Effects of Saving and Credit Cooperative Credit Policies on Members Saving Mobilization in Turkana County, Kenya

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Abstract

The purpose of this study investigated the effects of saving and credit cooperative credit policies on members saving mobilization in Turkana County, Kenya. It was guided by the following research questions: What are the effects of credit period on members saving mobilization? How are the effects of credit policies on members saving mobilization? And to what extent are the effects of collection policy on members saving mobilization? The study was guided by the following theories the 5 C's Model and Neoclassical Growth Theory. The study employed a descriptive survey design. The study targeted 33 managers from 33 registered Sacco's of Turkana County, 70 credit officers and 320 members of the SACCOs. To select the representative Sacco's the researcher used a systematic sampling where each 2nd Sacco's from the list of the 35 registered Sacco's in Turkana County is sampled, further the researcher picked all Sacco managers through census methods while for simple random sampling was used to select the credit officers and customers. Questionnaires were used as the main tool for data collection. The inferential statistic multiple regressions were also used to analyze data. Data was then presented in form of tables with frequency and percentages. Credit period Sacco extends credit to customers it recognizes the possibility that customers will be unable to pay or unwilling to pay as his objective. The study found out that Sacco's must establish policies for determining who will receive credit for how long and how much. On credit standards and members saving mobilization survival of most Sacco's depends entirely on successful credit standards that revolves on funds and savings made to them by the members. Finally Collection policy the collection effort should, therefore aim at accelerating collections from slow payers and reducing bad debt losses. This study concludes that Saccos must understand not only the risk posed by each credit but also how the risks of individual loans and portfolios are interrelated. This study recommended that a further research to be replicated in the other SACCOs in other counties.

Keywords: saving and credit cooperative credit policies and members saving mobilization

INTRODUCTION

Background to the Problem

SACCOS can be formed by any group of people who have similar objectives. They are legal institutions registered under the cooperative laws (1991 Cooperatives Act and 1992 cooperative Regulations). SACCOs are owned by their members through payment of share capital and membership fees to the institution. It is also a democratic, unique member driven, self-help, not for profit financial cooperative. It is owned and governed by members who have the same common bond. Membership is open to all that belong to a group, regardless of race, religion, colour, creed, and gender or job status. These members agree to save their money together in the SACCO and to make loans to one another at reasonable rates of interest (Kabuga & Batarinyebwa, 1995).

In Africa Sacco Societies constitute not only the fastest growing sub sector of the Cooperative Movement, but also the most significant in impacting on the livelihoods of their members, they are currently regulated through the Cooperative Act, which is grossly deficient of adequate provisions to guide Sacco's in the competitive financial sector. The Act does not prescribe standards of performance required for such specialized Cooperatives providing financial intermediation. Sound management of a Sacco society depends on production of accurate and timely financial statements. This is because reliable records can point out problems before they become serious and can serve as a motivational tool to deal with the problem as well.

Sacco Societies are the most recent in Kenya. They were started after independence by groups that came together to save money and provide loans to customers as the need arose. However, the early Sacco Society did not last because the customers, who were either a communal or a church group, did not have steady incomes to maintain the Sacco society. Majority of these cooperatives became dormant and were dissolved. Management was inadequate due to poor record keeping and inaccurate financial statements; it therefore, became the concern of managers who are decision makers of the society and crucial decisions related to finance (1991 Cooperatives Act and 1992 cooperative Regulations)

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Sacco Societies have assisted their customers in various aspects. These include: buying plots and developing them, paying school fees and meeting other financial obligations. Profits earned by these societies may be shared among the members in form of dividends. Sacco's are therefore viewed as cooperatives which contribute substantially to people's development and also as a tool for the country's domestic savings and investment (1991 Cooperatives Act &1992 cooperative Regulations).

Statement of the Problem

Ideally, Co-operative unique identity compared to other forms of businesses is that the members are owners of the enterprise and when the society engages in business, the motivation is to make profit but more importantly is service to members. The profits realized are shared among the members on pro-rata basis as dividends. The poor are able to access credit using their deposits and security of guarantors as opposed to use of assets as collaterals. This enables the poor to build up savings and access credit which makes them financial enablers. The co-operatives have an advantage over other financial institutions due to geographical spread of their membership when compared to banks whose outreach is limited to branch network. Thus making Co-operatives to reach the poor segment of the society more effectively.

Currently in Turkana, Saccos' are facing several challenges, among them include;   Over-reliance on Government to address most business challenges including inflation;   Proliferation of small non-viable and unsustainable Sacco societies;   Inability to effectively engage and develop important industry policies on central liquidity management, participation in national payment system and credit information sharing (CRB); Competitive pressures from other players in the market, which include new entrant like of recent Co-operative bank, Post bank, Elimu sacco, Equity bank among others.

Several studies has been done in Sacco, in a study done by Anguche, E., & Momanyi,L (2014), on Challenges and Opportunities facing Sacco's in the Current Devolved System of Government of Kenya: A Case study of Mombasa County, found that, policy makers and governments to come-up with policies and strategies that will support the growth of SACCOS which is a pertinent alternative solution for financing micro and small businesses. In another study done by Kembo, et al, (2013) on Issues of Sacco development in Kenya and Tanzania, Historical and development perspectives found that, policy makers and governments to come-up with policies and strategies that will support the growth of SACCOS which looks to be a pertinent alternative solution for financing micro and small businesses. However,   in yet another study done by Muriithi, (2013) on 'Response of Saccos to Competition from Commercial banks and New Saccos Regulations in Kirinyaga, County, found that, out of that Saccos were streamlining their books of accounts to comply with the requirements of the new regulations and were engaging in members education and implementing policies aimed at encouraging members to save and deposit more. Turkana County Saccos has been closing down in a span of less than three months, other has been found to be dormant, and this has been as a result of increased defaults among borrowers of the Saccos. This study therefore, examined the effects of Sacco credit policies on members saving mobilization in Turkana County, Kenya.

1.4 Research Questions

The study was guided by the following research questions;

   i)   What are the effects of credit period policy on members saving mobilization?
   ii)   How are the effects of credit policies policy on members saving mobilization?
   iii) To what extent are the effects of collection policy on members saving mobilization?

1.5 Research Hypothesis

The study aimed at testing the following hypothesis;

HA1: There is a relationship between credit period policy and members saving mobilization
HA2: There is a relationship between credit standards policy and members saving mobilization
HA3: There is a relationship between collection policy and members saving mobilization

1.6 Significance of the Study

This study will provide empirical data for policy makers in formulating appropriate policy environment for the operations of SACCOS in Kenya. The findings of the study might also be useful to other financial institutions on the best policy in order to effectively manage their customers saving mobilization.

To the academicians and researchers there will be additional information regarding Sacco policies and members saving mobilization. The findings will stimulate other researchers to venture into Sacco policies that have not been studied. This will contribute to the general body of knowledge and form a basis for further research.

