FACTORS AFFECTING PERFORMANCE OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES

(A CASE STUDY OF COUNTY SACCO IN EMBU COUNTY)

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A Research Project Submitted to the School of Management and Leadership in Partial Fulfillment of the requirement for the Award of Degree of Business Management and Leadership of The Management University of Africa

OCTOBER 2017
DECLARATION

This project is my original work and has not been presented for a degree in any other institution of learning for examination purpose.

Signature…………………………Date ……………………………

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ODL-BML/5/00212/1/2015

This research project has been submitted for examination with my approval as the supervisor of Management University of Africa.

Signature…………………………Date……………………………..

Dr. Leonard Wambua
DEDICATION

This work is dedicated to my loving husband Ezekiel Kinyago and my children Gloria, Mourrine and Linnet for their moral support.
ACKNOWLEDGEMENT

First I want to thank the almighty God for his unlimited favors during the time of this proposal. Special thanks go to my supervisor Dr. Wambua for his sincere comments and guidance. Also my heartfelt feeling goes to my dear husband Ezekiel Kinyago, my children Gloria Mukami, Mourrine Mwende and Linnet Nyakio for the moral support they accorded me during my study time.

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<tr>
<td>SACCO</td>
<td>Savings and Credit Cooperatives</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>KUSCC0</td>
<td>Kenya Union of Savings and Credit Cooperatives Limited</td>
</tr>
<tr>
<td>SASRA</td>
<td>Sacco Societies Regulatory Authority</td>
</tr>
<tr>
<td>ICA</td>
<td>International Cooperative Alliance Day</td>
</tr>
<tr>
<td>NHIF</td>
<td>National Hospital Insurance Fund</td>
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<td>CIC</td>
<td>Cooperative Insurance Company</td>
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<td>FOSA</td>
<td>Front Office Services Activities</td>
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<td>ICT</td>
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<td>C.S.A</td>
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OPERATIONAL DEFINITION OF TERMS

Regulator - This underlines the best practise principles measured through using of many indicators and inspection.

Organization - This is the actual results measured against the set objectives and goals.

Staff - These are employees who when well motivated enhances increased performance hence Increased results.

Members - These are those that work towards achieving the overall set goal in the society’s mission.
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5.3.2 Does there survive relationship between products and services and performance of County Sacco?

5.3.3 To what extent does customer care affects performance of County Sacco?

5.3.4 To what level does staff motivation affects performance of County Sacco?

5.4 Conclusion

5.5 Recommendation of Study

Suggestion for Further Study

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ABSTRACT

The rationale of this project was to establish the factors affecting performance of Sacco’s in Embu County. The objectives of the study used were financial inadequacy, products and services, customer care and staff motivation in performance of Sacco’s. This research involved the use of a descriptive design. There are several services and products offered by cooperative societies in rural areas, hence a study was conducted to establish the contribution of SACCOs on the Economic activities of rural entrepreneurs developing in the counties. There were objectives that guided the study such as determining the effects of financial inadequacy on the performance of Sacco’s, establishing the manner in which Sacco products and services affects the performance of Sacco’s, examining the role of customer care in the performance of Sacco’s and also to determine the manner staff motivation affects the performance of Sacco’s. The researcher used primary and secondary data. The primary data was developed from county SACCO customers, Staff and management. This was obtained by self-administering, dropping questionnaires and face to face interviews. Secondary data was obtained from other scholars as retrieved from published materials, which included and not limited to journals, magazines, internal reports and newspapers. The study concluded that, at COUNTY SACCO there are several products and services offered to customers which results to rapid economic growth. COUNTY SACCO has positive contribution on economic growth of rural youth, microfinance groups and women to cite but a few. The study has yielded the following recommendations; mobilize savings, train staff on manning customer care desk, tailor making products to suit different categories of needs by customers hence establishing product development department and motivating staff by not only offering them monetary awards but by also involving them in finding solutions and seeking their ideas on how to improve and add value to the business.
CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter explains the background of the study, statement of the problem, the objective of the study, general objective, justifications, research questions, importance of the study, limitation and delimitations of the study and the scope of the study.

1.2. Background of the Study

According to (Kotler, 2002) performance refers to fulfillment of an obligation. Over the years, organizational performance has long been associated with management of scholars and business leaders around the world. There is a broad agreement around the world that as a matter of corporate policy, every organization strives to be committed in a manner that is thriving and outstanding. It is often argued in many instances that, it is of paramount importance of an organization to satisfy its customers in a manner that recognizes their diversified needs and use of flexible managerial decision as this will benefit the organization especially in the long run. Therefore for an organization to move forward in the aspect of performance, it is however important for such an organization to have good understanding of customer needs and also take it seriously as this can undermine the competitive strength.

An organization’s financial stability and survival depends on the consistency of quality decision made by managers. Managers are challenged and encouraged to have obligation on organization performance and society at large, to support and assist the society to take in economic and conducive culture (Jackson, 1987).
In recent times, most organizations have come up with customer care desks that are manned by competent staff to facilitate efficient and effective service delivery to the customers.

In Kenya, many Organizations have failed miserably because of undermining the aspect of business performance. According to (Schindler, 2000), Burgand Company which was a reputable organization with millions shilling in profits failed to observe factors affecting performance and lost its clientele to other upcoming organizations since they had valued the image and failed to emphasis on customer satisfaction through product development. This applies to all aspects of business environment and is relevant to the conduct of individuals and entire organizations (Kreitner, & Kinicki).

(Jackson, 1987) states that when an organization is full of people making enhanced decisions, it creates a culture of integrity, a supportive, positive atmosphere that builds morale, fosters internal and external loyalty and improves reputation resulting to great performance.

Performance contributes to the organization’s reputation with the various important audiences that are of benefit to it. The groups that have a stake in the company are known as stakeholders. Stakeholders are affected by the performance of the organization and, in turn, their actions can affect the company either positively or negatively (Fombrun, 2004). Consequently, its good performance is equally important in the stakeholder’s presence. The principal stakeholders with whom most organizations must be concerned are: customers, suppliers, partner institutions, shareholders, government regulatory agencies, social action organizations, the general public, and employees. Government regulatory agencies e.g. SASRA, another important set of stakeholders, required by law to monitor and regulate Sacco's for specific, publicly defined purposes (Regulator, 2010).

