the behaviour of this customer to the bank is one of loyalty and hasty payment to the bank, a loan will quickly be extended to him/her. A rational customer with a concave enough probability function can receive a larger loan by asking for less. This theory is relevant in the sense that it is talking about loans borrowing from financial institutions, which is the subject of this research project. The theory argues out that for a customer to be accessible to loan frequently, the customer should be a perennial borrower. In that way, a customer stands to benefit from the institutions by borrowing every time the customer requires a loan.

### **2.1.2 A Dynamic Theory of Multiple Borrowing**

The researcher also employed the above theory in the project. 'A Dynamic Theory of Multiple Borrowing' is a theory whose proponents are Daniel Green and Ernest Liu. In the Multiple Theory of Borrowing, a borrower takes out overlapping loans from multiple lenders, hence incurring a big amount of loans. This is a common phenomenon that affects a good number of creditors all over the world, Green & Liu (2015& 2019). According to this theory, a borrower is open to various types of loans, and may be able to get as many loans as possible. Consumers hold multiple credit cards, student loans and other debt secured by homes and vehicles, which in many cases, are financed by different lenders.

As much as this system may seem appealing, at first sight, because one is able to access multiple loans- vehicle loans, mortgage loans, personal loans, student fees loans and a

variety of other loans, hence increasing the borrower's debts, it may only be good if the loans were put in proper use. Having access to many lenders maybe a sign of financial development and completion; yet taking out new loans may affect borrowers' ability and incentive to pay off existing loans. Subsequently, multiple borrowing is most likely to force creditors to impose default externalities upon themselves, Green & Liu (2019).

The significance of this theory is that it forewarns the would-be multiple borrowers, the dangers of excessive borrowing. That multiple borrowing may eventually impoverish a borrower, or bring down a business entity, unless one puts to proper use the borrowed finances. It therefore warns against over borrowings.

### **2.1.3 Social wellbeing theory**

Keyes (1998), and later Keyes, Lopez (2002), describes wellbeing as having five social dimensions, including: Social acceptance (accepting others as they are), Social actualization (positive comfort level with society), Social contribution (a feeling that one has a contribution to make in society), Social coherence (understanding the social world as predictable and comprehensible) and Social integration (feeling as part of the community). Social wellbeing has a perspective in which one's life is structured by several factors or elements. In many economic analyses, if prosperity is immense, it is usually deemed that the wellbeing is at a high level for individuals or groups.

Accessing resources and the possession of the potential to participate in a market economy as a worker, consumer and/or producer is deemed to be fundamental to a vibrant human society and lives of individuals. The Administration Police Officer, who therefore, takes a loan to improve his/her life, is deemed to be having a heightened state of prosperity, and therefore a high level of social wellbeing (Keyes & Lopez, 2002).

Wellbeing of an individual injects in him/her a sense of worth, and a feeling of belongingness. Quality of life, life satisfaction, good physical and mental health, economic security, personal fulfilment, goodness, and so on are all qualities of social wellbeing, which, in most cases is as a result of being economically stable, which comes with utilizing loans well through investment hence generating more money.

Headey and Wooden (2004) show that wealth, which can be viewed as providing a degree of economic security, is at least as important to wellbeing as income. For instance,

Veenhoven (1991) treats happiness, wellbeing and life satisfaction as ‘synonyms and capable of measurement by self-assessment, such that a higher level of happiness or wellbeing’. Some of the most important well-being factors are; self-esteem, control over one’s life, good health, access to community resources, economic security, meaningful participation in community and family life, and political life, access to education and a sense of love for others.

Psychologists confirm the folk wisdom that social relationships, health, meaningful work, and leisure are all important, (Argyle, 2001). Well-being, according to psychologists often refers to individual’s inner strength to find meaning and contribute to the world (Seligman, 2002). Further, psychological wellbeing is based on personal growth, self-acceptance, positive relationships, self-determination and a sense of purpose in life (Carruthers & Wood, 2004; Ryff & Keyes, 1995). This theory is relevant in this study in the sense that it deeply describes the meaning of social well-being. It clearly shows that money can improve one’s social well-being if properly utilized, or it can be detrimental if used poorly. Therefore, any Officer taking loans should be careful on how one spends it.

## **2.2 Empirical Review**

Loans’ borrowing, in connection with social wellbeing, is a topic that has been scantily studied worldwide. To some extent, those who have engaged in loans borrowing, and properly utilized the loans, have extensively benefited. Riley (2009) highlights the importance of personal bank loans to individuals, when he praises it as the most common form of loan capital for a business. This section provided an empirical review of studies done on commercial bank loans, Sacco loans and Microfinance loans, and how they all relate with social wellbeing of individuals.

### **2.2.1 Commercial Bank loans and social wellbeing**

A commercial bank is a financial institution which performs functions of accepting deposits from the general public and giving loans for investment with the aim of earning profit J. Singh (2017). Commercial banks generally finance trade and commerce with short-term loan. In Malta, the HSBC Personal Loan, it only takes 10 minutes to process one’s loan, and it does not go beyond 12 hours of waiting for it to be transferred to one’s

account. The loan has a fixed interest rate, and whoever applies for an unsecured loan online, is most likely to benefit from a full waiver of processing fee. It is easy to apply online since it only takes 10 minutes to do so, (HSBC Personal Loan). HSBC Premier customers may borrow up to a maximum of €40,000, HSBC Advance customers may borrow up to a maximum of €30,000, HSBC Personal Banking customers may borrow up to a maximum of €25,000 Interest rate will be fixed at 4.99%\* (5.3% APRC) for the full duration of the loan. The loan amount will depend also on income, affordability and other criteria. Like most loans, all over the world, these loans are used to purchase land, start businesses, and other important functions.

In South Africa, when independence dawned and democracy absorbed, credit facility was also extended to those who were unable to borrow. This happened amid great expectations of those who were denied the facility. This thus led to high growth rate of a new middleclass people as well as fulfilment of aspirations to a far larger group of people (Servet & Saiag, 2013).

Riley (2009) highlights the importance of personal bank loans to individuals, when he praises it as the most common form of loan capital for a business. People borrow bank loans to meet various types of needs. There are a variety of loans that a person may borrow from a bank such as unsecured and secured kind of loans. An unsecured personal loan is a form of debt that is given to an individual borrower without collateral, as long as the borrower has proof of a regular income. Unsecured personal loans are obtained for consumer credit which refers to the use of credit to purchase personal needs, such as durable goods, finance education, medical care and other expenses (FSD & CBK, 2007). Repayment of Unsecured loans is done using the check-off system. This is done through an employer, where the loan is recovered at source, and remitted to the bank or through standing order from the individual's transaction account when his salary is received. A secured loan is issued to an individual, as long as that individual gives some material, such as title deeds, log books or share certificates, to act as security, just in case the borrower defaults. Members of the APS have benefited most from unsecured loans from most commercial banks like Kenya Commercial Bank, Barclays, Equity and Cooperative banks. Banks do not just give out loan that way, one has to qualify for them. For instance, KCB in Kenya would require that you must have an account with it for a period

of three months and above, an original and copy of National ID or Passport, employee card (where applicable), latest original payslips and, though not by most banks, proof of source of income for self-employed people. A bank loan provides medium- or long-term finance. A bank sets the fixed period over which the loan is provided, the rate of interest and the timing and amount of repayments (Riley, 2009). According to latest from the KCBGROUP (2019), a special type of loan that is open to government employees and companies that have a check off agreement with KCB, and has a variety of benefits such as borrowing from as low as kshs 10,000 to as high as kshs 5 million, a flexible repayment period of up to 72 months and open to salaried individuals working for government institutions and companies with a check-off agreement with KCB.

While borrowing the loan, the bank will always need some form of security (collateral) for the loan one intends to borrow. Some advantages of bank loans are that their interest rate is much lower than bank overdrafts. According to these loans, the borrower commits oneself to meet certain terms of repayment; irrespective of whatever one may encounter that will still need d money. Bank loans have to a large extent benefited the APS officers by purchasing land, starting a small business and even buying a vehicle for commercial purposes. This has greatly helped the officers adjust their social wellbeing, especially the ones whose businesses have tremendously succeeded.

### **2.2.2 Sacco Loans and Social Wellbeing**

The Cooperative Society does an outstanding job of explaining the context for change and, just as importantly, the urgent need for such a change (Gould, 2017). According to Aarohi Ahuja (2017), formation of a credit co-operative society is simpler than any other business organisations. In India, at least ten or more adults are eligible to forming a credit cooperative society, with ease, because not much legal procedure is required. Cooperation in a vast country like India is of great significance because it is an organization for the poor, illiterate and unskilled people. Most of the Indians have become members of cooperative societies because of its benefit, for instance the village cooperatives provide strategic inputs for agricultural sector. The SACCOs are also able to deliver services in vital areas of the country which the state is unable to.

Malawi is an example of a poor and predominantly rural country where Credit Financial Institutions (CFIs), provide an opportunity for people to use financial products and services they would not otherwise have had access to. Malawi, in Africa, for instance, has a strong apex body, the Malawi Union of Savings and Credit Cooperatives (MUSCCO). The CFI sector in Swaziland grew off the back of large, employer-based organisations and continues to play an important role in the country's economy. In Swaziland, most CFI members use their CFIs for asset-building and large expenses, such as school fees. Magali (2013) in his study found that loans from Saccos improve the social wellbeing of both employees and members of a Sacco.

In Kenya, SACCO loans have been the most popular kind of loans amongst most workers because of their terms, as compared to Bank loans (Kamau, 2017), savings and credit societies are increasingly becoming the new lenders of choice for borrowers. According to Magali (2013) Savings and Credit Cooperative Societies are important institutes in the country. One of the major reasons why most people prefer to save their money there is the huge amount of interest the money attracts. Apart from that, SACCOs attract a low interest rate while servicing one's loan as compared to banks. Since SACCOs are primarily not meant for posting huge profits, they do everything to make their customers happy. Once your money is in any SACCO, you are assured of making some money out of it. Kamau (2017), says that SACCOs buy land and sell it cheaply to their members. Despite Banks, which are mainly found in urban surroundings, SACCOS are spread all over the country, makes hence making it easier for borrowers in the interior parts of the country to easily access.

Frenzyied (2013) argues that, anybody can join a SACCO, nobody is obstructed to join on the basis of religion, caste, creed, sex, colour, etc. The good thing with SACCOs is that anybody can enter and leave them at any time, based on one of the principles of cooperatives of voluntary and open membership. Liabilities of members is limited to the extent of capital contributed by them, hence being relieved from the fear of attachment of their private property, in case of society suffering financial losses or goes bankrupt. Another thing that attracts members to a SACCO is that it is democratic in the sense that it is the members who own the organization. SACCOs are formed and run by members

with a common goal and vision and that is mainly providing financial power to its members.