To the Government findings for research can be used to assist in policy formulation regarding co-operative societies and other regulatory requirements of Sacco institutions in the country. The policy maker will know how well to incorporate the sector effectively to ensure its full participation.
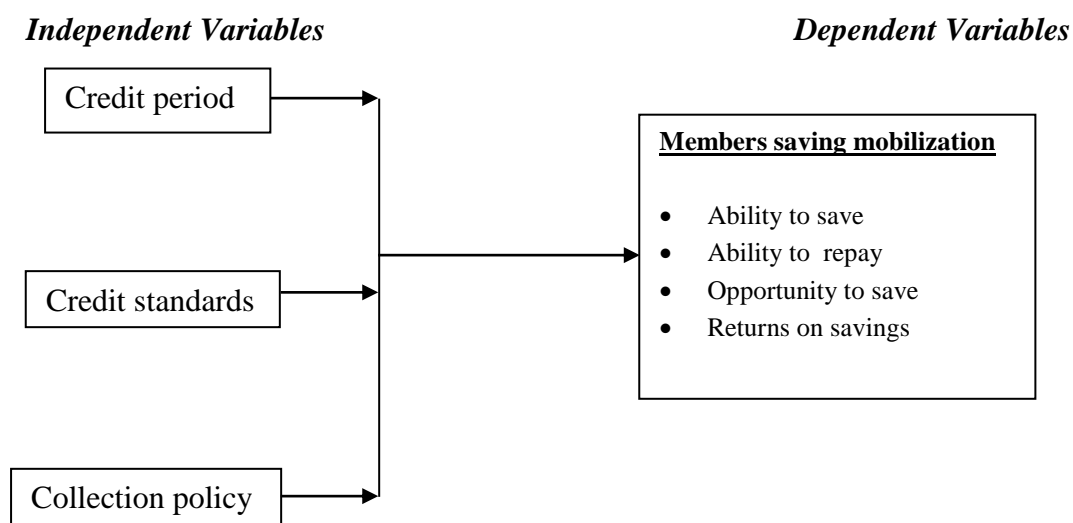
1.7 Theoretical framework

The study was guided by Neoclassical Growth Theory by Harrod-Dommar & Robert Solow's, this theory focuses on the determination of prices, outputs, and income distributions in markets through supply and demand. This determination is often mediated through a hypothesized maximization of utility by income-constrained individuals and of profits by firms facing production costs and employing available information and factors of production, in accordance with rational choice theory (Roy, 2007)

Neoclassical economics dominates microeconomics, and together with Keynesian economics forms the neoclassical synthesis which dominates mainstream economics today. Although neoclassical economics has gained widespread acceptance by contemporary economists, there have been many critiques of neoclassical economics, often incorporated into newer versions of neoclassical theory (Ditcher, 2003).

According to neoclassical growth theory, Savings mobilization is not an end in itself, it plays an important role in sustaining growth and development. Through savings there will be capital accumulation leading to investments hence economic growth and ultimate development. A high saving economy accumulates assets faster, and thus grows faster, than does a low saving economy (Evans, 2002).

1.8 Conceptual Framework

Figure 1.0.Relationship between Credit Policies and Members saving mobilization

Independent Variables   *Dependent Variables*

Source: Research (2015)

The study identified the variables under study and shows their relationships. The independent variables are the Sacco policies which include Credit period, Credit standards and Collection policy effected the dependent variable Members saving mobilization such as the ability to save, willingness to save repayment, opportunity to save and returns on savings

LITERATURE REVIEW

2.1 Theoretical review
This study was guided by neoclassical growth theory and 5 C's model of credit policy

2.1.1 Neoclassical Growth Theory
Neoclassical economics is a set of approaches to economics focusing on the determination of prices, outputs, and income distributions in markets through supply and demand. Neoclassical economics dominates microeconomics, and together with Keynesian economics forms the neoclassical synthesis which dominates mainstream economics today.

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According to neoclassical growth theory by Harrod-Dommar and Robert Solow's Savings mobilization is not an end in itself, it plays an important role in sustaining growth and development. Through savings there will be capital accumulation leading to investments hence economic growth and ultimate development.

2.1.2 The 5 C's Model
The 5Cs help Sacco's to increase members' savings and offer them credit facilities, as they get to know their customers better. These 5Cs are: Capacity, capital, collateral, conditions and character

Capacity which refers to the ability of the firm to repay the loan, Microfinance enterprises will want to know exactly how an individual intends to repay a loan. They'll consider the cash flow of a business, the proposed schedule of repayment, and the probability that an individual will, successfully repay the loan. The payment history on existing credit relationships, personal or commercial, is considered an indicator of future payment performance. Capital this is the money an individual has invested in a business and subsequently stands to lose should a business fail. Collateral is a distinct relationship to capacity. Collateral refers to forms of security provided to Sacco's or other lender. Collateral may be buildings or equipment owned by small business or by individuals. Collateral may also include a guarantee by someone else that, in case an individual or firm cannot repay the loan, the other party will.

Conditions refer to the overall economic climate and external environment surrounding Sacco's and a business firm. During a recession or periods of tight credit, it is obviously more difficult for a small business to repay a loan and more difficult for a Sacco's to find the funds to loan. It becomes even more important for the small business firm to present an iron-clad loan application to the bank.

2.2 Criticism of the theories

2.2.1 Neoclassical Growth Theory
Neoclassical economics is criticized for having a normative bias. Problems exist with making the neoclassical general equilibrium theory compatible with an economy that develops over time and includes capital goods. This was explored in a major debate in the 1960s the Cambridge capital controversy about the validity of neoclassical economics, with an emphasis on the economic growth, capital, aggregate theory, and the marginal productivity theory of distribution.

2.2.2 The 5 C's Model
Under social factors, lifestyle is the way a person lives. This includes patterns of social relations (membership groups), consumption and entertainment. A lifestyle typically also reflects an individual's attitudes, values or worldview. Reference groups in most cases have indirect influence on a person's credibility. Sacco's try to identify the reference groups of their target as they influence a client's credibility.

REASEARCH DESIGN METHODOLOGY

3.1 Research Design of the Study
Descriptive Survey research design was used in this study. The population studied was large to observe directly and therefore the descriptive survey design helped the researcher to describe the existing conditions and also use questionnaires as appropriate methods of data collection.

3.2 Target Population
The researcher targeted 35 co-operative societies registered in Turkana County. The researcher worked in collaboration with the SACCO Societies department of cooperatives Lodwar in order to obtain the list of all registered SACCOs. The study targeted all the 33 Sacco managers, 70 credit officers and 320 members of SACCOs.

3.3 Description of Sample Size and Sampling Techniques
To select the representative Sacco's the researcher used a systematic sampling where each 2nd Sacco's from the list of the 33 registered Sacco's in Turkana County was sampled, thus the sample was 16 Sacco's. The study used simple random sampling to select managers, employees and members of the SACCOs. The random selection of the respondent was to ensure that all had equal chances of being selected for the study. Therefore the sample size of the employees was 32 while that of manager were 16 and for the SACCOs member was 64 totaling to 112.

3.4 Description of Instrument for Data Collection
The researcher used questionnaire as the main data collection instruments. Open and closed ended questionnaires were used in data collection. The questionnaires were in likert scale of Strongly Agree (5) Agree (4) Undecided (3) Disagree (2) Strongly

Disagree (1). The questionnaires were guided by variables as indicated in the objectives. The questionnaire had two sections; section A dealt with background information of the respondents while section B dealt with the specific information in relation to the research questions.

3.6 Data Analysis

Descriptive statistics was used including frequencies, percentages, tables and means. The data was then entered into the Statistical Package for social scientist (SPSS) version 20. The first analysis involved collecting the data and running descriptive statistical analysis. After the data collection a correlation analysis was performed to ascertain the existence of effects between the variables. With the help of SPSS, data was analyzed by tabulating the data using frequency tables.

The study used regressions to help determine the relationship between saving and credit cooperative credit policies on members saving mobilizations. According to Gujarat & Porter (2010), regression analysis is concerned with measurement of how independent variables influence dependent variable. In this study, the data was analyzed using multiple regressions to establish the direction and the strength of the relationship. The regression output was obtained using Statistical Package for Social Sciences (SPSS Version 20); similar model was used by (Keitany, 2013).