Thus, shareholders are principally interested in the price, quality, and reliability of the company's products and services (Riel, 1992). Financial institutions are concerned with financial adequacy
mobilization and performance. Employees are mainly concerned with wages, working conditions, and favorable personnel policies. Logically, then, a company should tailor its products and services and effectively deliver to each stakeholder group individually to address the special concerns of that group, (Fombrun, 2004). However, maintaining a consistent positive attitude among the several stakeholder groups is also vital. Although it is cautious to stress different facets of the organizations identity to its various publics, the firm should avoid projecting an inconsistent image, because the concerns and memberships of different stakeholder groups often have common characteristics, (Pearce, 2007). For instance, many shareholders rely heavily on the advice of experts from financial institutions on its financial adequacy. Similarly, both employees and the general public have an interest in the overall prestige of the organization and the reputation of its products (Kreitner, & Kinicki). A social action group's criticism, whether economically effective or not, is bound to influence some customers and affect the company's performance.
1.3 STATEMENT OF THE PROBLEM

SACCOs have become important contributors to the Kenyan economy. SACCO’s are member owned, member controlled institutions formed for the purpose of mobilizing savings from members and offering them good return after affording loans at competitive interest rates and providing other services on competitive basis. (Mullins, 2000) contends that although Cooperatives societies have geared their efforts towards offering financial services to the vulnerable groups, youth and women, their impact on the economic activities potential is still unexhausted. Many Sacco’s are faced with numerous challenges while transacting their businesses such as illegal and unethical behavior (Zajac, 1990). CEO’s are faced with many challenges and more specifically monitoring and evaluating the impact of performance in the SACCOS. They despise the fact that they can delegate to their juniors and are burdened without keen interest of whether their people can make the difference when fully involving them in finding solutions and recognizing their inputs in improving the performance of the business or adding value (Mullins, 2000). The researcher observes that in some organizations performance is important as evidenced by action taken by management on performance. The concept of business performance is ignored by Sacco’s largely posing a threat to their existence or thrift growth. The latter creates a gap in administration of the business continuity hence the need for this study. There are other Sacco’s where code of conduct exists but not applied hence forcing organizations to carry out their businesses with non performance. The researcher intends to carry out a study to establish factors effecting business performance of SACCOs in Embu County.
1.3.1 General objectives

The general objective of this study shall be to investigate the effects of performance on savings and credit cooperative societies

1.3.2 Specific objectives

a) To determine the effects of financial inadequacy on the performance of County Sacco.

b) To establish the manner in which Sacco products and services affects the performance of County Sacco.

c) To examine the role of customer care in the performance of County Sacco.

d) To determine the manner staff motivation affects the performance of County Sacco.

1.4 RESEARCH QUESTIONS

i) In what manner does financial adequacy effects performance of County Sacco?

ii) Does there exist any relationship between products, services and performance of County Sacco?

iii) To what extent does customer care affects performance of County Sacco?

iv) To what level does staff motivation affects performance of County Sacco?

1.5 IMPORTANCE OF THE STUDY.

The study will benefit the following:

1) Future Researchers
The study will be important to the future students who would wish to research more in this particular area.

2) **Students of Management University of Africa**

The student will have to learn more on effects of business performance of Sacco’s and by so they can become trainers of trainees upon completion of their course.

3) **Sacco Managers**

Managers of different Sacco’s will be able to focus on what affects performance of their organization and this will help them to project more on growth of their Sacco’s.

4) **Government**

SASRA as a regulator of Sacco’s will benefit from this study as they will be able to understand and know how to regulate the Sacco’s for them to thrive.

**1.6 LIMITATIONS AND DELIMITATIONS OF THE STUDY**

The researcher at long run ended up encountering various limitations that hindered the access to information sought by the study. Among them some respondents feared to give information as required by the researcher hence affecting the accuracy of the end results. Time constraint was another major limitation since the research was bound to be done in a specified time period. There was one questionnaire which was returned unfilled and for the researcher to attain the high returns had exhaustively tried to convince the respondents that the data collected was confidential and that it will not leak whatsoever. A time frame was set on available time. Pretesting of instruments was done to enhance accuracy of data.
1.7 The scope of Research

The researcher will carry out a research study at County Sacco society limited in the month of August 2017, whereby she is an employee. The researcher has gained wide range of knowledge and information regarding the business ethics on performance of Sacco’s. The researcher has chosen to carry out her research at County Sacco since she is able to interact freely with Manager and various employees and hence more insight knowledge and information which will guide her in pursuance of her study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter covers the literature review which relates to the subject of this study. It also includes the conceptual framework which highlights the variables under consideration.
This chapter helps to identify and bring out the research gaps.

2.2 The Performance of Sacco’s
In 1965, the government of Kenya indentified co-operatives as the channel through which the majority of Kenyans could participate in economic development, social integration and cultural practices. This was through the session paper number 10 of 1965 on African Socialism. Marketing co-operatives were formed by small scale cash crop growers like coffee farmers. Such were primary cooperatives owned and controlled directly by members, (Mullins, 2000). A Co-operative society is formed by people who come together mainly to provide convenient and efficient services to members. (Mwaka, 2017) indicated that amongst the formal financial service providers, Sacco’s are fairly popular with households for not only credit but also savings.

Co-operative is derived from the term “co-operation”. To co-operate is to act together in order to achieve a common purpose. Members of a Co-operative get together voluntarily contribute capital to the co-operative evolution of SACCOS in Kenya, The Sacco Societies Act (2008).

The origin of Sacco’s in Kenya is dated back in 1964 after the country became independent in 1963 where a total of 600 registered cooperatives societies were formed with total membership of 200,000
registered members (Mullins, 2000). In consequent years, SACCOs based their bonds related to residence, occupation or churches. In 1969 they were required to be based on a secure crop or employment relationship and a check off system was introduced to help SACCOs receive payments directly from employers and processors by the government. These ensured automatic deductions to repay loans were made from the incomes leading to a significant factor in the development of SACCOs (Mwaka, 2017).