The running of the SACCO is done by elected members, and members have a say, on electing and damping those it deems to be poor performers. Members of SACCOs normally take loans to carry out various issues like the purchase of land, purchase of a house, or even setting up a small business (Wameyo, 2015). Certain SACCOs acquire land and build houses which interested members can purchase at affordable prices. Many of the AP officers have borrowed mostly from SACCOs. The most common one that they are members in is the Harambee Sacco society, which provides a range of facilities ranging from loans like developmental, Emergency, School Fees Loans, and top up loans. The society also offers dividends to its members annually. The amount of loans is three times one's shares. Emergency and school fees loans attract an interest rate of 1% and payable within a space of 12 months (Sang, 2011).

### **2.3 Microfinance institutions' Loans and Social Wellbeing**

Yunus is credited with laying the foundation of the modern Micro Finance Institutions (MFI) with the establishment of Grameen Bank, Bangladesh in 1976. A Microfinance Institution, at basic level, is a financial institution that provides small loans to people who otherwise wouldn't have access to credit, Songbae (2017). A Microfinance Institution, at basic level, is a financial institution that provides small loans to people who otherwise wouldn't have access to credit, Songbae (2017). Microfinance in India started in the early 1980s with small efforts at forming informal self-help groups (SHG) to provide access to much-needed savings and credit services to the marginal population more importantly in rural areas. The microfinance sector has thus grown to immense proportions, until the World Bank has called South Asia 'cradle of microfinance.'

Microfinance entails the extension of small loans, savings and other basic financial services to the people who are not currently accessible to capital. Microfinance is a key strategy in assisting people who live in poverty to access some loan, hence fight their way to financial independency. This will help them become more resilient and better able to provide for their families in difficult economic moments. Putting into consideration that



the world survives on US \$ 2 a day, microfinance can provide a better way to solve difficult conditions.

In 2007, Blue Financial Services Rwanda, a subsidiary of South Africa's Blue Financial Services, was licensed as an MFI and started providing financial services, including salary advances, personal loans, home improvement loans, education loans and debt consideration (Harris 2017). Micro Finance institutions have benefited women more than men. According to statistics, there are now 52 micro financial institutions registered in Kenya, as compared to less than five in 1990. The Central Bank of Kenya (CBK) says that the micro finance sub-sector has achieved tremendous growth in the past decade. Some of the few known microfinance institutions in Kenya are the Kenya Women Holding (KWH), Small and Micro Enterprise program (SMEP), have played a big role in extending loans to the Kenyan poor, and low-income earners. Banks simply won't extend loans to those who have little assets or no assets at all, to act as collateral.

Most micro finance institutions deal with women. According to the World Bank, it has noted that the MFI institutions are helping most Africans financially, especially women, who have involved themselves in building their countries' economies as they engage in income-generating activities to support their families. It is estimated that almost 74% of the 20 million people served by MFIs, are women. Micro financing is based on the philosophy that even small amounts of credit can help end the cycle of poverty. MFI have also led to improvement of health and welfare to people by providing access to better health care. Loan borrowing from microfinance institutions have helped the officers start small businesses, hence creating employment opportunities to other desperate Kenyans and the world at large. APS Officers have been able to borrow a loan not exceeding ksh 10,000, which one would feel embarrassing to borrow from a bank, spending two to three days while in real sense, the cash is meant for emergency purposes. People have considered microfinance for it has a more comparative advantage over banks as far as interest rates are concerned. Mwakabumbe (2013) found that MFI Loans improves performance of MFIs and improve the wellbeing of the society.

### **2.3 Loans borrowing and social well-being**

According to 'BusinessInsider.com', more than 43% of American families do actually spend more than they can financially afford. In USA, American education in universities, for instance, is not free, yet it is very expensive. Therefore, almost all students take education loans in order to finance their education. Failure to supplement the American earnings with some kind of loans can be detrimental. Children may fail to acquire, an important basic requirement. Children failure to go to school leads to negative social well-being, because of the poor kind of lives they are bound to face out there. Loan is widely believed to create opportunities for entrepreneurs and families to improve their economic and social well-being. Researchers have found out that loan borrowing in Sonora, Mexico has really improved credit access on economic and social outcome. They found that loan borrowing services have tremendously opened-up formal financial services and enabled some businesses to expand. While it is true that microcredit has received praise for its potential to lift clients out of poverty, this recognition is often based on generalizations about the microfinance movement or on simple comparisons of borrowers and non-borrowers.

In Malaysia, people enjoy various benefits provided for by government, such as housing loans, medical benefits, various incentives and others (Ismael, 2018). In essence, people borrow loans in order to improve their welfare, to construct building premises, to finance education for oneself, a spouse or children. All these lead to social well-being of the people. A good social index measures the happiness of Microfinance, or micro lending as it is also known, is the practice of lending small amounts of money to entrepreneurs in impoverished nations to help them start essential businesses in their communities (Guilford, 2017). Microcredit is one of the most visible innovations in poverty alleviation programming in the last half-century, and in three decades it has grown dramatically. Now with more than 200 million borrowers, microcredit has been successful in bringing formal financial services to the poor. While microcredit has received praise for its potential to lift clients out of poverty, this recognition is often based on generalizations about the microfinance movement or on simple comparisons of borrowers and non-borrowers. Attempts to determine the true impact of microcredit programs are complicated by the fact that the choice to become a microfinance borrower may itself be a

sign of increased ambition and ability to improve one's economic situation. Microcredit is widely believed to create opportunities for entrepreneurs and families to improve their economic and social well-being.

According to a South African magazine, (The personal finance magazine, 2017), acquiring a university degree is too expensive, such that for one to advance it, one has only one choice – apply for a loan. It is said that it could cost R25,000 a year, for a full-time study, being just tuition, therefore making it imperative for need to apply for a loan. This therefore is important in the sense that families are able to easily educate their children, thus leading to social well-being.

According to Gubbin (2017) at their best, financial services are tools to help people manage their daily needs, protect them from potentially catastrophic shocks, help them achieve the big goals they value, such as seeing their children get a good education, upgrading the roof of their home so it doesn't leak during downpours and in many settings, even be source of social well-being through the reciprocal relationships, community investment, enhancement of identity and status that more informal financial services enable. At their worst, as might be the case with predatory loans that overburden borrowers with debt, financial services can also erode these abilities. Ondieki & Jagongo (2013), however, found that loans from banks enables borrowers to get involved in economic activities which improve the wellbeing of borrowers.

In Kenya, the borrowing of loans has gone a notch higher. Many individuals have turned to digital borrowing. Digital credit has today, revolutionized the loans borrowing act in Kenya, for instances, it has included mobile phone applications, mobile money wallets, and payroll lending, as well as through a range of provider types, including banks, mobile network operators, and even savings and credit cooperative organizations (SACCOs). Many of these lenders are unregulated, lending outside the purview of current regulation. The services generally offer (relatively) small-value, short-term loans that improve the lives of the borrowers (Kaffenberger & Chege, 2016).

## 2.4 Summary of Literature Review

**Table 2.1: Summary of Literature and Research Gaps**

Variable	Researchers and year	Title of the study	Findings	Research gap
Commercial banks loans	Ondieki & Jagongo (2013)	Effects of lowering central bank rate on bank's prime rate: An analysis of Kenyan commercial banks	Low CBR increases the amount of loans given to Kenyans by commercial banks Loans improve the wellbeing of borrowers	No reference is given to show what other scholars have done, in other parts of the world.
	Obamuyi, Edun & Kayode (2010)	Bank lending, economic growth and the performance of the manufacturing sector in Nigeria	Bank lending improves the performance of manufacturers	Done in Nigeria Failed to refer to social wellbeing aspect of bank loans
	Riley (2009)	The Community Advantage Program Database: Overview and Comparison with the Current Population	Commercial banks rarely give loans to the poor community members	The research never addressed the relationship between loan and social wellbeing
SACCO bank loans	Kamau (2017)	Factors influencing performance of coffee cooperatives in Kangema	Non-performing loans affect the performance of coffee cooperatives	Mismatch in use of multiple regression against the sampling the sampling technique employed

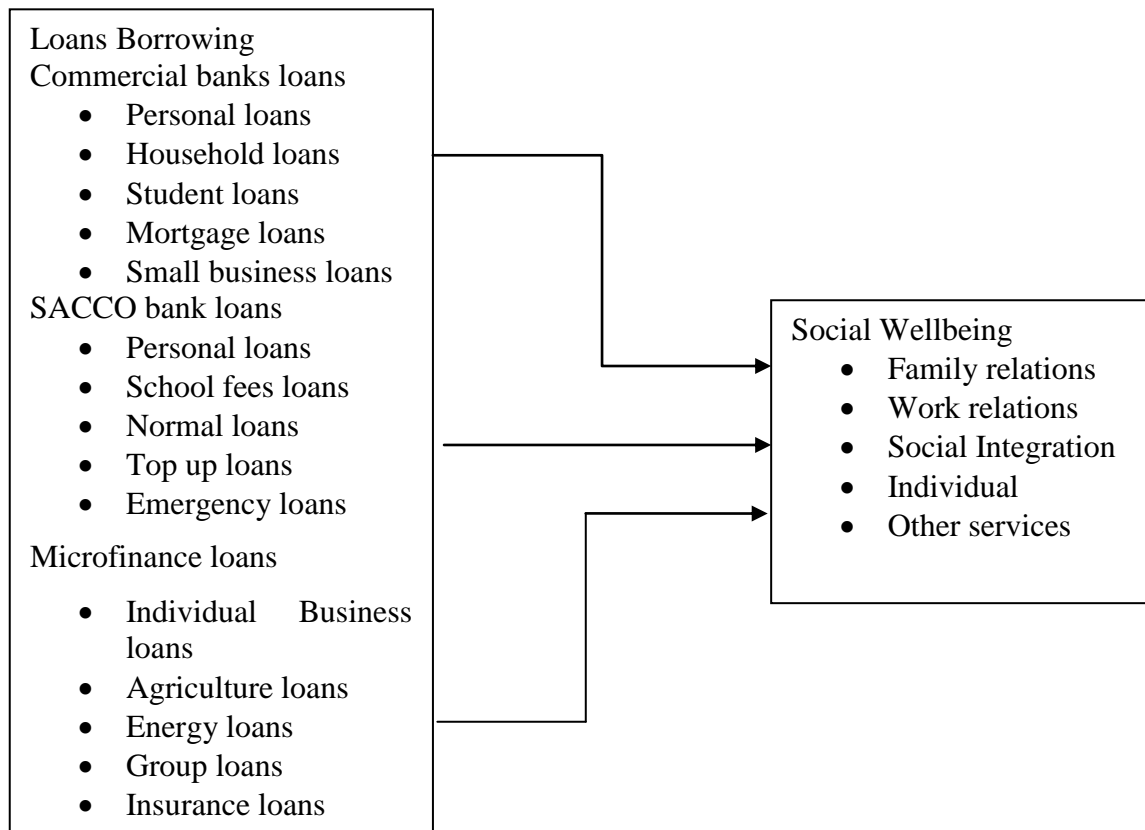
---

	Sang (2011)	The effect of change in capital structure on the financial performance of SACCOs in Nairobi	Saccos offer loans at a low interest rate. This leads to a high number of people borrowing from Saccos	No reference to the social wellbeing of members
	Magali (2013)	The Impacts of Credits Risk Management on Profitability of Rural Savings and Credits Cooperative Societies (SACCOS): The Case Study of Tanzania	Loans to Sacco members affect the wellbeing of members	Focused on Saccos in Tanzania but not Kenya
Microfinance loans	Aurang (2012)	Contributions of micro finance sector in economic growth: a case of Pakistan	Microfinance sector creates employment and provide finance for individuals and firms	Not specific to police officers but general public
	Mwakabumbe (2013)	Effect of capital structure on performance of microfinance institutions. A survey of MFIs in Shinyanga Municipal Council	MFI Loans improves performance of MFIs and improve the wellbeing of the society	Done in Tanzania and focused on capital structure other than loans