The Analytical Model was used to examine the relationship between saving and credit cooperative credit policies on members saving mobilization. Multiple regression attempts to determine whether the independent variables can predict a given dependent variable. For this study Members saving mobilization was regressed against Credit period , Credit standards and collection policy as independent variables. The regression models applied:-

$$Y=\alpha+B_1X_1+B_2X_2+B_3X_3+€$$

Where;

α- Constant
Y: Members saving mobilization
X_1: Credit period: (Month, year)
X_2: Credit standards: (policy framework)
X3: Collection policy (once per month or monthly)
$€$: Error term

B1, B2-coefficients functions of independent variables; to determine the amount by which dependent variable is changed for every unit change in independent variable. The study was interested in measuring the effect of between saving and credit cooperative credit policies on members saving mobilizations.

3.7 Validity and Reliability of the Research Instrument

3.7.1 Validity of Research Instrument
Validity of an instrument is the success of a scale in measuring what it sets out to measure so that differences in individual scores can be taken as representing true differences on the characteristics under study (Creswell (2003).Content Validity was employed by the study as a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept, Mugenda and Mugenda (2003) contend that the usual procedure in assessing the content validity of a measure is to use a professional expert in a particular field. The researcher sought expert opinion in the field of study especially the researcher's supervisor and lecturers in the school of business, their suggestions for improvement was incorporated in the final instruments that was used in the study.

3.7.2 Reliability of Research Instrument
An instrument is considered reliable when it is able to elicit the same responses each time it is administered (Kombo &Tromp, 2006). Any random influence that tends to make the measurement different from occasions to occasion is a source of error unless the differences are such that they maximize systematic variance. Reliability is concerned with precision and accuracy. For research to be reliable it must demonstrate that if it is to be carried out on a similar group of respondents in a similar context, then, similar results would be found. Poor reliability degrades the precision of a single measurement and reduces ability to track (Kombo &Tromp, 2006). A pilot study was conducted two weeks before the actual data collection. Cronbach's alpha was used to assess the reliability coefficient of the research instruments. After testing the realibity of the study a co-efficienct of 0.72 was found, this confirmed that the reliability value was above 0.6. According to Creswell (2003) a reliability value above o.6 is considered to be adequate test of reliability of a research instrument

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3.8 Data Presentation and Interpretation

Descriptive statistics give ways and means of interpreting data, condensing information and giving numerical and graphical techniques of collecting, presenting, organizing, and analysis and making conclusions, (Kerlinger, 1973). Data was summarized and coded systematically by use of Statistical Package for Social Sciences (SPSS).Descriptive Statistics including percentages, frequencies, means and standard deviation were used in the analysis. Data was presented in pie-charts, tables and graphs.

The study used regressions to help determine the relationship between saving and credit cooperative credit policies on members saving mobilizations.

FINDINGS

4.1. Presentation of Findings

Data analysis was done by use of descriptive statistics where frequency distribution and percentages were calculated and displayed in tabular form.

4.1.1 Data Preparation and Cleaning

Data preparation and cleaning was done to ensure that data collected is a true reflection of the participants' responses and also to ensure that all items are accounted for. This is shown in the section that follows.

4.1.2. Response Rate

Hundred and twelve questionnaires were distributed to the respondents and from all the questionnaires distributed hundred and eleven were returned representing a return rate of 99.11%. The remaining numbers of questionnaires were misplaced. This shows that a large number of respondents were willing to give out information towards the study and thus responded positively by completing the questionnaires given to them.

Table 4.1 Response Rate

Questionnaires	No.	%
Issued	112	100
Returned	111	99.11

4.1.3 Missing Values Analysis

Missing values in a study normally arise due to respondents not feeling competent enough to respond to the questions or respondents refusal to respond to questionnaire statements. This refusal may affect statistical analysis of the study. In this study the missing value analysis was evaluated in relation to the study variables which include; credit policy, credit standards and collection policy as shown in table 4.2 below.

Table 4.2 Missing Values Analysis

| Number of missing values	No. of variables	% of missing values per variable
3	3	2.7
0	109	98.2

Source: Survey Data, 2015.

From the table 4.2 above it is clear that missing values was spread in three items out off all the 111 received items

4.1.4 Demographic characteristics

For the study to be complete, it was necessary to find out the demographic information of the respondents as this would enable the researcher understand the respondents involved in the study. In the process of finding out the same the researcher sought out the age of respondents, gender of respondents, respondents' specialization and level of education. The findings were as follows:

4.1.5 Age of Respondent

The participants of the study were requested to indicate their age bracket. Young employees can understand and interpret issues because they are still energetic while the older group tends to act slowly though they are experienced .The results are presented in figure 4.1
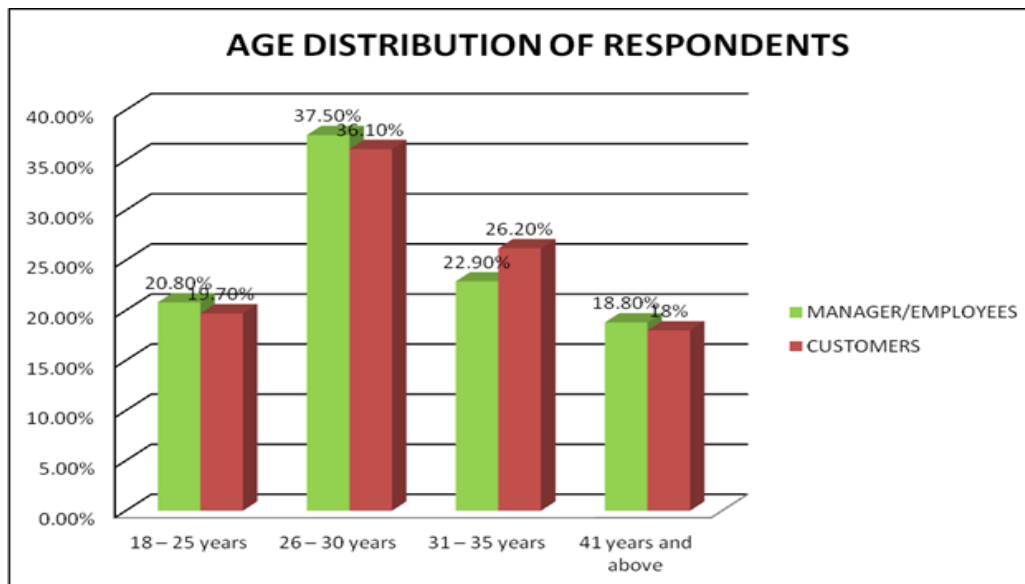
Source: Survey Data, 2015.

Figure 4.1 Age of Respondents

Age response from the Sacco managers and credit officers revealed that 20.8% of the respondents were between 18 – 25 years, respondent on ages 26 – 30 years were 37.5%, 31-35 years were 22.9% and those who were over 41 years were 18.8%.The results indicated the majority of the respondent were between 26-30 years of age.

From figure 4.1 it is also illustrated that 19.7% of the customers were aged between 18 – 25 years, respondent on ages 26 – 30 years were 36.1%, 31-35 years were 26.2% and those who were over 41 years were11(18.0%). This was interpreted to mean that majority of the customers in the selected Sacco's' were aged between 26-30 years.

The study further revealed that most respondents who actively participated in the study are in their mid-age especially from age 26 – 30 years and are competent in their work. This can be explained to be because at this particular age bracket people tend to be more active and aggressive especially in investments and therefore their activeness is reflected in their participation in the study too.

4.1.6 Gender of the Respondents
It was necessary for the researcher to find out the gender of the respondents involved in the study as this would assist in knowing who participated in the study, show the gender distribution of people working in SACCO societies within Turkana County and enable the researcher know whether gender equality is held with high esteem in this organizations.