The SACCOs form the largest cooperative movement in Africa and play a significant role in Kenya’s financial sector. In Africa continent we only have Kenya and South Africa who have independent regulators with specific regulation for Sacco’s like SASRA in Kenya. (Mwaka ,2017) Today several of Kenya’s largest Sacco’s e.g. Unitas, Bingwa etc have capital large enough to become banks. CAK ascertains that the number of registered co-operative societies in Kenya has grown steadily, increasing from 11,228 in 2011, to 22,000 at the end of 2016.

County Sacco formerly Rukuriri Sacco Society Ltd was registered on 13th feb1991 under the Co-operative Society Act, laws of Kenya with only ten active members with deposits of Ksh.15,020/=.

With the introduction of the regulator (SASRA) Sacco’s become more aggressive in rebranding for them to be relevant and be able to compete relatively. It has also assisted in defending Kenyan grassroots Sacco’s terming them as best alternative financial service sector to the public. The simplicity of Kenya’s Sacco model and Mwaka (2017) emphasises it has made Sacco’s more popular across all households regardless of social-economic status.

The Sacco Societies Act (2008) and its attended Regulations (2010) states that there were 175 licensed Sacco’s by end of 2016 with net assets393 billion based on unaudited financial statement from 301 billion in 2014. County Sacco rebranded on 27th Oct, 2011 to accommodate everybody within and outside the domicile County, and it’s the one and only Sacco in Embu County that has extended its
services outside the county venturing to the nearby Tharaka Nithi County. Currently the membership stands at 41,339 members from all the walks and over 500 million deposits and the loan book growing in folds with both loans in kind e.g. Motorcycles, Solar and cash basis to over 250 Million, (Financial report, 2016). It is clear that together, cooperatives can contribute to sustainable prosperity (Mwaka, 2017). The ICA 2017 defines cooperative as an autonomous association of persons united voluntarily with a common goal of meeting their common economic, social, and cultural needs in a jointly owned and democratically controlled enterprises.

"Co-operatives ensure no one is left behind", was the theme of the 2017 International Co-operative Alliance Day. This commitment is evidenced across the world in cooperative support for community activities in local sourcing of supplies to benefit the local economy, and in decision making that considers the impact on their communities. For County Sacco this was evident in this year’s ICA celebrations where it gunned three accolades in the following categories:-Best insured Sacco, Society with the best Youth Initiative and Society with Most Improved Marketing Initiative. This corporation is meant to represent the values of self-help, honesty, openness, self-responsibility, social responsibility, transparency and accountability. ICA brings in light the principles that guide the formation, organization and activities of cooperatives through voluntary and open membership, democratically controlled, economic participation, autonomy and independence, education and training to members, cooperation among Cooperatives and concern for Community (Keegan, 2000).

Sacco’s in Kenya have come up with various strategic plans to improve their performance. Some of these plans are segmenting the membership and tailor making products that satisfy individual need that ends up giving Sacco’s a viable improvement in the current competitive atmosphere. Hence need to have adequate finances, diversified products and services, competent customer care officers and motivated staff.
Mwaka (2017) denotes Sacco’s are voluntary and open member organizations where members are free to elect a member who meets the set standards or threshold set by members themselves where some maybe semi illiterates to run the SACCO. SACCO members were also mandated by-laws to provide for minimum requirements for their managers but currently the regulator gives guideline. The Societies Act, (2008) contends that the role of the ministry of cooperative development is duly to oversee, guide and direct the entire cooperative movement. The ministry is headed by a commissioner for cooperative who has a wide range of powers enacted in the cooperative societies Act. The Sacco’s management comprises of the CEO and the Board of Directors who are elected by members and retires yearly on 1/3 basis. They are charged with primary responsibility of ensuring performance leading to business thriving, Regulation, (2010). The provisions made in the SACCO Society Bill 2007, are aimed at identifying a number of factors constraining performance by Sacco’s and like in our today’s era of competition hence it is only the strong Sacco’s that are surviving since members are very keen on their performances. It should be clear that the organization should work towards maintaining its reputation which if not well nurtured can negatively affect the performance of the organization.

Davis (1995) states reputation problems grow like weed in a garden, hence directly or indirectly leading to costs rising geometrically. One thing that Sacco's need to understand is that in their business serving a customer is not doing customer a favor, otherwise customers actually gives us a favor when they allow us serve them (Ndonge 2015). Sacco’s should therefore listen to members complains so that we can continuously improve our services hence eliminate some warning signs that a business might be under performing leading to high employee turnover and loss of major customers, (Bronn, 2002).

Therefore it is prudent to address the performance issue in the organization to assist reduce escalating costs of doing business like product development and employee wages due to terminal benefits hence resulting to low or no dividends to shareholders (Bronn, 2002)
2.2 Empirical Review

A review of the existing literature about effects of customer care is concluding remarkably evidence that the situation has improved in recent years but those working in this area admit there are still shortcomings. Sacco’s were first registered in Kenya as thrift licenses in 1964 with objective of mobilizing savings from members. In 1969 the government encouraged the registration of Sacco’s to mobilize savings and credit to employed people who had similar common bond. Currently there are over 5000 Registered Sacco’s out of which 150 are rural Sacco’s or community based while others are urban Sacco’s (Mwaka 2017).

Most of them operate BackOffice Services Activities (BOSA) which grants loans and Front Office Services Activities (FOSA) which offers bank like services like withdraw able savings and Deposits. There is a policy calling for improvement in the legal and regulatory framework since Sacco’s have not been adequately covered (Regulator, 2010). There is also lack of development strategy framework for Sacco’s, low adoption of international performance standards, lack of disclosure requirements standards, adoption of information and computer technologies and poor human resources management leading to high turnover.