---

## 2.5 Conceptual Framework

The figure below [figure 2.1] shows a conceptual framework between the independent and dependent variable. The independent variables are commercial bank loans, SACCO loans and microfinance loans. Each of the independent variables is assumed to have a direct impact on dependent variable, the social wellbeing of Administration Police Officers. Family Relations focuses on relationships of an officer with his own nuclear family members, extended family members and others who directly depend on him/her. Work relations focuses on the relations with management, relations with both the junior and senior staff members, relations with customers. Social Integration focused on the way the loan borrower integrates with members of staff, and with members of the public. The intervening variables focussed on salaries, allowances and other businesses.



**Independent Variable**

**Dependent Variable**

**Figure 2.1** Conceptual Framework

## **2.6 Critique of literature**

There are a few methodological and content related shortcomings in the literature review. There is little study on the impact of loans borrowing on the social wellbeing of Administration Police Officers in Embakasi Sub County, Nairobi City County. APS Officers have engaged themselves so much in acquisition of loans with little regard of planning for how they have got to make proper use of the loans. It is the duty of the organisation (Administration Police Service) to sensitise its officers on loans borrowing, to direct the officers on the best moment to take a loan and how to put the loan in good use. They should be taught on financial management.

The rate at which the officers are borrowing loans and the one at which the loans are being mismanaged, is alarming. Most loans, like the Mshwari and Mkopa loans in Kenya are very simple to get- with a click of the buttons on your cellphone; one is able to get a small loan from Safaricom, the giant telephone subscriber company, and the rate of misuse is also high here. These are kinds of loans that are of insignificant help, and they will always confuse the borrower to an extent of forgetting to borrow a loan that one is able to do something significant with. Though loan borrowing has also been of help in terms of paying school fees to schools and colleges, this loan has come with a price because of the high interest rates it attracts. It is easy to apply online since it only takes 10 minutes to do so, (HSBC Personal Loan).

Although the APS Officer who therefore borrow loans to improve his/her life is deemed to be having a heightened state of prosperity and therefore a high level of social wellbeing (Keyes & Lopez, 2002), some loans have had negative implications on these officers in terms of family relations, work relations and social integrations, due to the poor usage of the loans.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter entails the methodology that was employed in this study, including the research methods that inform the choice of the research techniques. The section presented a detailed prescription of the research design, study site, target population, data collection instrument, validity of research instruments, reliability of research instruments, data collection procedure, pilot study, data analysis and presentation and ethical considerations. It explained how loan borrowing is affecting the social wellbeing of the APS Officers.

#### **3.1 Research Design**

The study was guided by a descriptive survey research design in order to study the underlying factors, over the effects of loans borrowing on the social wellbeing of APS Officers in the Sub-County of Embakasi in Nairobi City County. Orodho, (2014) states that survey research describes the nature of existing conditions, identifies the standards against which existing conditions could be compared, and determines the relationship that exists between specific events. The studies (descriptive) have a bearing to characteristics with semblance to the subject population.

Saunders et al, (2003) asserts that a descriptive research portrays an accurate profile of persons, events or situations. A good descriptive research study's main objective aims at improving resources, hence leading to competitive advantage. The researcher used this method since it entails observation, case study and survey, thus it gives the researcher an insight into the study. By observing, it assisted the researcher view and record participants (with participants' permission), while by carrying out a case study, enabled the researcher get an in-depth study of the individual or group, and finally, by surveying, it allowed the researcher interview the participants on the specific topic. This hence enriched the researcher with detailed information about a participant.

#### **3.2 Study Site**

The researcher's study area was Embakasi Sub County, Nairobi City County, Kenya. This study site was chosen because, one; it is in the capital city of the republic of Kenya where



the population of officers is a little bit higher than other populations in the city of Nairobi as well as other sub counties in the country, and therefore one expects to get a good number of officers for data collection, second; it is also in the capital city that one expects to get a good number of officers in terms of demographic information- ranks, age, gender, marital statuses and years of experience, and third; the place is endowed with presence of different types of financial institutions- banks, sacco and even microfinance institutions. Besides that, there is good infrastructure, which reduces the challenges.

### 3.3 Target Population

The study focussed on Embakasi Sub County APS Officers of all ranks; Administration Police Constable (APC), AP Corporal (CPL), AP Sergeant (SGT), AP Senior Sergeant (S/SGT), AP Inspector (IP), AP Chief Inspector (CIP), AP Assistant Superintendent (APS), AP Superintendent (SP) and finally, Administration Police Senior Superintendent (SSP). A sample size population of 65 officers was selected from a target population of 175 APS Officers, using stratified sampling technique, where almost a third of the target population, mostly basing on the ranking, was selected. A few ranks such as ASP and SP was however, not represented. A descriptive survey method was done and data obtained.

**Table 3.2: Target population**

<b>Rank</b>	<b>Population</b>	<b>Percentage</b>
APC	112	64%
CPL	29	16.6%
SGT	11	6.3%
S/SGT	9	5.1%
IP	10	5.7%
CIP	3	1.7%
ASP	-	-
SP	-	-
SSP	1	0.6%
<b>Total</b>	<b>175</b>	<b>100</b>

### 3.4 Sampling Design and Technique

A sample size of 65 Officers, as representative of a population of 175 Officers was used in this study. The researcher used a stratified and simple random sampling technique. In this case, each individual is chosen entirely by chance and each member of the population stands an equal chance of being chosen. In this kind of technique, a number is given to each individual, then a table of random numbers is used to decide which individual to include. In simple random sampling, it allows the sampling error to be calculated and it reduces selection bias. It is advantageous for being the most direct method of probability sampling.

**Table 3.3: Sample size and design**

Rank	Population	Percentage	Sample
APC	112	64%	40
CPL	29	16.6%	13
SGT	11	6.3%	4
S/SGT	9	5.1%	3
IP	10	5.7%	2
CI	3	1.7%	2
ASP	-	-	-
SP	-	-	-
SSP	1	0.6%	1
<b>Total</b>	<b>175</b>		<b>65</b>

### 3.5 Data Collection Instrument

The researcher used a questionnaire as a data collection instrument. A pre-designed and pre-tested questionnaire was used to collect data related to the objectives of the study. According to Orodho (2004) a questionnaire is able to collect a massive number of information in a quick span of time. Questionnaires, being in an immediate usable form, followed by alternative answers, are easy to analyse and administer (Mugenda & Mugenda, 2012). By use of a questionnaire, a researcher is able to pick from a large number of his/her respondents, it is cheap, and provides factual information, and also allows questions to be answered fast, while responses analysed quickly too. It helps keep

the anonymity and confidentiality of information collected. Mugenda and Mugenda (2012), observes that questionnaires, allow analysts to collect information and opinions from a large number of respondents while maintaining uniform responses. They are easy to administer because each item is followed by alternative answers. 65 questionnaires were issued to 65 of the sampled respondents by the researcher and his assistant, of whom only 59 surrendered them to the researcher. The questionnaires were divided into four parts- part B, C, D and E. Part B, was to answer questions on Commercial Banks and Social Wellbeing, while part C was to answer questions on Sacco loans and Social Wellbeing, part D- Microfinance Institutions and Social Wellbeing and finally part E- Social Wellbeing and Loans Borrowing. The respondents were to fill the questionnaires using the following format, (where; 1 represents those who strongly disagree, 2 = Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree).

### **3.6 Pilot Testing**

A pilot study, as observed by Polit, Beck & Hungler, (2001), is a small-scale version or trial run in preparation for a major study. Blumberg et al (2011), refers to it as a small experiment designed to test logistics and gather information prior to a larger study, in order to improve the latter's quality and efficiency. Orodho (2003), asserts that a pilot study assists in the improvement of items of data collection instruments. The researcher's pilot test targeted APS officers residing in Umoja, Embakasi Sub County.

### **3.7 Validity and Reliability of Research Instruments**

#### **3.7.1 Validity of Research Instruments**

Research's validity, generally indicates the soundness of the study, and more specifically to its design research methods. It applies to design and method of research, and gives the true meaning of the findings and a true representation of the phenomenon the researcher claims to measure. Validity refers to how well a test measures what it is supposed to measure (Cosby, 2011). Validity encompasses the entire experimental concept and establishes whether the results obtained meet all requirements of the scientific research method. It is described as the degree to which a research study measures what it intends to, and is divided into the internal, which refers to validity of measurement and test itself,

and external, that refers to the ability to generalize findings to the target population. Internal and external validity are both important in the sense that they analyse the appropriateness, usefulness and meaningfulness of the research study. The researcher employed consistent measurement procedures for the proposed interpretations and evaluated evidence related to inferences made (Kane, 2006). The validity was ensured through expert opinion and supervisor consultation.

### **3.7.2 Reliability of Research Instruments**

According to Tavakol and Dennick (2004), reliability is described as the degree to which an assessment tool produces stable and consistent results. The idea behind it is to confirm that any significant result should be one-off finding and also be repeatedly, ably inherent. This reflects how closely related a set of items are as a group. It is a measure of scale reliability. Alpha can be viewed as an expected correlation of two tests that measure the same construct, and it is predominantly assumed that the average correlation of a set of items is an accurate estimate of the average correlation of all the items that are in alignment to a certain construct. Cronbach alpha will be used to measure reliability and ranges from 0 to 1. The accepted value of Cronbach alpha is between 0.7 and 0.9 (Kline, 1999). The researcher ensured reliability by measurement, using the test- retest reliability method, obtained by administering the same test twice over a period of time to the research participants.