Table 4.3 Gender of Respondents

Gender	Managers/Employees		Customers	
	Freq	%	Freq	%
Male	25	52.1	35	57.4
Female	23	47.9	26	42.6
Total	**48**	**100**	**61**	**100**

Source: Survey Data, 2015.

From the study gender distribution shows the sex of the respondents sampled for the study, the results indicated that out of the 48 questionnaires received from Sacco managers and credit officers, male respondents were the majority with 52.1%, whereas female were represented by 47.9%. These findings shows that in most cases this organization hires Male employees and reason for this could be the nature of work in the sector, working in this sector needs people who are energetic and can cope with harsh conditions involved. On customers gender male respondents were 57.4% while the female respondents were 42.6 %. This implies that most male are involved in savings mobilization than their female counterparts.

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4.1.7. Position of Sacco managers and credit officers

The Position of respondents is helpful because one gain experience and have knowledge on different issues. The findings revealed the departments into which the managers and employees represented as shown in the figure below:-
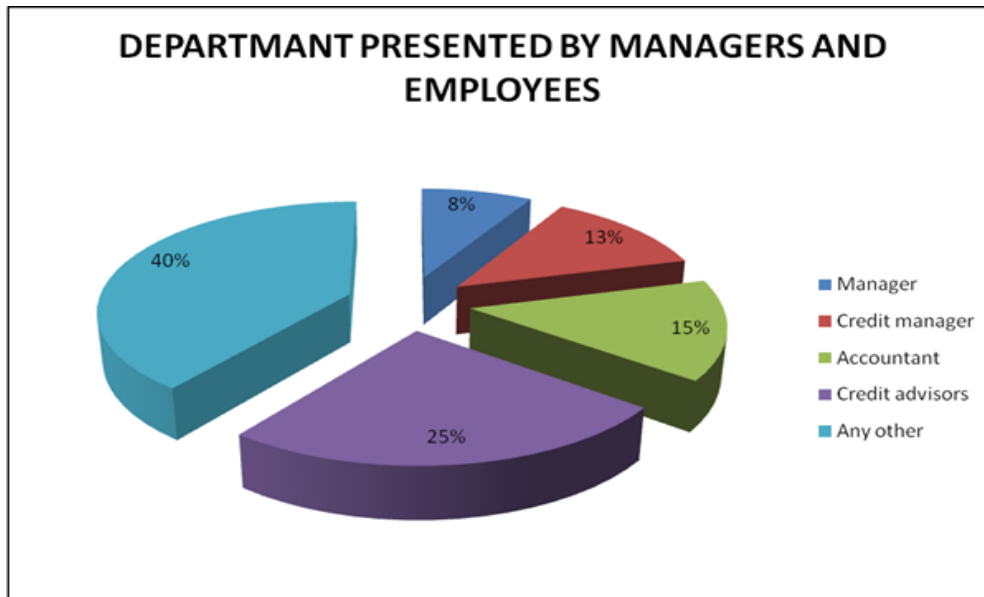
Source: Survey Data, 2015.

Figure 4.2 Department Represented By Managers and Employees

According to the findings of the managers and employees, 8.3% were managers, 12.5% were credit managers, 14.6% were accountants, 25%) were credit advisors while 39.6% were any other member in the employee department. Based on the findings it clear that most respondents from the managers and employees category were those presenting any other departments with a percentage of 39.6 %. It can therefore be concluded that the reason as to this is because most of the employees who work in any other department have a less work load and therefore had more time to participate in the study. The findings also explained on the experience and professionalism that one had on position offered to them.

4.1.8 Working Experience
The study sought to establish the work experience that one had in the Sacco.

Table 4.4: Working Experience

Working Experience In Years	Freq	%
1 year and below	14	29.2
2 – 4 years	21	43.8
5 – 10 years	9	18.7
11 years and above	4	8.3
Total	**48**	**100**

Source: Survey Data, 2015.

The findings revealed that 29.2% of the respondents had work experience of between1year and below, 43.8% of the respondent had work experience of between 2-4 years, 18.7 % had worked for a period of between 5-10 years and 8.3 % of the respondent had work experience of more than 11 years. This show that majority of the respondent have work experience of between 2-4 years. This implies that most respondents had experience on Sacco member's savings mobilization.

4.1.9 Engagement with the Sacco by customers
The customer engagement with the Sacco's is helpful because one gain experience and have knowledge on different issues about the organization. The findings on the duration as tabulated in table 4.5

International Journal of Social Science and Economics Invention (IJESSI)
Volume 02 Issue 07 September 2016, ISSN No. – 2455-6289
Available Online at - *www.isij.in*

Table 4.5: Engagement with the Sacco by customers

Engagement With The Sacco By Customers	Freq	%
1 Year and below	22	36.1
2 – 4 years	25	40.9
5 – 10 years	10	16.4
11 years and above	4	6.6
Total	**61**	**100**

Source: Survey Data, (2015)

The findings revealed that 36.1% of the customers had been engaging with the Sacco's for a period of 1year and below, 40.9% of the customers had and engagement of between 2-4 years, 16.4 % had been customers for a period of between 5-10 years and 6.6 % of the respondent had been customers for more than 11 years. This show that majority of the customers have engaged with the Sacco for 2-4 years. This implies that most customers had quite enough time of experience on Sacco members' savings mobilization and have had several interactions with most managers and employees since it's the same period into which most employees and managers have had their work experiences in the Saccos.

4.1.10 Credit Period offered by customers by Sacco
The study sought to asses credit period offered by customers by Sacco, this was as shown in the figure 4.3
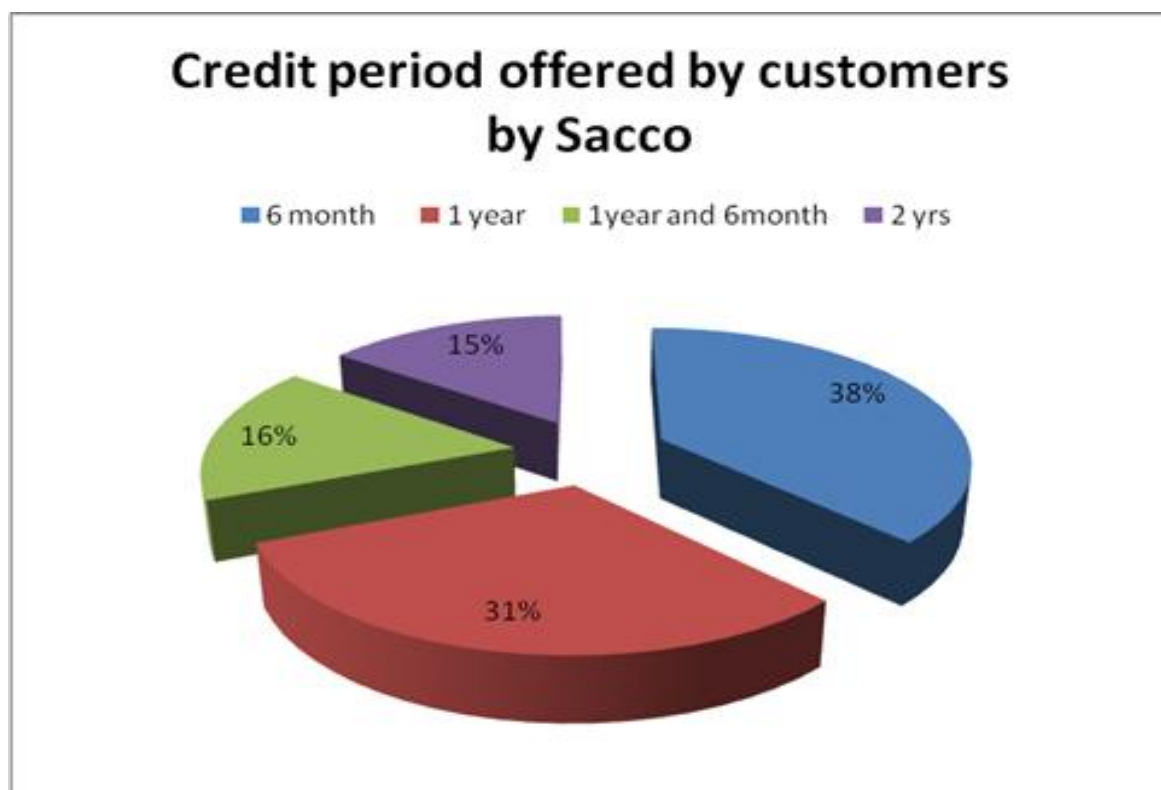
Source: Survey Data, 2015