This hence requires a comprehensive review to determine the extent to which such problems have adverse impact on Sacco’s. Various task forces are set up; like the introduction of the Sacco bill 2007, Enacted provisions on issues of financial propriety, SASRA as a regulator, good governance adoption and maintenance of standards and disclosures (Regulator, 2010).

The provisions made in the SACCO Society Bill 2007 and compliance of SASRA regulations, are aimed at identifying a number of factors constraining performance by Sacco’s. Sacco’s are no longer welfare associations but business organizations which offer credit services to their members. In our
today’s era of stiff competition it is only the strong Sacco that will survive since members are very keen in being appreciated and getting good returns on their investments. Hence more emphasis on customer cares.

2.2.2 Adequate Capital

Capital as a key measure of financial health of a Sacco grew by over 50% from 33 billion in 2014 to 58 billion by close of 2016 at a time when 175 Sacco's are serving a figure of 3,456,975 members (Mwaka 2017).

Under the Sacco Societies Act (2008), the SASRA a regulatory body was mandated to license FOSAs the deposit taking Sacco societies under the Sacco Societies Act 2008 which was published by Ministry for Co-operative Development and Marketing on 18th June, 2010. The SACCO Societies Act (2008) and its attendant Regulation (2010) have set the minimum requirements which acts as a marking scheme for a SACCO in deposit taking business where County Sacco is grouped. The regulatory framework provides key prudential standards including capital adequacy, quality of loan assets and liquidity which are indicators that the Sacco is financially healthy, courtesy of the reforms commenced in 2010 when the new Sacco Societies Act of 2008 commenced (Mwaka 2017)

Bronn (2002) states that SACCOs performance is usually affected by low capital to enable operate and manage its activities. It’s worth to be noted that there is no standardized performance measurement tool to evaluate the status of SACCOs. In spite of this, use of indicators, such as meeting the required ratios, asset base, and dividend rates on investment then can be used as some prove of performance, Regulation (2010). In the current world where business is very competitive and dynamic then every one of our competitors need to do their best to snatch some members for their growth. In order to avoid loss
of members therefore, there is need to do continuous research to develop products and services that will satisfy members economic and social needs (Mwaka 2017). Sacco’s should appreciate that their today’s products will be obsolete in the future therefore developing new products to add on the existing or even replace the current ones through customer demands should be embraced. An example is the formation of County Housing Co-operative Society as an investment arm of County Sacco to enhance liquidity.

Regulator (2010) states that the requirement of capital adequacy ensures that each SACCO Society maintains a level of capital which is adequate to guarantee their members deposits and provide for bad debts to cover their creditors against loan losses likely to result from business risks the financial institutions faces. The important indicator of performance is the rates of return and operating costs are reduced resulting to the members’ dividends being consistently paid and return on assets are put into consideration.

The limited mobilised funds from members strain the off loading of loans leading to slow lending procedures leading to poor performance of the SACCOs (Keegan, 2000). One of the major reasons why most people prefer to save their money here is the huge amount of interests the money attracts. Since SACCOs are primarily not meant for posting huge profits, they do everything to make their customers happy e.g. Akiba Muda product at County Sacco. It’s very hard for Kenyan SACCOs to make losses. Once you have your money in a SACCO, you are assured that it’s safe and chances of making losses are minima (Mullins, 2000). I have witnessed several banks closing down because of being declared insolvent, but never have I witnessed a SACCO in Kenya going through receivership or failing to meet members’ targets.

Loan demands and diversification of loans types is another important indicator of the SACCO Performance. Mullins (2000) states that it is unquestionable fact that member’s loan demand is
exceptionally high and unable to get along with the mobilised funds. This means that only a small percentage of the loan-demand by the members of the SACCO is usually satisfied.

Mishkin (2006) contends that the problem of the poor or low income earners is complicated and diverse and it’s leading to the demand for loans being not met with the prevailing present state resulting to most SACCOs remaining far behind to shoulder this needs. Loans limitation is experienced due to diversity in loan type and scarcity of capital to finance numerous ventures and also inadequacy of entrepreneurial skills. This makes loan types to be limited in diversity and peculiarity in character within all SACCOs (Mullins, 2000).

The other indication of SACCO Performance is the impact of on income and asset base of the SACCO. Irrespective of rampant capital shortage, SACCOs are being encouraged to generate income and also continue increasing their assets. However, this may not be felt in the coverage and share of the financial market (Mishkin, 2006). Currently, SACCOs are showing a tremendous change in their assets and income in which most progress is obtained from increase in number of SACCOs and with their membership size. The assets base of County Sacco stands currently at Ksh.750 million.

Loan repayment performance is one of the most important indicators of sustainability of SACCOs (Bonn, 2002). The repayment performance of almost all SACCOs has been recognized as encouraging and satisfactory. Many young people at County Sacco have viable and great business ideas but they lack training and financial strength to actualize them. Those few with strained capital require more to grow and extend their businesses. The fortunate who are earning are really encouraged to set aside for their future growth and maybe with time they may become entrepreneurs hence job creation (Mwaka, 2017). The Sacco has also taken the initiative of training young people on financial management through Chama’s by encouraging them to join (SACCOs). County Sacco has assisted in developing a saving culture for them and committing part of their savings for future. The accumulated deposit acts as security in time of accessing credit facility (Bonn, 2002). This is in line with the credit policy which
states that a loan shall be guaranteed by three guarantors whose their deposits shall be more than or equal to the loan granted and deposits shall be three times among other factors considered. Sacco’s gives members interests on their deposits and dividends on their savings depending on the profits made by the Sacco thus the more the profit, the better the dividends rate. To mitigate this situation the SACCO has introduce other new loan products through FOSA (Bronn, 2002). From the Sacco’s loan reports the member’s repay their loans promptly without much delay. This is because members have consistent payouts like tea, milk and coffee payouts hence their debts are deducted through check off system leaving no room for less defaults. The loaning policy is clear that the member should borrow amounts proportional to their savings and the guarantor’s security’ are meant to curb defaulting opportunities Regulator (2010). The members’ sense of ownership also plays a major role in ensuring repayment. However defaulting cases are still experienced within most SACCOs and this hampers performance. While repaying a SACCO loan, a member is advised to continue building the deposits so that one shall be able to graduate without facing security challenge (Mishkin, 2006). This encourages a saving culture, which leads to more deposits accumulated in the organization forming a strong financial base (Mwaka, 2017).
2.2.3 Products and Services

SASRA revised risk management guidelines for deposit taking Sacco’s (pg 62) states that products and services that are being introduced to the Sacco should undergo a careful pre-acquisition review so that the Sacco understands their default and interest rate risk characteristics and incorporate them into risk management process.