### **3.8 Data Collection Procedure**

In an effort to collect accurate data, the researcher adopted a method, where the researcher sub-divided the questionnaire into parts. After the researcher gathered information from participants, the researcher ultimately used primary data collection method. However, before the researcher carried out the research, the researcher first sought approval from the Inspector General of the NPS. The researcher wrote an introductory letter to the Kenyatta University Administration seeking permission to commence with the research. The questionnaire, were administered basing on gender and ranking. To make the analysis easy and understandable, the researcher developed use of the Likert scale response categories, where the respondents are supposed to tick, in

accordance with categories ranging from; strongly agree, agree, neutral, disagree and strongly disagree. The research questionnaire was then dropped and picked later.

### 3.9 Data Analysis and Presentation

The study generated both quantitative and qualitative data. Quantitative analysis involves the use of descriptive statistics such as the mean, frequencies and percentages. Data that was obtained from the questionnaire was processed through editing and coding and then entered into a computer for easy analysing, using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS), which offered extensive data handling capabilities and numerous statistical analysis procedures that analysed small to very large data statistics (Bell, 2007). The use of Descriptive statistics is significant in the sense that it helps in computing the measures of central tendencies and measures of variability (Bell, 2007). The descriptive analyses are also important in the sense that they provide the foundation upon which correlation and experimental studies emerge. According to Mugenda & Mugenda (2012), the descriptive analyses also provide clues regarding the issues that should be focussed soon leading to further studies. The analysed findings were then presented in form of frequency tables since they are friendly and give clear representation of the different responses given by respondents. Multiple regression analysis was done using the following equation:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Y = social well being  
a = constant  
 $\beta_i$  = Coefficients  
 $X_1$  = Commercial bank loan  
 $X_2$  = Sacco loans  
 $X_3$  = Microfinance loans

Qualitative analysis involved use of thematic analysis. This is used in qualitative research and focuses on examining themes. In this, coding is the primary process for developing themes within raw data by recognising important moments in the data and encoding it prior to interpretation.

### **3.10 Ethical Consideration**

Ethical issues were observed with commencement of data collection. It began by assuring the Officers that their details were to be treated with utmost confidentiality. Nobody, amongst the researcher's respondents was forced into filling the questionnaires, nor was anybody, including the very lowest in rank, otherwise known as constable, forced to give out any information. The giving out of the information was to be treated as voluntary action. The researcher assured the respondents that the collected data was to be used in the research on loans borrowing by members of APS Officers in Embakasi Sub County, Nairobi City County. Permission to carry out the research was provided by Kenyatta University, the National Commission for Science, Technology and Innovation (NACOSTI) and the Inspector General of the NPS.

## CHAPTER FOUR

### FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This chapter entails the findings of the research, its interpretation and discussions of analysed data. The study sought to discuss loans borrowing and social well-being of Administration Police Service Officers in Embakasi Sub County, Nairobi City County, Kenya. The instrument employed in this study was a questionnaire, which contained demographic data and guiding questions that were derived from specific objectives which were descriptively and inferentially analysed using SPSS descriptive statistics system.

#### 4.2 Response Rate and Reliability analysis

Out of the 65 questionnaires circulated, the researcher received 59 of the questionnaires back. That means only 6 questionnaires were not received. This is a translation of 96.9% of all questionnaires received, and 3.1% questionnaires that were not received.

##### 4.2.2 Reliability Test

To test the reliability of the instrument, Cronbach alpha tests were conducted. Cronbach alpha was calculated to measure the internal consistency and reliability of the instrument. The Cronbach alpha came as 0.844 as shown in table 4.4, thus the instrument was considered reliable for the study.

**Table 4.4: Reliability Statistics for Commercial Bank loans**

Variable	Cronbach's Alpha	No. of Items
Commercial Bank loans	.724	5
Sacco Loans	.820	5
Microfinance loans	.921	5
Social wellbeing	.911	5
<b>Average</b>	<b>0.844</b>	

### 4.3 Demographic Information

The study collected information on the personal attributes of the respondents. This information includes gender of the respondents, ages of respondents, marital status, their years of experience in service, their designations, and information that leads to experiences in loans borrowing and how it is affecting the social well-being of APS Officers in Embakasi Sub County, in Nairobi City County as it is illustrated in the subsequent tables.

#### 4.3.1 Gender of Respondents

The study carried out research on officers of both gender – male and female. This was necessary as it made it possible to outline characteristics of respondents. The findings showed that both genders were loans borrowers. Some borrowed from banks, others from SACCOs while some borrowed from microfinance institutions. Out of the 59 questionnaires surrendered, 35, which represented 59.3 % were male, while 24 representing 40.7% were female. This clearly indicates, basing on representation, that the magnitude of loans borrowing by female officers was more or less similar to that of their male counterparts. The valid and cumulative percentages' totals up to 100%. From the findings, it is evident that female officers, like their male officers, have needs and wants, and are therefore, also engaged in borrowing of loans from various financial institutions.

**Table 4.5: Gender of the Respondents**

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Female	24	40.7	40.7	40.7
Male	35	59.3	59.3	100.0
Total	59	100	100	

#### 4.3.2 Respondents' Age

The study was keen on ages of respondents. It found out that most loans borrowers fell in the bracket of between 26- 35 years of age, whose number of 34 officers represented 57.6 %. At such ages, which are ages officers marry or get married, sire children and take them to school, responsibilities grow, and as such more money is needed to assist in meeting some obligations, which hence calls for more loans borrowing. Other responsibilities that



are prevalent, includes constructing a house for oneself and engaging in small businesses to improve one's social status. At ages 36-50, the frequency of loans borrowing slightly drops to 20, a 32.2% reflection. This could mostly be linked to the fact that, at such ages, officers become conscious of the pain of utilizing poorly a loan a borrower is destined to service for very long, and therefore borrowers' numbers reduce. Cases of attrition, and discharge from police duties to other more lucrative jobs also see a reduced number of borrowers. At age 18- 25, which represent 5.1% of loans borrowers, shows that most officers at such ages do not acquire loans. At such ages, being fresh from college, most officers do not even qualify for loans because of their meagre saving. As such, only 3 officers filled the questionnaire. The study also showed that only three officers, 5.1 %, above age 51 filled the questionnaire, possibly because, representation at such ages become poor, and that, at the realization of loans borrowings being tricky to borrow because of the overly burdened payslip, officers at this age are cautious to borrow. Others fear to even borrow because they fear that they may not use the borrowed loans well, yet retirement beckons. Here below is table 4.6 for explanation of this.

**Table 4.6: Respondents' Age**

Age in years	Frequency	Percentage	Valid Percentage	Cumulative Percentage
18 – 25	3	5.1	5.1	5.1
26 – 35	34	57.6	57.6	62.7
36 – 50	19	32.2	32.2	94.9
51 and above	3	5.1	5.1	100.0
Total	59	100.0	100.0	

### 4.3.3 Marital Status of the respondents

Table 4.7 below, represents marital status of the officers in Embakasi Sub County. The findings show that both single and unmarried officers of both male and female gender borrow loans from financial institutions in order to improve their social well-being. The table shows that most loans borrowers fall in the bracket of married officers, whose percentage is 79.7%. Officers who are single are represented by 20.3%. In the findings there were no divorced officers represented. This could therefore be because of the fact that there could be very few, if any in the service.

**Table 4.7: Marital Status of the respondents**

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Married	47	79.7	79.7	79.7
Single	12	20.3	20.3	20.3
Total	59	100.0	100.0	

**4.3.4 Years of experience**

Table 4.8 below represents years of experience at work, the more the years of experience at work, the more the loans acquired. The study shows that most frequent loans borrowers are of youthful age, officers employed in the new millennium. The table shows that officers who have worked 5 years and below, have little experience about loans (11.9%). This is because, being officers who have not saved well enough to warrant loans from various financial institutions, their threshold is not enough to warrant them loans. Officers who have spent between 6 to 15 years have the highest number of loans borrowers, at 59.3%. With the length of experience here, their savings warrant some reasonable amount of loans, and are therefore presumed to be the highest loans borrowers. Another category is that of officers who have worked between 16 to 25 years, for they attract a percentage of 20.3%. The least percentage is 8.5%. This is of officers who have worked above 26 years of service. At this stage, officers are fewer, mainly because of attrition, resignations, retirement. Some, at this age choose not to borrow much for fear that this may interfere with their retirement plans. Nobody wants to retire while paying loans.

**Table 4.8: Years of experience**

Years	Frequency	Percentage	Valid Percentage	Cumulative Percentage
5 and below	7	11.9	11.9	11.9
6 – 15	35	59.3	59.3	71.2
16 – 25	12	20.3	20.3	91.5
26 and above	5	8.5	8.5	100.0
Total	59	100	100	

### 4.3.5 Respondents' Rank

In this research study, it is clear that borrowing of loans cuts across the rank and file. Almost every designation is represented in terms of officers' borrowing of loans. 1.7% hold the rank of SSP, 11.9% members of the Inspectorate, 27.1% hold the ranks of corporals, sergeants and senior sergeants, otherwise also known as Non-commissioned Officers (NCOs) and 59.3%, who are the majority, and outnumber all the other ranks combined, are Constables, who, to a large extent, are operations officers. This in effect is an indication that a great number of officers irrespective of rank are loans borrowers. What is evident is that constables cumulatively occupy a great percentage, which is greater than the percentage of all ranks combined in Embakasi Sub County, Nairobi City County. This is a clear indication that, constables, because of their numbers, go for loans in large numbers as well. The NCOs, who cumulatively occupy 27.1% of the sample population, go for loans. At this stage, officers are well versed and mature enough with the advantages and disadvantages of loans borrowing. Table 4.6 explains this better.

**Table 4.9: Respondents' Rank**

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
APC	35	59.3	59.3	59.3
CPL	5	8.5	8.5	67.8
SGT/S.SGT	11	18.6	18.6	86.4
IP	5	8.5	8.5	94.9
CIP	2	3.4	3.4	98.3
SSP	1	1.7	1.7	100.0
Total	59	100	100.0	

## 4.4 Descriptive Findings

### 4.4.1 Commercial bank loans and social well-being

The first objective of this study intended to establish the relationship between commercial bank loans and social well-being of APS Officers in Embakasi sub county, Nairobi City County. In achieving this, the researcher designed questions which directed on

determining on whether strategies can be put in place on the best way forward for loans borrowing from commercial banks by APS Officers.