Figure 4.3 Credit period offered by customers by Sacco

Based on the findings, the question on the length of credit period offered to customers by the Sacco, 23(37.7%) agreed that they are given 6 months, 19(31.1%) 1 year, 10(16.4%) 1 year and 6 months while 9(14.8%) 2 years. Based on the finding it is clear that most customers are given 6months credit period which represents 37.7% of the customers. According to this it can be concluded that the customers were given a short credit period by their Sacco. It can also be seen that those customers who are given a longer credit period are the fewest among the customers representing 14.80 percent of all the customers. From this we can say that most Saccos offer a short credit period to their customers and this could be inconveniencing their customers at some point.

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4.1.11 Collection Procedure for any Loan Arrangement

The study sought to asses on whether the collection procedure for any loan arrangement is spelled out as part of the loan terms this was as shown in table 4.3

**Table 4.6 Collection Procedure for any Loan Arrangement**

	MANAGER /EMPLOYEE		CUSTOMERS	
Collection Procedure	**freq**	**%**	**freq**	**%**
YES	39	81.25	49	80.33
NO	9	18.75	12	19.67
TOTALS	**48**	**100**	**61**	**100**

Source: Survey Data, 2015

On answering the question whether the collection for any loan arrangement is spelled out as part of the loan terms, 81.25 %(39) of the managers and employees said yes while 18.75 %(9) said no whereas 80.33 %(49) of the customers said yes while 19.67 %(12) said no. The results from table 4.6 reveals that the collection procedure for any loan arrangement is spelled out as part of the loan terms since the response rate from most respondents was positive with 81.25% managers and employees, and 80.33% customers giving a positive answer. Based on this it can be depicted that enough information is offered to customers before collection of the loans.

4.1.12 Level of Education of Respondent

The participants were requested to indicate their level of education. Knowing level of education of participants is important as it reveals professionalism in an individual as well as the ability of an individual to understand and interpret concepts. The results are presented in figure 4.4
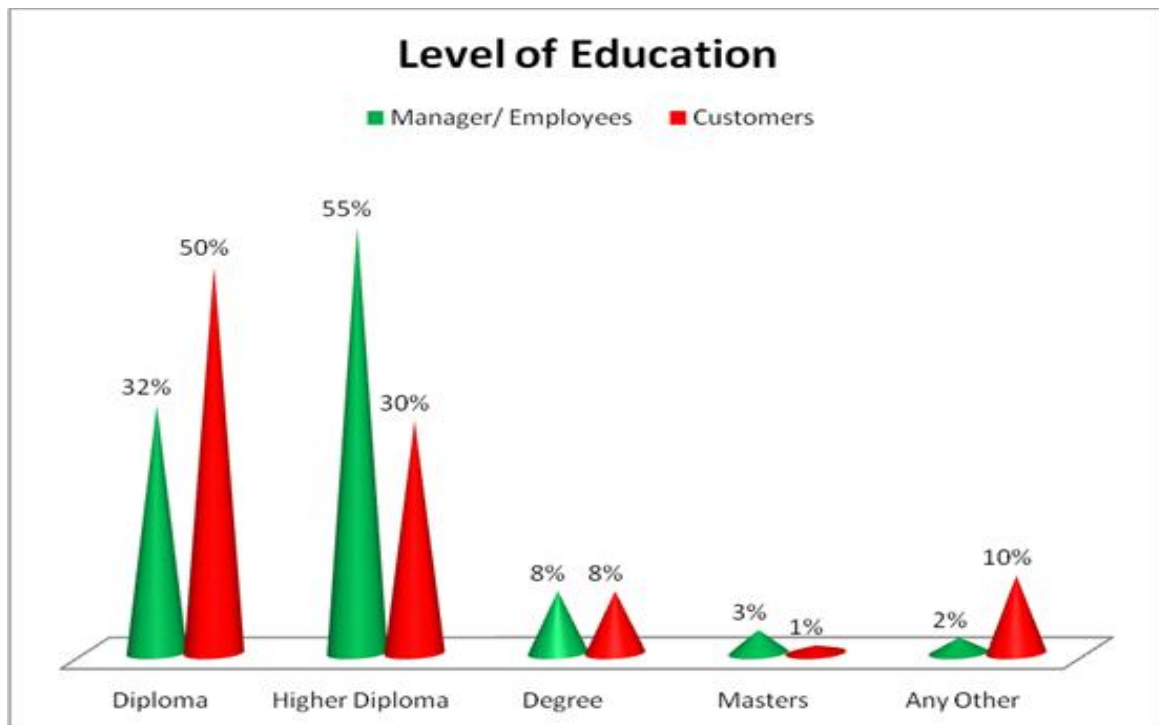
Source: Survey Data, 2015

Figure 4.4: Level of Education of Respondent

From the findings the respondent's level of education revealed majority of manager/employees had the highest qualification of higher diploma with 55%, whereas the customers had 30% on the same level.

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On the other hand 50% of the customer's majority had attained diploma as the highest level of education. Whereas for the manager/employees had 32.0%, both the manager/employees and customers tied at 8% of the degree level, whereas master level were 3% and 1% for manager/employees and customers respectively and finally others had 2%,10% for manager/employees and customer respectively. It can therefore be inferred that majority of the respondents had the minimum qualifications that allowed them to have some knowledge on policies of Sacco that facilitated their saving mobilization.

4.1.13 Credit Period and Members Saving Mobilization
The study sought to establish the extent of agreement on the statement that credit period has effect on members saving mobilization.

Table 4.7: Credit Period and Members Saving Mobilization

Statement	Resp	SA	A	N	SD	D	T
		%	%	%	%	%	%
The members character has to be considered when giving loan to clients	M/E	83	17	0	0	0	100
	CUS	60	37	0	0	3	100
The members cash capacity has to be considered when giving loan to clients	M/E	68	27	0	1	4	100
	CUS	57	30	4	3	6	100
The members collateral has to be considered when giving loan to clients	M/E	58	42	0	0	0	100
	CUS	51	46	0	0	3	100
The terms and condition of the financing has to be considered when giving loan to clients	M/E	71	29	0	0	0	100
	CUS	69	21	0	3	7	100
The Loan re-payment strategies has to be considered when giving loan to its members	M/E	68	32	0	0	0	100
	CUS	52	33	2	4	9	100

Source: Survey Data, 2015.

On credit period and members saving mobilization respondents were required to give their level of agreement on the extent to which they agree with the statement that credit period has effects on members saving mobilization. According to the findings respondents had their different levels of agreements and disagreements were as elaborated below:-

On the statement that members character has to be considered when giving loan to clients 83% of the managers and employees strongly agreed and 17% agreed whereas on customers perspective 60% strongly agreed, 37% agreed and 3% disagreed.