Agrawal (1996) examined and found a positive relationship between innovation and performance. At County Sacco this has been exercised through product promotion where Staff attends to farmers’ gatherings and show case the products resulting to attracting the right people to buy and enjoy those products and services. (Bronn, 2002) Innovation is embraced as the single most important factor affecting performance in developing and sustaining customers in the organization. (Balmer, 1991) also contends that to achieve growth and maintain performance creativity should be encouraged to foster innovation within the organization. At County Sacco members are provided with better services and also provided with financial help at negotiated rates. County Sacco also assists members in accessing services they could attain at a higher cost that the discounted prices as individuals e.g. NHIF, CIC for dairy Insurance, Easy money transfer-mobile banking, Personal cheques and installation of Biogas.

According to (Agrawal, 1996), innovation strategies including right pricing of the products influences achievement of better and guaranteed return on the product and high return on equity. Product innovation decisions influences Sacco’s deposit rate, loaning rate, services offered, profits made and customer satisfaction. This in turn improves financial performance ((Bronn, 2002)).

Olin’s (1990) also contend that the ultimate reason of the organizations engaging in innovation activities is purely to improve Sacco's performance and its success. This results in the managers
ensuring that all activities and the strategic plan are linked to innovation and performance. Hence knowledgeable and friendly staff member usually contribute and creates satisfied customers leading to a competitive advantage.

Balmer (1991) contends that product innovation has a significant impact on organizations performance. Worth noting is that to be relevant products and services should be fast and efficient to process and disburse.

Agrawal (1996) highlights some more factors that affect performance of SACCOs as weak regulation, limited product and services, weak marketing strategies and poor communication. Most of the studies done specifically in developing countries like Kenya and those done in developed countries have discrepancies. This study therefore sought to fill the knowledge gaps that have been identified in previous studies by ascertaining the extent to which innovation can influence performance specifically at County Sacco.

2.2.4 Customer Care Desk Services

Fombrun, and Riel (2004) explains customer care services as provision of a product/service to a customer with the intention of satisfying his/her expectation, the quality of methodology of delivery of that service to the customer. Satisfaction of a customer occurs when the product meets or exceeds his/her expectations. An organization must differentiate itself from its competitors in the production and delivery of its products. According to (Kotler, 2000) customers want high quality products or more value for their money, they want it fast and accurately, at a particular place, time and packaged in a particular style.
Other factors dictating the performance of Sacco's are staff providing the service, employer, customer himself/herself and the financial strength of the organization; hence organizations should often be assessing or benchmarking their performance for them to be relevant (Fombrun, 2006).

Mullins (2000) contends that customer care staff should have mental ability which is sharp, alert, focussed and able to respond to questions correctly and quickly and thorough in the products the Sacco sells for customers expect one to know all the products in BOSA & FOSA. The staff must perform their tasks accurately, e.g. postings in savings and loan accounts for customers feel cheated when they are given wrong balances in savings, loans, shares, etc.

Riel and Van (1992) states that way one grooms tells a lot about ones Character, Attitude, and level of confidence which can draw customers to the organization or send them away. Kotler (2007) contends that a customer puts staff on a higher level when they are confident even before they talk to them and this improves communication. Customers want to deal with staffs that are smartly but not necessarily expensively dressed (Mullins 2000). The Use of body language, tone & words should be moderated. The ability of staff to provide prompt service to customers without keeping customers waiting for long hence keeping promises and appointments at all times. Customer care officers should avoid a last minute dash to gather information earlier sort for by the customer when the same customer appears, since it reflects very badly on the customer. (Ndonge, 2015) states that the tone on the phone speaks volumes with the number of times a phone rings before it is picked. The amount of time one spend on both private and official calls tells how busy one is at the desk.

Customer care involves being result oriented and maximizing customers’ satisfaction which enhanced repeated sales in the business as (Mullins, 2000) contends that repeated sales and high profitability depends barely on a satisfied and a happy customers.
2.2.5 Staff Motivation

According to (Kreitner & Kinicki 2010), there are various kinds of rewards and different kinds of people are motivated by varying and different rewards. Thus the challenge to the manager is to establish what works for whom. For this to happen, the manager has to understand and appreciate the different needs that employees try to meet. (Armstrong, 2006) defines need as “a goal directed forces that people experience”. Customer service starts with you and ends with you, our attitude to work and customers determines the quality of service we will provide to the customers (Ndonge, 2015)

Kinicki and Fugate (2012) believe that the perspective of total rewards include compensation such as pay increases, basic pay, promotions, incentives and merit pay, benefits such as health, welfare, retirement, paid off benefits and personal growth like career development and training. Motivation is a technique which enhances and leads to improving the performance of employees working at different levels (Armstrong, 2006). Motivation of staff should not only be on monetary basis but also recognition by the managers and involve them in forwarding their inputs towards way forward for the organization is more motivating. A manager has to be very accommodative to the colleagues as a team player and motivator so that they can journey together as a team (Claessens, & Wong, 2002). Motivation is useful in all aspects of life and this extremely explains that motivated team is really paramount for positive growth in the organization.

Phillips and Gully (2012) concedes that rewards are among the “most powerful motivational tools managers have at their disposal” adding that for one to accept a job offer and decide how much effort to exert, the rewards being offered play a big role in the final decision. Phillip and Gully (2012) therefore agrees that a reward motivates an employee.
Employee performance refers to the behaviours that are relevant to the goals of the organization and those that can be controlled by the individual employees (Zajac, 1990). According to (Mullins, 2010) rewards affect performance expectations.