**Table 4.4: Commercial bank loans and social well-being of APS Officers**

Commercial Bank loans	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Personal loans borrowing has assisted in meeting various expenses without much stress	22.0	40.7	23.7	10.2	3.4
Household loans borrowing has improved peoples' economic statuses and their social wellbeing	3.4	8.5	32.2	35.6	20.3
Student loans borrowing has greatly assisted officers easily pay student fees, hence improving their social well-being	15.4	32.2	16.9	18.6	16.9
Mortgage loans borrowing has assisted in constructing houses, enabling people live comfortable lives, thus improving their social well-being	20.3	28.8	28.8	15.3	6.8
Small businesses loans has played a vital role in uplifting living standards by engaging in small businesses, hence improving their social well-being	18.6	35.6	23.7	13.6	8.5

Table 4.10 shows that majority of officers, on personal loans borrowing having assisted in meeting various expenses without much stress, had a percentage of 22% of officers who strongly agreed, while 40.7% agreed that loans borrowing has assisted meeting various expenses with little stress. 10.2% disagree with it while 3.4% strongly disagreeing. 23.7% neither agree nor disagree. This in essence shows that a big number (62.7%) of officers think that personal loans borrowing is a remedy in meeting various expenses with little

stress. By good utilization of it, they will avoid being stressed. They believe there will be reduction in the amount of stress that comes with meeting their expenses. The cost of living has tremendously increased in the recent past and APS Officers might be forced to take bank loans in order to meet their daily expenses. However, a small number (13.6%) believe that stress is not reduced due to personal loans.

On whether household loans have improved people's economic statuses, thus improving their social well-being, 20.3% of the officers strongly disagreed while 35.6% disagreed. 32.2% were not sure, while 8.5% agreed and 3.4% strongly agreed, thus giving a clear indication that though most officers borrow household loans, it does not improve their economic status. The findings clearly reflect that a majority of officers (55.9%) from Embakasi sub county have a low attitude towards borrowing of Household loans in order to improve their economies and life statuses. However, though 32.2% of the officers remained neutral, nearly 11.9% supported the idea of loans borrowing, which, they believe, would boost their economic status, and hence improve their social wellbeing.

Table 4.10 also revealed that students' loans have greatly assisted officers easily pay school fees and thus boosted their social well-being. 47.6% agreed that students' loans have improved their social wellbeing in the sense that it has reduced the stress that comes with paying school fees. This is shown by 15.4% of officers who strongly agreed and 32.2% who agreed a cumulative percentage of 47.6%. 16.9% of the officers stayed neutral on this. 18.6% disagree while 16.9% strongly disagree. This clearly indicates that those who supported this idea by agreeing and strongly agreeing were a fairly bigger number (47.6%) than those who disagreed and strongly disagreed. However almost 35.5% disagreed and strongly disagreed. This therefore showed that loans' borrowing was not that popular amongst officers who would like to borrow it for the sake of education.

Table 4.10 showed the levels at which mortgage loans' borrowing has assisted in constructing houses, thus enabling people live comfortable lives, an improvement on their social well-being. Although 22.1% of respondents disagreed with this, almost 49.1% both strongly agreed and agreed. As is usual, the indecisive ones ranged at 28.8%. This is an indication that mortgage loans improved the lives of AP officers as it enables them to

construct houses bringing comfort to them and their families. The loans, hence improve the social wellbeing of AP officers in Embakasi subcounty.

Table 4.10 established that small businesses loans has played a significant role in uplifting living standards of APS Officers as it is revealed by the findings. This is shown by a cumulative percentage of 52.4% who strongly agreed and agreed. Such officers use their free time that they have to manage their businesses and ensure that the loans are put to good use which in turn supplements the salary from the government. This in essence shows that majority of the APS officers at Embakasi sub county of Nairobi city county, Kenya, borrow loans to do small businesses which in turn improve their social wellbeing. On the other hand, 8.5% and 13.6% strongly disagreed and disagreed to the statement respectively. The disagreement could have been premised on the limited time that they got to engage in businesses, which makes them fail. 23.7% of the officers could neither agree nor disagree. In conclusion, commercial bank loans positively influence the social wellbeing of police officers. The findings are supported by Riley (2009) who praises commercial loans as the most common form of loan capital for a individuals and corporates.

#### 4.4.2 SACCO loans and Social-Wellbeing

The second objective of this study intended to establish effects of SACCO loans on social well-being of APS Officers in Embakasi sub county, Nairobi City County. In achieving this, the researcher designed questions which were directed on determining whether strategies can be put in place on the best way forward for loans borrowing from SACCOs by APS Officers in Embakasi sub county, Nairobi City County, Kenya.

**Table 4.5: SACCO loans and social-wellbeing of APS Officers**

SACCO Loans	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Personal loans helping in meeting various wants, such as putting up businesses, buying a vehicle etc, hence improving social well-being	25.4	40.7	18.6	8.5	6.8

School fees loans is greatly assisting parents in quickly paying fees for pupils and high school, college and university students, as a result, improving social well-being	20.3	32.2	25.4	10.2	11.9
Normal loans are greatly helping in meeting various needs and wants, hence improving social well-being	22.0	28.8	27.1	11.9	10.2
Top up loans helping arrest in good time pilling up tasks, thus improving social well-being	28.8	35.6	23.7	6.9	5.0
Emergency loans assisting in emerging urgent issues, thus improving social well-being	13.5	35.6	30.5	10.2	10.2

Table 4.11 discusses on Sacco personal loans, helping in meeting various wants, such as start of a business, thus improving social wellbeing, a cumulative percentage of 66.1% of the officers strongly agreed and agreed. 18.6% of the officers were not sure, while 8.5% and 6.8% (a cumulative percentage of 15.3) disagreed and strongly disagreed respectively. This therefore reveals that quite a big number of officers support the idea of loans' borrowing from SACCOs which improves their social wellbeing through starting businesses and buying personal assets like vehicles. The will to borrow from Saccos, may be as a result of the low interest rates that comes with it and effective utilization of such loans.

On school fees loans, a majority of officers (52.5%) agree- 20.3% strongly agree and 32.2% agree-on the concept of borrowing loans to pay fees for pupils, students in high school, colleges and universities, and even for their self education. Those who were neutral are 25.4%, for they neither agree nor disagree with it. 10.2% of these officers disagree while 11.9% strongly disagree. The findings show that many officers believed

that borrowing student school/college/university fees loans from Saccos improved their social wellbeing. The loans enable the officers to meet the budget for school fees as it supplements their own salaries. This means that majority of the APS officers in Embakasi subcounty borrow Sacco loans to meet school fees demands which improves their social wellbeing.

The results of table 4.11 indicate that normal loans are greatly helping in meeting various needs and wants, hence, improving social well-being of APS officers. Cumulatively 50.8% of the respondents agreed that Normal loans had helped them meet needs and improved their social wellbeing. This is shown by 22.0% who strongly agreed and 28.8% who agreed. 27.1% were neutral on the statement. 11.9% of the officers disagreed while 10.2% strongly disagreed. The findings of the results clearly indicate that a good percentage of officers support the concept of borrowing of normal Sacco loans that meet needs and wants of an officer. Normal loans would improve the lives and social wellbeing of police officers as it would enable them meet their daily expenses.

Results of table 4.11 determines that 'Top Up' Sacco loans are helping arrest in good time of piling up tasks, thus improving social well-being of AP Officers in Embakasi sub county, Nairobi city county. A cumulative percentage of 64.4% agreed on the statement where 28.8% strongly agreed while 35.6% agreed. This shows that top up loans improve the social wellbeing of AP officers. 23.7% were neutral on the statement. 6.9% disagree and 5% strongly disagree. The results are an indication that very many officers do support this. The findings show that this kind of loan is quite popular among the officers, and reduces the stress that comes with meeting a deficit in funds especially in a business. The only 11.9% who disagree and strongly did so, are indicators of those who do not support the top up idea of top up Sacco loans' borrowing for improved social wellbeing.

The results in table 4.11 show that emergency loans are assisting in emerging urgent issues, thus strongly improving social well-being of APS Officers in Embakasi Sub County. This is reflected by the percentage scores of 13.5% who strongly agreed and 35.6% who agreed, a cumulative percentage of 49.1%. On the other hand, 10.2% strongly disagreed and a similar percentage, disagreeing. 30.5% of the respondents neither agreed nor disagreed. This shows that the respondents support emergency Sacco loans. The



researcher believes, people would take emergency loans more compared to normal loans. This is the same case for APs who would expect to take emergency loans to cover emergencies for an improved social wellbeing.

In summary, Sacco loans have improved social wellbeing of APS officers. Wameyo (2015) also support the findings who found that members of Saccos took loans to purchase land, purchase sa house, or set up a business. Sang (2011) found that Saccos offered developmental, emergency, school fees loans and top up loans to members. The findings are in line with those of Magali (2013) who found that loans from Saccos improve the social wellbeing of both employees and members of a Sacco.

#### 4.4.3 Microfinance Institutional loans and social well-being

The third objective of this study intended to establish influence of Microfinance Institutional loans on social well-being of APS Officers in Embakasi sub county, Nairobi City County. In achieving this, the researcher designed questions which directed on determining on whether strategies can be put in place on the best way forward for loans borrowing from Microfinance Institutions by APS Officers in Embakasi sub county, Nairobi City County, Kenya.

**Table 4.6: Microfinance Institutional loans and social well-being of APS Officers**

Loans Borrowing	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Individual Business loans have shaped people’s lives, hence increasing their social well-being	13.6	45.8	15.3	18.6	6.7
Agriculture loans is greatly improving lives by setting up agricultural investments thus improving their social wellbeing	15.3	32.2	32.2	10.2	10.1
Energy loans have assisted in settling of electricity bills with ease, thus improving social	22	47.5	16.9	10.2	3.4

---

wellbeing

Group loans are helping setting up investments in groups, thus improving social well-being	20.3	35.6	23.7	15.3	5.1
Insurance loans are assisting in accessing cash for vehicle insurance, thus improving APS Officers social well-being	22	47.5	15.3	8.5	6.7

---

The results of research findings shown in table 4.12, show the impact of how Individual Business loans have had on AP Officers' lives. To a larger extent the individual business loan, a kind of Microfinance loan, has effectively shaped Officers' lives whereby 13.6% strongly agreed and 45.8% agreed, making a cumulative percentage of 59.4%. Those who had divided minds- neither agreeing nor disagreeing were 15.3%. Only a small percentage of 25.3% cumulatively, strongly disagreed and disagreed. According to the findings, this kind of loan is popular among APS Officers, as a result, it clearly reflects that a good number of individuals do apply for it. It thus reflects that it has a positive connotation in relationship to social wellbeing of police officers.