On the statement that the members' cash capacity has to be considered when giving loan to clients 68% of the managers and employees strongly agreed 27% agreed, 1% strongly disagreed and 4% disagreed whereas on customers' perspective 57% strongly agreed, 30% agreed, 4% were neutral, 3% strongly disagreed and 6% disagreed.

On the statement that members collateral has to be considered when giving loan to clients 58% of the managers and employees strongly agreed and 42% agreed whereas on customers perspective 51% strongly agreed, 46% agreed and 3% disagreed.

On the statement that the terms and condition of the financing has to be considered when giving loan to clients 71% of the managers and employees strongly agreed and 29% agreed whereas on customer perspective 69% strongly agreed, 21% agreed, 3% strongly disagreed and 7% disagreed.

On the statement that the Loan re-payment strategies has to be considered when giving loan to its members 68% of the managers and employees strongly agreed and 32% agreed whereas on customers perspective 52% strongly agreed, 33% agreed, 2% were neutral, 4% strongly disagreed and 9% disagreed.

4.1.14 Important for a SACCOs to manage credit standards
The study sought to establish the important for a SACCOs to manage credit standards that it's exposed to

International Journal of Social Science and Economics Invention (IJESSI)
Volume 02 Issue 07 September 2016, ISSN No. – 2455-6289
Available Online at - *www.isij.in*

Table 4.8 Important for a SACCOs to Manage Credit Standards

	MANAGER /EMPLOYEE		CUSTOMERS	
	Freq	**%**	**Freq**	**%**
YES	33	68.75	42	68.85
NO	15	31.25	19	31.15
TOTALS	**48**	**100**	**61**	**100**

Source: Survey Data, 2015.

When respondents were asked whether it is important for a Sacco to manage credit standards that it is exposed to, managers and employees represented by 68.75 %(33) said yes and managers and employees represented by 31.25 %(15) said no whereas customers represented by 68.85 %(42) said yes and customers represented by 31.15 %(19) said no. From these findings it can be concluded that it is important for a Sacco to manage credit standards that it is exposed to since most of the respondents were of the opinion towards it.

4.1.15 Customers SACCO has in Place Policies
The study further sought to establish on whether the customers SACCO has in place policies that enhance members saving mobilization.

Table 4.9 Whether the Customers SACCO Has In Place Policies on Members Saving Mobilization

	MANAGER /EMPLOYEE		CUSTOMERS	
	Freq	**%**	**Freq**	**%**
YES	45	93.75	56	91.8
NO	3	6.25	5	8.2
TOTALS	**48**	**100**	**61**	**100**

Source: Survey Data, 2015.

From the findings on the question whether the respondents Sacco have in place policies that enhance members saving mobilization, managers and employees represented by 93.75%(45) said yes and managers and employees represented by 6.25%(3) said no whereas customers represented by 91.8%(56) said yes and customers represented by 8.2%(5) said no. this shows that the highest percentage of the respondents agreed that the customers Sacco has in place policies that enhance members saving mobilization. We can therefore deduce that the member saving mobilization process of the customers Sacco has been highly promoted since there are policies in place to enhance it.

4.1.16 Collection Policy on members saving mobilization
The study sought to establish the level of agreement on the extent to which respondents agree with the statement, on collection policy on members saving mobilization.

Table 4.10 Collection Policy on Members Saving Mobilization

Statement		SA	A	N	SD	D	T
		%	%	%	%	%	%
The members Credit collection policy has to be considered when giving loan to clients	M/E	53	47	0	0	0	100
	CUST	48	43	0	5	4	100
The members Social Group membership collateral has to be considered when giving loan to clients	M/E	67	33	0	0	0	100
	CUST	35	30	5	14	16	100

International Journal of Social Science and Economics Invention (IJESSI)
Volume 02 Issue 07 September 2016, ISSN No. – 2455-6289
Available Online at - *www.isij.in*

The Credit worthiness of members has to be considered when giving loan to clients	M/E	78	22	0	0	0	100
	CUST	50	45	2	1	2	100
The organizations ability and collection efforts has to be considered when giving loan to clients	M/E	44	56	0	0	0	100
	CUST	42	38	3	7	10	100

Source: Survey Data, 2015.

According to the findings on collection policy and members saving mobilization respondents had different level of agreement in answering the question on the extent to which they agree with the statement on the role of collection. Furthermore 53% of the manager and employees strongly agreed that the members' credit collection policy has to be considered when giving loan to clients while 47% agreed on it. On customers' perspective, 48% strongly agreed, 43% disagreed, 5% strongly disagreed while 4% disagreed that the members' credit collection policy has to be considered when giving loan to clients.

On the statement that the members social group membership collateral has to be considered when giving loans to clients 67% of the manager and employees strongly agreed and 33% agreed while on customers perspective 35% strongly agreed, 30% agreed, 5% were neutral, 14% strongly disagreed and 16% disagreed.

On the statement credit worthiness of members has to be considered when giving loan to clients 78% of the manager and employees strongly agreed and 22% agreed while on customers' perspective 50% strongly agreed, 45% agreed, 2% were neutral, 1% strongly disagreed and 2% disagreed.

On the statement that the organizations ability and collection efforts has to be considered when giving loan to clients 44% of the manager and employees strongly agreed and 56% agreed while on customers perspective 42% strongly agreed, 38% agreed, 3% were neutral, 7% strongly disagreed and 10% disagreed.

4.1.17 Members Saving Mobilization
The study sought to establish the extent to which respondents agree with the statement on member saving mobilization in savings and credit societies.

Table 4.11 Member Saving Mobilization in Savings and Credit Societies

Statement		SA	A	N	SD	D	T
		%	%	%	%	%	%
SACCO policies leads to members ability to save	M/E	62	35	0	1	2	100
	CUS	57	32	1	3	7	100
SACCO policies leads to members willingness to save repayment	M/E	42	35	3	7	13	100
	CUS	33	29	7	12	19	100
SACCO policies leads to members Opportunity to save	M/E	73	27	0	0	0	100
	CUS	61	32	0	2	5	100
SACCO policies leads to members Returns on savings	M/E	58	42	0	0	0	100
	CUS	45	39	3	4	9	100

Source: Survey Data, 2015.

Respondents were asked the extent to which they agree with the statement on members saving mobilization in savings and credit societies. According to the findings the respondents had different levels of agreement on different statements.

On the statement that Sacco policies leads to members ability to save 62% of the managers and employees strongly agreed, 35% agreed, 1% strongly disagreed and 2% disagreed while on customers perspective 57% strongly agreed, 32% agreed, 1% were neutral, 3% strongly disagreed and 7% disagreed.

On the statement that Sacco policies leads to members willingness to save repayment 42% of the managers and employees strongly agreed, 35% agreed, 3% were neutral, 7% strongly disagreed and 13% disagreed whereas on customers perspective 33% strongly agreed, 29% agreed, 7% were neutral, 12% strongly disagreed and 19% disagreed.

International Journal of Social Science and Economics Invention (IJESSI)
Volume 02 Issue 07 September 2016, ISSN No. – 2455-6289
Available Online at - *www.isij.in*

On the statement that Sacco policies leads to members' opportunity to save 73% of the managers and employees strongly agreed and 27% agreed whereas on customers' perspective 61% strongly agreed, 32% agreed, 2% strongly disagreed and 5% disagreed.

On the statement that Sacco policies leads to members' returns on savings 58% of the manager and employees strongly agreed and 42% agreed whereas on customers' perspective 45% strongly agreed, 39% agreed, 3% were neutral, 4% strongly disagreed and 9% disagreed.