Claessens and Wong (2002) state organizations give rewards to their employees in a bid to try and motivate them to perform better. People often say that” motivation doesn’t last, well neither does bathing. That’s why it is recommended often”. (Mullins, 2010) agrees that there is enough evidence to show that money as one form of reward can positively “impact on individual, team, and organizational performance”. Mullins (2010) notes “that more and more employees today are focused on personal fulfilment and career progression”. These factors have led to some employees leaving well remunerated jobs in local companies in exchange for a more balanced life with greater prospects of career growth and latitude for decision making. Hence a well designed and administered employee engagement surveys provide organisations with information on the areas causing disengagement at the work place.

CEO County Sacco concedes that we need each other as pillars and strength of one another for individually we can be a drop but together we shall be an ocean. Hence the greatest motivator is the conducive environment and value for one another.

2.3 Critical Review and Gaps to be filled.

Factors outlined previously are not only factors which affect the performance of the Sacco’s. Social factors like peer influence, negative media reporting and misinformation from the friends who have negative political motives are also quite influencing. Negatives media coverage incites the co-operators to artificial hate of the Sacco’s. The researcher however did not come across any study on factors affecting performance in Sacco’s that has been carried out in Embu East district and therefore did set to fill this knowledge gap.
2.4 Conclusions

Fombrun and Riel (2004) contends that performance are collective perceptions by stakeholders of an organization’s ability to fulfill their expectations, hence if one is not satisfied he shall not be able to either buy the product or even invest with the organization leading to affected profits or inadequate finances to run the business (Jackson, 2007).

Riel (1995) postulates that an organization performance helps build its image, by combining its vision, Mission and values. However, he contended that the same message should be communicated to all stakeholders, in order to spread unity, creditability for the organization to thrive. The study revealed it’s the motivated staff that influences the performance of an organization.

According to SACCO society Act (2008); which outlined a number of measures promoting Sacco’s performance such as, meeting the Regulatory Standards, before they are Licensed and protection of the members interests through Deposit Guarantee Fund. This implies that a lot of trainings on SACCO operations at the customer care are vital for the effective running of Sacco’s. Opportunities for growth and sustainability of the co-operative movement will be further realized by leveraging on youth and women, special interest groups, and ICT. To achieve this, the government will legislate to mainstream the cross-cutting concerns through sensitizing the youth on the need to form co-operative enterprises and encourage them to participate in the leadership of existing co-operative enterprises.

Ecclesiastes concludes that it is better to have two than one for they shall reap huge returns when they work. One is easily rescued by a friend when he falls down but woe to the man who falls and has no friend to rescue him up. It is coming out well that for Sacco’s to have better numbers of customers due diligence should be practiced when handling them. Hence the study revealed that performance has a
positive contribution to the image of the SACCO. Hence there is need of motivated personnel so that they can be helping a friend who falls.

Mullins (2000) contends that in all organizations there has to be staff or employees who perform operational activities with the aim of the organization of making profit. SACCO society Act (2008) various tasks are set up like the introduction of the SACCO bill 2007, enacted provisions on owning assets, good governance and maintenance of standards and disclosures. Provision of impeccable customer service at all times by everybody, thorough understanding of customers and what their expectations are.

Developing of demand driven products which should then be rolled out in a well publicized manner through knowledge of organizations products by all staff but specifically the ones marketed by each department and thorough knowledge of what the competitors are doing or about to do (Mullins, 2000). Cooperative organizations especially Sacco’s have been tried tested and found to be effective vehicles for savings mobilization.

Mwaka (2017) concludes the current estimates indicating that Sacco’s mobilize up to 31% of the National savings. The study revealed that the Sacco’s will remain vital hence governments concerted efforts towards regulation of the sector through SASRA because of the important role it plays in the country.
2.5 Conceptual Framework

Fig. 2.1 Conceptual Frame Work

Independent variables

2.5.1. Adequate Finances: When the organization has sufficient capital it tends to be efficient and effective in discharging credits translating to more incomes hence improved performance.

2.5.2. Products and services: When products and services are developed to suit the demand of the customers effectively and efficiently it leads to high sales hence improved performance but when it is haphazard there is a risk of negative image leading to poor performance.
2.5.3. Customer Care Skills: Where customer care services are well managed there implication of positive image leading to improved performance but where it is wanting there is a risk of poor performance.

2.5.4. Motivated Staff: Staff attitude to work and customers determines the quality of service they provide to the customers. Positive attitude such as love for self, colleagues, customers, exudes happiness and the organization becomes a customer service champion.
CHAPTER THREE

3.0 RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction.

This chapter elaborates the steps necessary in the execution of the study to fulfill the study objectives. The steps consist of the following; the research design, Sampling design, Data collection instrument, Procedures in data collection and Methods of data analysis.

It also aims to answer the questions when, where, and how much and by what means the research was conducted. Conceptual structure is within which the research was conducted.

3.2 Research study Design.

Kothari, (2008), Descriptive research is informational in nature; it reports the way things are with the purpose of establishing the factual picture of the object of study (Riley, 2000), the design also attempts to describe such things as possible behavior, attitudes, values and characteristics (Mugenda & Mugenda 2003). The researcher used descriptive research design because it explains facts, opinions and attitudes without biasness thus maximizing reliability of other finding.
3.3 Target population

Target population is any group of individuals with more characteristics in common, that would be of interest to the researcher. Population is defined as a complete set of units to be studied (Kothari, 2004). The target population for this study was Sacco’s in Embu County. The target population in many characteristics must be comparable with those of inaccessible population. In this study the staff members, board of directors and members of County Sacco society ltd were the sample that was defined. The researcher intending to target 200 objects of which they were the Board of directors, staff members and members all from different branches. This formed a good representation sample of the entire population.

Table 3.1 Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Accessible population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board members</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Members of Staff</td>
<td>38</td>
<td>19</td>
</tr>
<tr>
<td>Members</td>
<td>150</td>
<td>75</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>
3.4 Sampling Techniques, Design, Size and Procedures.