The results in table 4.12 of research findings show the impact agriculture loans are having on the social well-being of APS Officers in Embakasi Sub County, Nairobi City County. 15.3% of officers strongly agree and 32.2% agree, while 32.2% neither agree nor disagree. 10.2% of them disagree while 10.1% strongly disagree. This in essence shows that, out of the research findings, agriculture loans are admired by AP Officers given that Kenya is an agricultural country. This hence shows that agriculture loan has a positive connotation on the social wellbeing of APS Officers. This loan enables officers engage in agricultural activities in order to put some food on the table. A paltry 20.3% of APS officers were in disagreement about the usefulness of such a loan, and they did not therefore see anything good out of it.

The results of research findings in table 4.12 on energy loans show that AP officers take such loans to settle electricity bills with ease, thus improving their social wellbeing. This

is supported by a cumulative percentage of 69.5%, (22% strongly agreed and 47.5% agreed). This shows that energy loans are popular among police officers as it enables them settle bills 'bila stress'. A percentage of 16.9% of the respondents neither agree nor disagree with the statement on energy loans. However, 10.2% disagree and 3.4% strongly disagree. The findings here reflect that majority of the officers take up energy loans from MFIs which enables them to pay electricity bills without strain. In this case, the social wellbeing of the officers improves.

The results of research findings as shown in table 4.12 show that 20.3% of officers strongly agree that group loans are helping setting up investments in groups thus improving social well-being. 35.6% agree while 23.7% neither agree nor disagree. 15.3% disagree while 5.1% strongly disagree. The research findings reveal that group loans are popular amongst the APS Officers, and as such there is need to encourage them go for such group loans. This clearly indicates that, group loans, as shown in the table above, help in setting up of investments in groups. Getting a group loan is easy. One does not have to go through the rigours of obtaining loans in order to get a group loan. The loans seem to have a positive impact on the social wellbeing of officers, since they are readily obtainable and are able to fix urgently, urgent matters.

Research findings in table 4.12 show that insurance loans have a positive connotation on social wellbeing of APS Officers. The APS Officers are able to access vehicle insurance, which thus improves their social wellbeing. This is reflected by the results, which, cumulatively, total up to 69.5% for those in agreement. 15.3% neither agree nor disagree while cumulatively, 15.2% were in disagreement. Those who disagree indicate that this loan impact negatively on police officers, thus causing poor relationship with family members, poor social integration and poor work relations. However, we can conclude that insurance loans from MFIs improves the social wellbeing of AP officers in Embakasi subcounty.

From the findings in the table, microfinance loans improve the social wellbeing of AP officers in Embakasi Sub County. Harris (2017) found that MFIs offered personal loans, home improvement loans, education loans and debt consideration in their urge to improve

the lives of individuals. Mwakabumbe (2013) supports the findings in that he found MFI loans to have improved the wellbeing of the population under study.

#### 4.4.4 Loans Borrowing and Social well-being

The fourth objective of this study intended to establish the effects of loans borrowing and the social well-being of APS Officers in Embakasi sub county, Nairobi City County. In achieving this, the researcher designed questions which were directed on establishing whether loans borrowing could be used as a measure to determine APS Officers' social well-being by APS Officers in Embakasi sub county, Nairobi City County, Kenya.

**Table 4.7: Loans Borrowing and social well-being of APS Officers**

Social well-being	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
The individual APS Officer's social well-being through loans borrowing is being greatly affected	28.8	35.6	23.7	6.9	5.0
Family Relations of APS Officers greatly affects their social well-being through loans borrowing	22.0	28.8	27.1	11.9	10.2
Work Relations of APS Officers is affecting their social well-being in relationship to loans borrowing	18.6	35.6	23.7	13.6	8.5
Social integration of APS Officers is affecting social well-being of APS Officers through borrowing of loans	20.3	35.6	32.2	8.5	3.4
Social well-being of APS Officers through loans	22.0	47.5	16.9	10.2	3.4

---

borrowing is being affected  
through interrelationship  
with members of other  
services

---

The results of research findings in table 4.13 show that individual APS Officers' social well-being through the borrowing of loans is greatly being positively affected as reflected by a cumulative percentage of 64.4% (28.8% for strongly agree and 35.6% agree). On the other hand, 6.9% disagree while 5.0% strongly disagree. 23.7% of the respondents remained Neutral. This shows that loans borrowing mainly affect the social wellbeing of AP officers positively when the said loans are put to proper use.

The findings clearly show that family relations of APS Officers greatly affect their social well-being through loans borrowing. This is clearly shown by respondents' reactions, whereby 22.0% strongly agree while 28.8% agree. On the other hand, 27.1% neither agree nor disagree, while 11.9% disagree and 10.2% strongly disagree. In general, family relations seem to be influenced positively especially where loans are put into good use, where for instance the loan is used to generate revenue from economic activities and pay expenses for the family. However, where the loans are misused, negative impact on officers' social relationship is adversely affected.

On work relations and loans borrowing, a cumulative percentage of 54.2% of the respondents strongly agreed and agreed. They agreed that work relations of AP officers affected their social well-being in relation to loans borrowing. On the other hand, 22.1% (13.6% disagreed and 8.5% strongly disagreed) cumulatively disagreed on the statements. Respondents, who neither agree nor disagree reflect 23.7%. The findings show that though there is some negative reflections of loans borrowing in work related experiences, a bigger percentage pointed to positive relations.

Results of research findings show that social integration of APS Officers is positively affecting the social well-being of APS Officers in relationship to loans borrowing. This is shown by a cumulative percentage of 55.9% who agreed on the statement, hence strongly supporting this concept. 32.2% neither agree nor disagree that social integration of APS Officers affected social well-being through borrowing of loans. A cumulative percentage

of 11.9% (8.5% strongly disagree and 3.4% disagree) disagreed that social integration affected social well-being of APS Officers through borrowing of loans. This in essence shows that loans enhance social integration of APS officers, hence affecting their social wellbeing.

Results of research findings show that social well-being of APS Officers, through loans borrowing is being affected through interrelationship with members of other services. A cumulative percentage of 69.0% strongly agrees and 16.9% neither agree nor disagree, 10.2% strongly disagree and 3.4% disagree. This indicates that social wellbeing of APS Officers through loans borrowing is positively affected through interrelationship with members of other services.

The findings show that loans lead to improved social wellbeing of APS Officers. The findings concur with the findings of Kaffenberger and Chege (2016) who found that short-term loans from Saccos improved the lives of the borrowers. Ondieki and Jagongo (2013) also found that bank loans enabled borrowers to get involved in economic activities which improved the wellbeing of borrowers. Guilford (2017) found that Microfinance lent small amounts of money to entrepreneurs to help them start essential businesses in their communities which in turn improve their social wellbeing. According to Gubbin (2017), loans are a source of social wellbeing through the reciprocal relationships, community investment, enhancement of identity and status that more informal financial services enable.

#### **4.5 Regression Analysis**

In this review, numerous relapse investigation was directed to test the effect of indicator factors. The examination utilized (SPSS V20.0) to code, enter and process the estimations of the numerous relapses. The model summary is presented in Table 4.14.

##### **4.5.1 Model Summary**

**Table 4.8: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.729 <sup>a</sup>	.531	.520	.4729

The study used coefficient of determination to evaluate the model fit. The adjusted  $R^2$ , also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The model had an average adjusted coefficient of determination ( $R^2$ ) of 0.52 and which implied that 52% of the variations in social wellbeing is explained by the independent variables under study (commercial bank loans, Sacco Loans and Microfinance loans). This shows that loan borrowing is the main factor affecting social wellbeing of APS officers in Nairobi county. The remaining 48% of the change in social wellbeing is accrued to other factors other than loan borrowing. This shows that there are other factors influencing social wellbeing of APS officers in Embakasi subcounty other than loans borrowing.

#### 4.5.2 ANOVA

The study further tested the significance of the model by use of Analysis of Variance (ANOVA) technique. The findings are tabulated in Table 4.15

**Table 4.9: ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.482	3	.161	7.388517	.000 <sup>b</sup>
	Residual	1.196	55	.022		
	Total	1.178	58			

Critical value =2.79

From the ANOVA statics, a significance level of 0.1% was established. This means that the information in this study was perfect for making a conclusion (p-value) was under 5%. The calculated value was greater than the critical value ( $7.389 > 2.79$ ) an indication that commercial bank loans, Sacco loans and Microfinance loans have a significant effect on wellbeing of AP police officers. The significance value was less than 0.05 indicating that the model was significant. The significance value also shows that the regression model fits the data.

#### 4.7.2 Regression Coefficients

In addition, the study used the coefficient table to determine the study model. The findings are presented in table 4.16.

**Table 4.10: Regression Coefficients**

	Unstandardized		Standardized	t	Sig.
	Coefficients				
	B	Std. Error	Beta		
(Constant)	-2.176	.641		-3.395	.002
Commercial bank loans	.496	.112	.411	4.429	.000
Sacco Loans	.653	.206	.554	3.170	.000
Microfinance loans	.529	.208	.519	2.543	.005

From the analysis,

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

becomes:

$$Y = -2.176 + 0.496X_1 + 0.653X_2 + 0.529X_3$$

From the regression equation, holding commercial bank loans, Sacco loans and microfinance loans constant, social well-being of AP officers in Embakasi subcounty would be at -2.176 with a significant value of 0.002. This shows that the social wellbeing of AP officers in Embakasi subcounty would be significantly negative where they don't take up loans and the social wellbeing is influenced by other factors. This is an indication that loans have a positive influence on the social well-being of APS officers in Embakasi Sub County.

From the equation, commercial bank loans show a positive regression coefficient of 0.496 against social wellbeing of AP officers in Embakasi. The coefficient is statistically significant as the pvalue (0.000) is less than 0.05. This indicates that a unit increase in commercial bank loan would lead to an increase in social wellbeing of APS officers in Embakasi subcounty by 49.6%. On the other hand, Sacco loans show a positive



regression coefficient of 0.653 with a significance level of 0.000 which is less than 0.05. This means that a unit change in Sacco loan significantly increases the social wellbeing of APS officers in Embakasi subcounty by 65.3%. Further, microfinance loan displayed a positive regression coefficient of 0.529 with a significant value of 0.005. This shows that a unit increase in microfinance loan would lead to an increase in social wellbeing of AP officers in Embakasi subcounty by a significant 52.9%. This shows that loan borrowing has a significant positive relationship with social wellbeing of AP officers in Embakasi subcounty.

#### **4.6 Interpretation of findings**

This section provides the interpretation of the empirical results by comparing them to the findings of previous studies presented in the literature review. It focuses on the major findings of the study and is structured according to the specific objectives of the study.