4.1.18 Inferential Statistics

The study further applied general Linear Model to determine the predictive power of the factors that influence effects of saving and credit cooperative credit policies on members saving mobilization in Turkana County, Kenya. The study formulated three hypotheses at significance level of 0.05, 95% confidence interval:-

HA1: There is a relationship between credit period and members saving mobilization. From the findings the results indicated that on credit period, $\beta = 0.852$, $p < 0.000$, this implies that the hypothesis was accepted.

HA2: There is a relationship between credit standards and members saving mobilization. Findings of the results showed that credit standards coefficient was, $\beta = 0.578$, $p < 0.000$ therefore the hypothesis was accepted.

HA3: There is a relationship between collection policy and members saving mobilization. Collection policy was also significant as shown in the findings the hypothesis was accepted as indicated that $\beta = 0.654$, $p < 0.000$.

4.1.18.1 Regression Analysis

In addition, the researcher conducted a multiple regression analysis so as to test relationship among variables (independent) Credit Policies on (dependant variable) Members saving mobilization. The researcher applied the statistical package for social sciences (SPSS V 20.0) to code, enter and compute the measurements of the multiple regressions for the study. Normality: Data have a normal distribution (or at least is symmetric). Homogeneity of variances: Data from multiple groups have the same variance. Linearity: Data have a linear relationship; Independence: Data are independent

A multiple linear regression model was used to test the hypotheses. The study tested three hypotheses at significance level of 0.05, 95% confidence interval.

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Members saving mobilization.) that is explained by all the three independent variables (Credit period ,Credit standards and collection policy variables).

4.1.18.4 Coefficient of determination

Table 4.11 Coefficient of determination

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error		Beta		
1	(Constant) 1.103	0.2235			5.132	0.000
Credit period	0.852	0.1032		0.1032	6.569	0.000
Credit standards	0.578	0.3425		0.1425	4.117	0.000
Collection policy variables	0.654	0.2178		0.1178		0.000

Source: Survey Data, 2015

Multiple regression analysis was conducted as to determine the relationship between the saving and credit cooperative credit policies on members saving mobilization in Kenya and the three variables. As per the SPSS generated table below, regression equation:-

$(Y = \beta 0 + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \varepsilon)$ becomes:-

$(Y = 1.103 + 0.852 X1 + 0.578 X2 + 0.654 X3)$

According to the regression equation established, taking all factors into account (Credit period, Credit standards and collection policy variables) constant at zero, saving and credit cooperative credit policies on members saving mobilization in Turkana

International Journal of Social Science and Economics Invention (IJESSI)
Volume 02 Issue 07 September 2016, ISSN No. – 2455-6289
Available Online at - *www.isij.in*

County, Kenya was 1.103. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in credit period will lead to a 0.852 increase on members saving mobilization in Turkana County, a unit increase in Credit standards will lead to a 0.578 increase on members saving mobilization, a unit increase in collection policy variables will lead to a 0.654 increase on members saving mobilization in Turkana County.

This infers that Credit period contributed most to the members saving mobilization in Turkana County followed by Collection policy variables and finally Credit standards. At 5% level of significance and 95% level of confidence, credit period, credit standards and collection policy variables were all significant in influencing on members saving mobilization in Turkana County.

4.1.18.2. Model Summary

Table 4.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.822	0.675	0.601	0.716

Source: Survey Data, 2015

The three independent variables that were studied, explain only 67.5% of the Members saving mobilization of SACCOS in Kenya as represented by the R^2. Therefore, further research should be conducted to investigate the other factors (32.5%) that affect Members saving mobilization of SACCOS in Kenya.

4.1.18.3 ANOVA Results

Table 4.13 ANOVA of the Regression

		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.534	15	1.267	**8.635**	**.000a**
	Residual	9.307	20	2.327		
	Total	**11.841**			**35**	

Source: Survey Data, 2015

The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how Credit period Credit standards and collection policy variables affect members saving mobilization of SACCOS in Kenya. The F critical at 5% level of significance was 2.25. Since F calculated is greater than the F critical (value = 8.635), this shows that the overall model was significant.

4.2 Discussion of Findings

Credit Period and Members Saving Mobilization

Findings on credit period and members saving mobilization, on the statement that member's character has to be considered when giving loan to clients majority of 83% of the managers and employees strongly agreed whereas on customers perspective 60% strongly agreed.

Further 68% of the managers and employees, and 57% of the customers strongly agreed that the members' cash capacity has to be considered when giving loan to clients.

Most respondents were also found to strongly agree that members' collateral has to be considered when giving loan to clients having 58% of the managers and employees, and 51% of the customers strongly agreeing to it. The level of disagreement tends to be so low having only 3% of the customers disagreeing to it.

Based on the findings 71% of the managers and employees, and 69% of the customers strongly agreed that the terms and condition of the financing has to be considered when giving loan to clients.

It is also evident from the findings that 68% of the managers and employees, and 52% of the customers strongly agreed that the loan re-payment strategies have to be considered when giving loan to its members.

Collection Policy and Members Saving Mobilization

According to the findings on collection policy and members saving mobilization, 53% of the manager and employees, and 48% of the customers strongly agreed that the members' credit collection policy has to be considered when giving loan to clients.

The findings further revealed that 67% of the manager and employees, and 35% of the customers were in a strong agreement that the members social group membership collateral has to be considered when giving loans to clients.

It can also be inferred from the findings that most of the respondents strongly agreed that credit worthiness of members has to be considered when giving loan to clients. The response rate is represented with a high percentage of 78% of the manager and employees, and 50% of the customers strongly agreeing to it.

From the findings it can be concluded that 56% of the managers and employees, and 38% of the customers agreed that the organizations ability and collection efforts has to be considered when giving loan to clients. However there was a 3% of the customers who were not sure on whether to agree with the statement or not.

Members Saving Mobilization

On members saving mobilization in savings and credit societies respondents were found to have different perspectives on different statements having higher percentages on those who agreed. On the statement that Sacco policies leads to members ability to save most respondents were in a strong agreement in which the response rate was represented by 62% of the managers and employees, and 57% of the customers who strongly agreed.

It is also noted that from the findings 42% of the managers and employees, and 33% of the customers strongly agreed that Sacco policies leads to members' willingness to save repayment. However 7% of customers were not sure on how to respond to this statement and therefore remained neutral to it.

The findings also reveal that 73% 0f the managers and employees, and 61% of the customers strongly agree that Sacco policies lead to members' opportunity to save.

It is crystal from the findings that the highest percentage of the respondents was in a strong agreement that Sacco policies leads to members' returns on savings. This is seen in the percentage response rate whereby 58% of the manager and employees, and 45% of the customers strongly agreed with the statement.

4.3 Interpretation

Credit Period and Members Saving Mobilization

According to the findings majority of the respondents were in strong agreement on various statements pertaining credit period and members saving mobilization. Quite a great percentage of the managers, employees and customers strongly agreed that member's character has to be considered when giving loan to clients. A higher number of the respondents also were in agreement that the members' cash capacity has to be considered when giving loan to clients. Further, on whether members' collateral has to be considered when giving loan to clients, a big percentage of the managers, employees and customers were found to strongly agree. From the findings it's clear that most of the managers, employees and customers are in a strong agreement that the terms and condition of the financing has to be considered when giving loan to clients. It is also noted that a high percentage of the respondents are in agreement that the Loan re-payment strategies have to be considered when giving loan to its members.

This was supported by Fidrmuc et al,(2007) who sought to find out whether a SACCO extends credit to customers it recognizes the possibility that customers will be unable to pay or unwilling to pay as his objective. The study found out that SACCOS must establish policies for determining who will receive credit for how long and how much. He also showed that SACCOS should built their credit policy around five of credit that character capacity capital collateral and conditions for them to be successful. He concluded that borrowers may sometimes fail to pay back loans due to lack of financial ability and other related factors other than not being willing to pay for credit given.