A sample is defined as a sub set of the target population that researcher intends to generalize the results on (Kothari, 2004). Data was collected with the help of questionnaires. It also consisted of structured and unstructured questions. The questionnaires composed of both open ended and closed ended. This made it easier to compare responses of different items and also easy to complete (Mugenda & Mugenda 2003). The researcher used questionnaires because they are free from interviewer’s biasness unapproachable respondent can be reached. The researcher used drop and pick collection method.

Mugenda and Mugenda (2003) contend that 10% or more of a population is usually adequate when random sampling is used in the study. This usually involves random selecting for each item has an equal chance of being selected as a subject the researcher used a sample size of 42 individuals randomly selected from the accessible population which is over 20% of the target population as below.
Table 3.2 Sample frame for respondents

<table>
<thead>
<tr>
<th>category</th>
<th>Accessible population</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Members</td>
<td>12</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>Members of staff</td>
<td>38</td>
<td>8</td>
<td>19%</td>
</tr>
<tr>
<td>Members</td>
<td>150</td>
<td>30</td>
<td>71%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>200</td>
<td>42</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.5 Data collection and instruments /Procedures.

The questionnaires were used to collect data from the Board members, Members of Staff and members. Both structured and unstructured questions were used in the questionnaire. The researcher preferred using it for it is simple to administer and convenient leading to a short time spent. (Kothari, 2004).

3.5.1 Validity and reliability

In order to ensure validity and reliability, the questionnaires were composed of carefully constructed questions to avoid ambiguity and in order to answer all the research questions. The questionnaires were then pre-tested in a pilot study. Five (5) questionnaires were administered to respondents from Nawiri SACCO, after which corrections were done. This ensured reliability. The validity of the research instrument was then tested through presentation to an expert (my supervisor) who ascertained their face validity. Reliability concerns the degree in different measuring procedure gives similar results and consistence and helps to assess the integrity of measure (sekaran 2003).
3.6 Data Analysis and Procedures.

The data collected was checked for reliability and accuracy which was then edited to eliminate possible errors. Descriptive statistics which is used to measures the central tendency-mean, mode and median were used to organize, analyze and describe data while MS DOS Excel was used to analyze and the same was presented in figures, pie charts and bar graphs to give meaning to the data.
CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction

This chapter deals with presenting the analysis and interpretation from the primary and secondary data of the study on factors affecting performance of County SACCO. The data were collected and analysed basing them on the research questions and objectives of the study. The chapter presents quantitative and qualitative analysis of the data.

4.2. Quantitative Analysis

Out of the 42 questionnaires which were administered to respondents, 41 were answered and returned. This represented 97% of response rate. Also worth noting is that the percentage figures in this chapter have been rounded off to the nearest whole number.

Table 4.2.1 Response Rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents</td>
<td>41</td>
<td>97</td>
</tr>
<tr>
<td>Non-respondents</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Totals</td>
<td>42</td>
<td>100</td>
</tr>
</tbody>
</table>
From table 4.2.1 above, questionnaires were sent out and 41 were received back giving (97 %) and 1 was not received back (3%). The high response rate was contributed by the persistent follow-up and request for questionnaires from the respondents.

**Table 4.2.2 Gender of Respondents**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>28</td>
<td>68</td>
</tr>
<tr>
<td>Female</td>
<td>13</td>
<td>32</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.2.2 & figure 4.2.2 shows that (68 %) of the respondents represented were male while female were fewest as they were only (32%) of the total respondents. These findings concurred with that of (Mwaka, 2017) contends that women were in great numbers being involved in the formal sector. These findings further offer an indication of the nature and the degree of sex segregation across employment sectors. The findings also show that women have moved into employment but their representation in numbers is generally small. Therefore sex segregation patterns in the market which are based on culture can break easily on the face of economic change.
Table 4.2.3 Education level of Respondents

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>Certificate</td>
<td>15</td>
<td>37</td>
</tr>
<tr>
<td>Diploma</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Degree</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.2.3 Education level of Respondents
Table 4.2.3 & figure 4.2.3 is a presentation of education level of the respondents and it illustrates that many of the respondents have certificate level qualification a frequency of 15 representing (37%) followed by Diploma level 10 (24%) and secondary level 9 (22%) degree level with only 7 representing (17%). This indicates that most respondents with certificate qualification level dominate the Sacco’s among the respondents; only 17% had degree level. This indicates that Sacco’s have started attracting highly qualified clientele. This can be interpreted as customers are becoming more knowledgeable and the enforcement of the new Sacco regulatory rules.

Table 4.2.4 Number of years in service

<table>
<thead>
<tr>
<th>Experience</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 4 years</td>
<td>13</td>
<td>32</td>
</tr>
<tr>
<td>4-8 years</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>8-12 years</td>
<td>14</td>
<td>34</td>
</tr>
<tr>
<td>Over 12 years</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.2.4 & Figure 4.2.4 illustrates that (32%) of the respondents represented were in service for duration of 4 years and below while (24%) were in service for a period between 4 and 8 years. While those who have been members of the Sacco for 8 to 12 years were (34%) and those with over 12 years represents (10%) of the respondents. This was as a result that the Sacco was establishing and needed more employees and members due to the growth rate.
Table 4.2.5 Position held in the Sacco

<table>
<thead>
<tr>
<th>Position Held</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>29</td>
<td>70</td>
</tr>
<tr>
<td>Committee Member</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Staff</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>41</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.2.5 Position held in the Sacco
Table 4.2.5 & Figure 4.2.5 illustrates that (29) of the respondents were members, while those who were Board of Directors of the Sacco were (5) and those who were employees were only (8) of the respondents.