##### **4.6.1 Commercial Bank loans and Social wellbeing of Administration Police Officers**

The study sought to examine the relationship between Commercial Bank loans and Social well-being of Administration Police Officers in Embakasi Sub County, Nairobi City County. The study found that Commercial Bank loans had a significant positive relationship with Social well-being of Administration Police Officers. The findings concur with those of Ondieki and Jagongo (2013) who found that loans from banks enables borrowers to get involved in economic activities which improve the wellbeing of borrowers.

##### **4.6.2 Sacco Loans and Social wellbeing of Administration Police Officers**

The study sought to analyse the effects of SACCO loans on Social wellbeing of Administration Police Officers in Embakasi Sub County. The study found that though SACCO loans were unpopular with the officers, it had a slightly positive relationship with social wellbeing of Administration Police Officers in Embakasi Sub County. Meaning that, still, there are officers who thought that it cannot be done away with since it played a pivotal role in an officer's economies. This concurs with the findings of Magali (2013) who found that loans from Saccos improve the wellbeing of both employees and members of a Sacco.

#### **4.6.3 Microfinance Loans and Social Wellbeing of Administration Police Officers**

The study sought to determine the influence of microfinance loans on social wellbeing of administration police officers in Embakasi Sub County. From the regression, the study found that microfinance loans had a significant positive relationship with social wellbeing of Administration Police Officers in Embakasi Sub County. The findings concur with those of Mwakabumbe (2013) who found that MFI Loans improves performance of MFIs and improves the wellbeing of the society.

#### **4.6.4 Loans Borrowing and Social Well-Being of Administration Police Officers**

From the regression analysis, loan borrowing was found to affect social well-being of Administration Police Officers very positively. This is reflected in the finding's whose cumulative percentage of 11.9% reflects, though very minimally. The findings concur with the findings of Ondieki and Jagongo (2013) who found that loans from banks improve the wellbeing of borrowers. However, the findings differ with those of Kaffenberger and Chege (2016) who found that short-term loans improve the lives of the borrowers.

## **CHAPTER FIVE:**

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

#### **5.1 Introduction**

This chapter presents the summary, conclusions, policy recommendations and contributions of the study to knowledge. It also presents the limitations and delimitations of the study, and areas for further research.

#### **5.2 Summary**

Loan borrowing is vital for corporations, and even individuals. It entails growth of individuals and companies by construction of premises, purchase of land and even the start of a business. However, even as public and private servants engage in loans borrowing at alarming rates, it is sad the way they have utilized their borrowed money. A close look at the officers, as a result of the way they have utilized the money has led to some change in their behaviour, some have had break-ups of their families, some have even lost their jobs. In even worse circumstances, some have ended the lives of their loved ones, and committed suicide themselves. Therefore, the researcher sought to establish whether there is a nexus between loans borrowing and the social well-being of Administration Police Officers in Embakasi Sub County, Nairobi County. The researcher employed the theory of Banking and Lending Behaviour, and the Social Well-being theory. The study used a descriptive survey research design. The research was carried out at Embakasi Sub County which has 11 Administration Police posts, with a total population of 175 Officers. A sample size of 65 Officers was selected using stratified sampling technique. Questionnaires and interviews were used to collect data. The quantitative data was analysed using descriptive statistics and multiple regression. These were then presented using tables and graphs. Qualitative data was analysed using content analysis and presented in prose form.

The first objective was to examine the relationship between Commercial Bank loans and Social well-being of Administration Police Officers in Embakasi Sub County, Nairobi City County. Using regression analysis, the study found that commercial Bank loans had

a positive relationship with social wellbeing of administration police officers. This means that increase in commercial bank loans leads to improved social wellbeing of administration police officers in Embakasi Sub County.

The second objective was to analyse the effects of SACCO loans on social wellbeing of Administration Police Officers in Embakasi Sub County, Nairobi County. From the regression analysis, the study found that SACCO loans have a positive effect on social wellbeing of Administration Police Officers.

The third objective was to determine the influence of microfinance loans on social wellbeing of Administration Police Service Officers in Embakasi Sub County, Nairobi City County. From the regression, the study found that microfinance loan has a positive relationship with social wellbeing of Administration Police Service Officers. This means that increased microfinance loans would improve the social wellbeing of Administration Police Service Officers.

The fourth objective was to establish how social well-being of the APS Officers in Embakasi sub county, Nairobi City County, is affected by the borrowing of loans. The study found that loan borrowing affects social wellbeing of Administration Police Service Officers positively. This means that social wellbeing of Administration Police Service Officers improves with borrowed loans.

### **5.3 Conclusion**

The study, according to objective (i) of the project, whose contents are, after examination of the relationship between Commercial Bank loans and social wellbeing of Administration Police Officers in Embakasi sub county, Nairobi City County, concludes that commercial bank loan has a significant positive relationship with social wellbeing of Administration Police Service Officers in Embakasi Sub County, Nairobi City County. After the findings it can be concluded that increased commercial bank loan would improve social wellbeing of Administration Police Service Officers in Embakasi Sub County, Nairobi City County. Thus, the government should increase the loans extended to Administration Police Service Officers to rational level in order to improve their wellbeing and enhance service delivery in the service.

The study, according to objective (ii) of the project, whose contents are, an analysis of the effects of SACCO loans on social wellbeing of Administration Police Officers in Embakasi sub county, Nairobi City County, concludes that SACCO loans has a significant positive effect on social wellbeing of Administration Police Service Officers in Embakasi Sub County, Nairobi City County. After the findings, it can be concluded that an increase in SACCO loans would improve social wellbeing of Administration Police Service Officers. This calls for encouragement of police officers to take SACCO loans in order to improve their wellbeing.

The study, according to objective (iii) of the project, whose contents are, determination of the influence of Microfinance loans on social wellbeing of Administration Police Officers in Embakasi sub county, Nairobi City County, concludes that microfinance loan has a significant positive effect on social wellbeing of Administration Police Service Officers in Embakasi Sub County, Nairobi City County. After the findings, it can be concluded that, increased microfinance loan would improve social wellbeing of Administration Police Service Officers. Microfinance institutions should encourage administration police officers to take up loans from them in order to improve their social wellbeing.

The study, according to objective (iv) of the project, whose contents are, establishment of how social wellbeing of Administration Police Officers in Embakasi sub county, Nairobi city county, concludes that loan borrowing improves the social wellbeing of Administration Police Service Officers in Embakasi Sub County, Nairobi City County. This means that police officers who borrow loans have an improved social wellbeing. Hence, administration police service officers should borrow loans and use them for the right purpose in order to improve their social wellbeing.

#### **5.4 Recommendations**

Recommendation for practice:

While it is true that not all borrowed loans from specific financial institutions are properly utilized, research results have proven that loan is good, and that government should possibly recommend an increase in loans borrowing from commercial banks, to members of the Administration Police Service, at rational levels so that they can be encouraged to

borrow more and put the loan in proper use. This will increase their social wellbeing and eventually improve their service delivery.

The same should apply to Administration Police Officers who borrow from SACCOs, in order to improve their wellbeing.

Microfinance institutions should give loans to administration police officers in order to improve their social wellbeing;

Administration police service officers should borrow loans and use them for the right purpose in order to improve their social wellbeing.

Recommendations for policy:

Government should come up with a policy to encourage APS Officers borrow more by coming up with a policy to all financial institutions to lower the interest rates of their loans. This will enable APS Officers, and other public officers borrow more so that they can be able to improve their social wellbeing.

### **5.5 Suggestion for Further Research**

The researcher recommends a study on loan borrowing and performance of police officers in Kenya. Further research should consider the challenges faced by police officers in accessing loans for individual development.

## REFERENCES

- Abubakar, A. & Gani I. M. (2013). Impact of Banking Sector Development on Economic Growth: Another Look at the Evidence from Nigeria. *Journal of Business Management & Social Sciences Research*, 2(14), 47-57.
- Aliero, H. M., Abdullahi, Y. Z. & Adamu, N. (2013). *Private sector credit and economic growth nexus in Nigeria: an autoregressive distributed lag bound approach*. *Mediterranean Journal of Social Sciences*, 4 (1), 83-90.
- Riley, S. (2009). The Community Advantage Program Database: Overview and Comparison with the Current Population. *Cityscape* 11(3), 247-255.
- Servet J.M. & Saiag H. (2013). Household over-indebtedness in contemporary societies: a macro-perspective, in Guérin, I., Morvant-Roux, S. & Villarreal, M. (eds.), *Microfinance, debt and over-indebtedness: Juggling with money*, Routledge, pp. 45-66.
- Sang, R.K. (2011). *The effect of change in capital structure on the financial performance of SACCOs in Nairobi* (Unpublished MBA Project). University of Nairobi, Kenya.
- Magali, J (2013). The Impacts of Credits Risk Management on Profitability of Rural Savings and Credits Cooperative Societies (SACCOS): The Case Study of Tanzania. *International Journal of Management Sciences and Business Research*, 2(12), 2901-12.
- Mwakabumbe, C. (2013). Effect of capital structure on performance of microfinance institutions. A survey of MFIs in Shinyanga Municipal Council (unpublished master's thesis). University of Mazumbe, Tanzania.
- Aurang, Z. (2012). Contributions of banking sector in economic growth: A case of Pakistan. *Economics and Finance Review*, 2(6), 34-54.

- Barro, R. J. & Lee, J. W. (1993). International Comparisons of Educational Attainment. *Journal of Monetary Economics*, 3(2), 383–394.
- Basel Committee on Banking Supervision. (2012). *The policy implications of transmission channels between the financial system and the real economy* (Working paper No. 20). Basel, Switzerland: Bank for International Settlements Communications.
- Bassett, W. F., Chosak, B. M., & Driscoll, C. J. (2010). *Identifying the Macroeconomic Effects of Bank Lending Supply Shocks*. USA: Division of Monetary Affairs, Federal Reserve Board.
- Becker, G. S. & Barro, R. J. (1988). A Reformulation of the Economic Theory of Fertility. *Quarterly Journal of Economics*, 103 (1), 11–25.
- Boyd, H. J., & Champ, W. C. (2006). *Inflation, banking, and economic growth*. USA: Federal Reserve Bank of Cleveland.
- Cobb, C. W. & Douglas, P. H. (1928). A Theory of Production. *The American Economic Review*, 18(1), 139-165.
- Cracknell D. (2012). *Policy innovations to improve access to financial services in developing countries: Learning from case studies in Kenya*. Nairobi: Centre for Global Development.
- De Haas, R., Ferreira, D. & Taci, A. (2010). What determines the composition of banks, loan portfolios? Evidence from transition countries. *Journal of Finance & Banking*, 3(4), 388-398.
- DeLong, J. B. & Summers, L. H. (1991). Equipment Investment and Economic Growth. *Quarterly Journal of Economics*, 106 (2), 445-502.
- Department for Business, Innovation and Skills (2011). *Sources of economic growth* (Rep.). London, UK: DFID.