Collection Policy and members saving mobilization

It can be deduced from the findings that, on collection policy and members saving mobilization, respondents have different levels of agreement. On whether members' credit collection policy has to be considered when giving loan to clients most of the managers, employees and customers were in strong agreement. A large number of the respondents including the customers, managers and employees were in agreement that the members' social group membership collateral has to be considered when giving loans to clients. It can also be inferred from the findings that most of the respondents strongly agreed that credit worthiness of members has to be considered when giving loan to clients with a higher percentage of response from managers, employees and customers strongly agreeing. The findings further reveal that respondents agreed that the organizations ability and collection efforts has to be considered when giving loan to clients although with a much lower percentage on customers who were in

International Journal of Social Science and Economics Invention (IJESSI)
Volume 02 Issue 07 September 2016, ISSN No. – 2455-6289
Available Online at - *www.isij.in*

agreement. Managers and employees tend to have a much higher percentage on the response rate in terms of agreeing to these statements as compared to the customers. A small percentage of the customers is also seen not to be sure on their level of agreement to these statements and therefore remain neutral.

Sindani, (2012) , In his study on survival of most SACCOS depends entirely on successful credit standards that revolves on funds and savings made to them by the members .This requires a restrictive credit control system to be put in place so as to restrain from unnecessary.

Members Saving Mobilization

On members saving mobilization in savings and credit societies respondents were found to have different perspectives on different statements having higher percentages on those who strongly agreed. On the statement that Sacco policies lead to members' ability to save most respondents were in a strong agreement including managers, employees and customers. It was also noted that a much higher percentage of managers and employees were in strong agreement that Sacco policies leads to members' willingness to save repayment as compared to that of customers whose agreement response was in a lower percentage. a certain percentage of the customers was also found to be neutral since they were not sure on how to respond towards the statement. On whether Sacco policies lead to members' opportunity to save both the managers, employees and customers were in an almost equal level of agreement in which both responded on higher percentages by strongly agreeing to the statement. it is also clear from the findings that the highest percentage of the respondents was in a strong agreement that Sacco policies leads to members' returns on savings with an average percentage of both managers, employees and customers strongly agreeing to it.

The above interpretation concurs with the study carried out by Kariuki, (2010). The collection effort should, therefore aim at accelerating collections from slow payers and reducing bad debt losses .To manage their policies, SACCOS must understand not only the risk posed by each credit but also how the risks of individual loans and portfolios are interrelated. These interrelationships can multiply risk many times beyond what it would be if the risks were not related.

RESULTS

5.1 Summary of the Findings

5.1.1 Credit Period and Members Saving Mobilization

According to the findings majority of the respondents were in strong agreement on various statements pertaining credit period and members saving mobilization. Quite a great percentage of the managers, employees and customers strongly agreed that member's character has to be considered when giving loan to clients. A higher number of the respondents also were in agreement that the members' cash capacity has to be considered when giving loan to clients. Members' collateral has to be considered when giving loan to clients, a big percentage of the managers, employees and customers were found to strongly agree. From the findings it's clear that most of the managers, employees and customers are in a strong agreement that the terms and condition of the financing has to be considered when giving loan to clients. It is also noted that a high percentage of the respondents are in agreement that the loan re-payment strategies have to be considered when giving loan to its members.

5.1.2 Collection Policy and Members Saving Mobilization

It can be deduced from the findings that, on collection policy and members saving mobilization, respondents have different levels of agreement. On whether members' credit collection policy has to be considered when giving loan to clients most of the managers, employees and customers were in strong agreement. A large number of the respondents including the customers, managers and employees were in agreement that the members' social group membership collateral has to be considered when giving loans to clients. It can also be inferred from the findings that most of the respondents strongly agreed that credit worthiness of members has to be considered when giving loan to clients with a higher percentage of response from managers, employees and customers strongly agreeing. The findings further reveal that respondents agreed that the organizations ability and collection efforts has to be considered when giving loan to clients although with a much lower percentage on customers who were in agreement. Managers and employees tend to have a much higher percentage on the response rate in terms of agreeing to these statements as compared to the customers. A small percentage of the customers is also seen not to be sure on their level of agreement to these statements and therefore remain neutral.

5.1.3 Credit standards

From the findings on the respondents Sacco have in place policies that enhance members saving mobilization, managers and employees said yes and this was an indication that whereas customers who said yes were represented by large Sacco has in place policies that enhance members saving mobilization. The study can therefore deduce that the member saving mobilization process of the customers Sacco has been highly promoted since there are policies in place to enhance it.

International Journal of Social Science and Economics Invention (IJESSI)
Volume 02 Issue 07 September 2016, ISSN No. – 2455-6289
Available Online at - *www.isij.in*

5.1.4 Members Saving Mobilization

Finings on members saving mobilization in savings and credit society's respondents were found to have different perspectives on different statements having higher percentages on those who strongly agreed. On Sacco policies lead to members' ability to save most respondents were in a strong agreement including managers, employees and customers. It was also noted that a much higher percentage of managers and employees were in strong agreement that Sacco policies leads to members' willingness to save repayment as compared to that of customers whose agreement response was in a lower percentage. A certain percentage of the customers were also found to be neutral since they were not sure on how to respond towards the statement. On whether Sacco policies lead to members' opportunity to save both the managers, employees and customers were in an almost equal level of agreement in which both responded on higher percentages by strongly agreeing to the statement. it is also clear from the findings that the highest percentage of the respondents was in a strong agreement that Sacco policies leads to members' returns on savings with an average percentage of both managers, employees and customers strongly agreeing to it.

5.2 Conclusions

The study concluded that credit period sacco extends credit to customers it recognizes the possibility that customers will be unable to pay or unwilling to pay as his objective. The study found out that Saccos must establish policies for determining who will receive credit for how long and how much. He also showed that saccos should built their credit policy around five of credit that character capacity capital collateral and conditions for them to be successful. He concluded that borrowers may sometimes fail to pay back loans due to lack of financial ability and other related factors other than not being willing to pay for credit given.

On Credit standards and members saving mobilization survival of most Saccos depends entirely on successful credit standards that revolves on funds and savings made to them by the members .This requires a restrictive credit control system to be put in place so as to restrain from unnecessary.

Collection policy the collection effort should, therefore aim at accelerating collections from slow payers and reducing bad debt losses .To manage their policies, Saccos must understand not only the risk posed by each credit but also how the risks of individual loans and portfolios are interrelated. These interrelationships can multiply risk many times beyond what it would be if the risks were not related.

5.3 Recommendations of the Study

The following recommendations are considered important to guide other researchers and policy makers, on credit period policy on members saving mobilization, there is need for SACCO stakeholders, especially KUSCCO which the umbrella body and the SACCOs management to come up with stringent rules to curb high and increasing credit defaulters in the sector.

On collection policy on members saving mobilization, government ministries of cooperatives needs to review the legal framework to ensure that SACCO sector is included in the national payment system to ensure credit information sharing. This can be done by seeking insurance covers for larger credits and carrying out an in-depth study on the impact of the current regulations in regard to credit.

On credit policies policy on members saving mobilization, SACCOs should review credit policies on regular basis, for instance thorough review of credit applications, proper credit disbursement, employ, retain and train staff with required academic and professional qualifications and overall minimization of administrative costs.

5.4 Recommendations for Further Research

From the study the following directions for future research in growth of Sacco's are recommended to know other factors that affect it and to analyze the reasons behind the non-repayment of credits by the members.

A closer look and study should be replicated in the other SACCOs in other counties which are not part of the study to find out if the results are the similar.

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