- Dhikhary, K. B. (2006). *Nonperforming loans in the banking sector of Bangladesh: Realities and challenges*. Bangladesh: Bangladesh Institute of Bank Management.
- Fadzlan S. & Suarddy, P. (2009). Specialization and other determinants of non-commercial bank financial institutions' profitability: Empirical evidence from Malaysia. *Studies in Economics and Finance*, 26(2), 113 - 128.
- Fukuda, S. (2001). *The Impacts of Bank Loans on Economic Development*. Chicago, USA: University of B Chicago Press.
- Ghani, E. & Suri, V. (1999). *Productivity Growth, Capital Accumulation, and the Banking Sector: Some Lessons from Malaysia*. Washington DC: The World Bank.
- Gobat J. (2-12). *What is a bank? Finance & Development* (March ed., Human Development, Rep.). New York: United Nations.
- Jacoby, N. H. & Saulnier, R. J. (1942). *Term lending to business*. USA: National Bureau of Economic Research.
- Johansen, S. & Juselius, K. (1990). Maximum likelihood estimation and inference on cointegration-With applications to the demand for money. *Oxford Bulletin of Economics and Statistics*, 52(2), 169-210.
- Kamaan, C. K. & Nyamongo, E. M. (2014). The Effect of Monetary Policy on Economic Growth in Kenya. *International Journal of Business and Commerce*, 3(8),11-24.
- Kelly R., McQuinn K., & Stuart R. (2013). *Exploring the steady-state relationship between credit and GDP for a small open economy: The case of Ireland* (Working paper No. 1531). Dublin: European Central Bank.
- Kuznets, S. (1955). Toward a Theory of Economic Growth, National Policy for Economic Welfare at Home and Abroad, in R. Lekachman (Ed.), *Banking* (2<sup>nd</sup> ed), California, USA: Holt.

- Louzis, P. D., Vouldis, A. T., & Metaxas, L. V. (2010). *Macroeconomic and bank specific determinants of non-performing loans in Greece: A comparative study of mortgage, business and consumer loan portfolios* (Working paper No. 118). Bank of Greece.
- Maana, I., Owino, R. and Mutai, N. (2008). Domestic debt and its impact on the economy: the case of Kenya. In: *13th Annual African Econometric Society Conference*. Pretoria, South Africa.
- Mankiw, N. G., Romer, D. & Weil, D. N. (1992). A Contribution to the Empirics of Economic Growth. *Quarterly Journal of Economics*, 107(2), 407-437.
- Obamuyi, T. M., Edun, A. T. & Kayode, O. F. (2010). Bank lending, economic growth and the performance of the manufacturing sector in Nigeria. *European Scientific Journal*, 8(3), 19-36.
- Ondieki, D. N. & Jagongo, A. (2013). Effects of lowering central bank rate on bank's prime rate: an analysis of Kenyan commercial banks. *International Journal of Humanities and Social Science*, 3(20), 207-214.
- Romer, D. (2011). *The Solow Growth Model Advanced Macroeconomics (4<sup>th</sup> ed.)*. New York: McGraw-Hill.
- Schultz, P. T. (1989). *Returns to Women's Education* (1<sup>st</sup> ed., Vol. 89, PHRWD background paper). Washington, D.C., United States: The World Bank, Population, Health, and Nutrition.

## APPENDICES

### Appendix I: letter of introduction

Hezborn M. Anzese

P.O Box 19284

NAIROBI-00105

Email: [mbeyamose@gmail.com](mailto:mbeyamose@gmail.com)

Mobile: 0727329043, 0717867149

18<sup>th</sup> Jun, 2018

Dear Respondent,

#### RE: REQUEST FOR RESEARCH DATA

I am a Master's student at Kenyatta University pursuing a Master's of Security Management and Leadership degree. In partial fulfilment, I am conducting a research project entitled, Loans Borrowing and the Social Wellbeing of Administration Police Service Officers in Embakasi Sub County, Nairobi City County.

This is to kindly request you to be a participant of this research by filling in the questionnaires I will provide. All the information provided for you will be treated with utmost confidentiality. I am requesting you not to indicate any of your names on the questionnaire. Thank you.

Yours faithfully

Hezborn M. Anzese

## Appendix II: Questionnaire

The questionnaire is designed to gather information that will determine the nexus between loans borrowing from commercial banks, Sacco's and microfinance institutions and social wellbeing of Administration Police Officers in Embakasi East Sub County, Nairobi County.

### PART A: GENERAL INFORMATION

Please indicate your choice by ticking against the questions

1. What is your gender?

Male

Female

2. How old are you?

Age group	(tick)
18 – 25	<input type="checkbox"/>
26 – 35	<input type="checkbox"/>
36 -50	<input type="checkbox"/>
51 and Above	<input type="checkbox"/>

3. Marital Status.

Married

Single

Divorced

4. How long have you served in the Administration Police Service?

Below 5 years	6 – 15 years	16 – 25 years	26 years above
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. What is your rank?

APC	CPL	SGT	S/SGT	IP	CIP	ASP	SP	SSP

**PART B: COMMERCIAL BANKS and SOCIAL WELLBEING**

This section deals with Commercial Banks loans and Social well-being of Administration Police Officers in Embakasi Sub County. State the extent to which you agree with the following statements, where; **Strongly Disagree =1, Disagree =2, Neutral =3, Agree=4, and Strongly Agree = 5**

	Commercial Bank loans	5	4	3	2	1
Q6	Personal loans borrowing has assisted in meeting various expenses without much stress					
Q7	Household loans borrowing has improved peoples' economic statuses and their social wellbeing					
Q8	Student loans borrowing has greatly assisted individuals easily pay students' fees, hence improving their social well-being					
Q9	Mortgage loans borrowing has assisted in constructing houses, enabling people live comfortable lives, thus improving their social well-being					
Q10	Small businesses loans have played a vital role in uplifting living standards by engaging in small businesses, hence improving their social well-being					

**Part C: SACCO LOANS AND SOCIAL WELLBEING**

This section deals with SACCO loans and social well-being of Administration Police Officers in Embakasi Sub County. State the extent to which you agree with the following, where; **(Strongly Disagree 1, Disagree 2, Neutral 3, Agree 4, Strongly Agree 5)**

S/No	SACCO Loans borrowing	5	4	3	2	1
Q11	Personal loans helping in meeting various wants, such as putting up businesses etc, hence improving social well-being					

Q12	School fees loans is greatly assisting parents in quickly paying fees for pupils' and high school, college and university students student, as a result, improving social well-being					
Q13	Normal loans are greatly helping in meeting various needs and wants, hence improving social well-being					
Q14	Top up loans helping arrest in good time pilling up tasks, improving social well-being					
Q15	Emergency loans assisting in emerging urgent issues, thus improving social well-being					

#### PART D: MICROFINANCE INSTITUTIONS AND SOCIAL WELL-BEING

This section deals with Microfinance Institutions loans borrowing and social well-being of APS Officers in Embakasi Sub County. State the extent to which you agree with the following, where; (**Strongly Disagree= 1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5**)

	Microfinance institutions and social well-being	5	4	3	2	1
Q16	Individual Business loans have shaped people's lives, hence social well-being					
Q17	Agriculture loans is greatly improving lives by setting up agricultural investments thus improving their social wellbeing					
Q18	Energy loans have assisting in settling of electricity bills with ease, thus improving social wellbeing					
Q19	Group loans are helping setting up investments in groups, thus improving social well-being					
Q20	Insurance loans are assisting in access cash for vehicle insurance, thus improving social well-being					

#### PART E: Social Well-Being and Loans Borrowing

This section deals with social well-being and loans borrowing of APS Officers in Embakasi sub county, Nairobi City County. State the extent to which you agree with the

following statements, (where; Strongly Disagree =1, Disagree =2, Neutral =3, Agree=4, and Strongly Agree = 5)

	Social well-being and loans borrowing	5	4	3	2	1
Q21	The individual APS Officer's social well-being through loans borrowing is being greatly affected					
Q22	Family Relations of APS Officers greatly affects their social well-being through loans borrowing					
Q23	Work Relations of APS Officers is affecting their social well-being in relationship to loans borrowing					
Q24	Social integration of APS Officers is affecting social well-being of APS Officers through borrowing of loans					
Q25	Social well-being of APS Officers through loans borrowing is being affected through interrelationship with members of other services					

**Appendix III: Budget for the research**

Data entry of 120 pages @ 50/-	ksh 6,000.00
Printing Draft copy for defence, 5 copies @10/- x 120 pgs	ksh 6,000.00
Spiral Binding Draft copy for defence, 5 copies @ 50/-	ksh 2,500.00
Printing of final copies 5@ 5/- 10 x20 pcs	ksh 600.00
Hard cover binding @400 x 5 copies	ksh 2,000.00
Travelling & Subsistence	ksh 65,000.00
Incidental expenses @ 250 p/week (12 wks)	Ksh. 3,000.00
Tel expenses @ 3000 p/m (3 months)	Ksh. 6,000.00
Research Asst. 3 @ 10,000	Ksh. 30,000.00
Purchase & training SPSS Program version 17	Ksh. 30,000.00
Contingency	ksh 10,000.00
Total	Ksh 172,150.00



## Appendix IV: Approval of Research from Kenyatta University



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 8<sup>th</sup> July, 2019

TO: Hezborn Michael Anzese  
C/o Security and Correction Science Dept

REF: S203/38593/2017

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 26<sup>th</sup> June, 2019 approved your Research Project Proposal for the M.A Degree Entitled, Loans Borrowing and Social Wellbeing of Administration Police Service Officers in Embakasi Sub County, Nairobi City County, Kenya".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

HARRIET ISABOKE  
FOR: DEAN, GRADUATE SCHOOL


c.c. Chairman, Department of Security and Correction Science

Supervisors:

1. Dr. Peter Philip Wambua  
C/o Department of Security and Correction Science  
Kenyatta University


HI/Inn

# Appendix V: Research Authorization from NACOSTI

  
**REPUBLIC OF KENYA**

**Ref No: 232334**


**RESEARCH LICENSE**




**This is to Certify that Mr. Hezborn Michael of Kenyatta University, has been licensed to conduct research in Nairobi on the topic: LOANS BORROWING AND SOCIAL WELL-BEING OF ADMINISTRATION POLICE OFFICERS IN EMBAKASI SUB COUNTY, NAIROBI CITY COUNTY, KENYA for the period ending : 24/October/2020.**

**License No: NACOSTI/P/19/1060**

**232334**  
Applicant Identification Number

  
**Director General**  
**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION**

Verification QR Code



**NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.**