**Table 4.2.6 Summary of respondents based on to what extent did influence of financial stability affects the performance of Sacco's.**

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>very great extent</td>
<td>15</td>
<td>36</td>
</tr>
<tr>
<td>Great extent</td>
<td>13</td>
<td>32</td>
</tr>
<tr>
<td>Little extent</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>No extent</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>
Figure 4.2.6 Summary of respondents based on to what extent did influence of financial stability affects the performance of Sacco's

Table 4.2.6 & Figure 4.2.6 illustrates that majority of respondents (36%) agreed that financial stability affects the performance of Sacco's to a very great extent. This is so because if there are liquidity challenges the organization ends up losing its clients.
Table 4.2.7 Summary of respondents based on to what extent does financial stability affects members loan demands being attended on time leading to affecting the performance of Sacco's.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>24</td>
<td>59</td>
</tr>
<tr>
<td>Great extent</td>
<td>14</td>
<td>34</td>
</tr>
<tr>
<td>Little extent</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>No extent</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>


Figure 4.2.7 Summary of respondents based on to what extent does financial stability affects members loan demands being attended on time leading to affecting the performance of Sacco's.

Table 4.2.7 & figure 4.2.7 shows that (59%) consents that financial stability of an organization greatly affects loan disbursement to members and timely which leads to less defaults rate since one is advanced at the right time hence putting the cash to the intended purpose of the loan., whereas only (2%) feels to does not affect much, this shows that Sacco’s should be encouraged to mobilize a lot of savings for them to be sound and meet the threshold of capital adequacy ratios which is a requirement by SASRA as the regulator.
Table: 4.2.8 Summary of respondents based on products and services awareness and how they can be rated against other competitors

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Much better</th>
<th>%</th>
<th>Better</th>
<th>%</th>
<th>About the same</th>
<th>%</th>
<th>worse</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>27</td>
<td>66</td>
<td>9</td>
<td>22</td>
<td>5</td>
<td>12</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Figure: 4.2.8 Summary of respondents based on products and services awareness and how they can be rated against other competitors
Table 4.2.8 and figure4.2.8 indicates that (66%) of the respondents highly recommend the products of County Sacco compared to the competitors. This shows that County Sacco has done through research on product mix hence availing customer demanded products and services. Hence for any business that provides products and services to customers the art of finding new customers and retaining the existing one should be given the first priority for any organization to remain afloat and relevant.

Table: 4.2.9 Summary of respondents based on how likely would they buy our products and services again

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitely will</td>
<td>25</td>
<td>61</td>
</tr>
<tr>
<td>Probably will</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Might not</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Will not</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.2.9 and figure 4.2.9 indicates that 25 (twenty five) of the respondents would buy again the products of County Sacco this was a result of having right price of the products and by embracing fast an efficient mode of processing loans and advances to customers. Only 1 (one) stating that he would not
buy again the product. It’s worth noting that well developed products outweighs the competitor leading to maximized profits and building of strong relationship with customers.

**Table: 4.2.10 Summary of respondents based on whether one would recommend the products to a friend.**

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitely will</td>
<td>29</td>
<td>72</td>
</tr>
<tr>
<td>Probably will</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Might not</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Will not</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.2.10 and figure 4.2.10 indicates that (72%) of the respondents would recommend a friend to buy the products of County Sacco which has been catalyzed by its able staff who often attends to farmers gatherings and show case their products and their knowldegeability and friendliness contributing to satisfied customers With Only (2%)stating that they might or will not recommend a friend triggering the organization to segment the market and identify a target to focus on positioning their products.
Table: 4.2.11 Summary of respondents based on to what extent does staff motivation positively affects performance of Sacco

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>To great extent</td>
<td>24</td>
<td>59</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>15</td>
<td>37</td>
</tr>
<tr>
<td>To a little extent</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>To no extent</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>
Figure: 4.2.11 Summary of respondents based on to what extent does staff motivation positively affects performance of Sacco

Table 4.2.11 and figure 4.2.11 indicates that (59%) of the respondents agrees that motivated staff impacts positively to the performance of the Sacco. 37% also contends that motivation also affects the performance to a moderate extent. This clearly confirms the customer retention in the organization and loyalty actually starts at the top, with the motivated staff cultivating a customer-focused culture. How employees are treated reflects to how they relate to the customer and more importantly is the way employees treat each other also affects the customer service. To conclude customer retention starts from inside the organization.
Table: 4.2.12 Summary of respondents based on to what extent staff motivation denies the Sacco some business opportunity to venture in affecting performance of Sacco.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>To great extent</td>
<td>22</td>
<td>54</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>12</td>
<td>29</td>
</tr>
<tr>
<td>To a little extent</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>To no extent</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>
Figure: 4.2.12 Summary of respondents based on to what extent staff motivation denies the Sacco some business opportunity to venture in affecting performance of Sacco.

Table 4.2.12 and figure 4.2.12 indicates that (22) of the respondents agrees that demotivated staff denies the Sacco some business opportunity to venture hence affecting its performance. With (2) of the respondents stating that staff motivation may not deny the organization business opportunity it is worth concurring that success is the sum of small efforts repeated daily.
Table: 4.2.13 Summary of respondents based on to the implication of staff productivity in affecting performance of the Sacco.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>25</td>
<td>61</td>
</tr>
<tr>
<td>Moderate</td>
<td>11</td>
<td>27</td>
</tr>
<tr>
<td>Medium</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Low</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.2.13 and figure4.2.13 indicates that (61%) of the respondents agrees that staff productivity has high implication on Sacco performance leading to a business thriving. This is clearly exhibited in an example of Nokia Company which failed to innovate fast enough in the era of Smartphone leading losing business to competitors. Hence the Sacco should put up measures to improve staff productivity which will in turn lead to improved performance in general.
Table: 4.2.14 Summary of respondents based on how customer care skills affect performance of Sacco’s.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courteous language</td>
<td>14</td>
<td>34</td>
</tr>
<tr>
<td>Listening skills</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Telephone skills</td>
<td>11</td>
<td>27</td>
</tr>
<tr>
<td>Non-verbal communication</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>
Figure: 4.2.14 Summary of Respondents Based on how Customer Care Skills Affects performance of Sacco’s.

Table 4.2.14 & Figure 4.2.14 illustrates that 34% of the respondents agreed with that courteous language really affects performance hence portraying of positive attitude when handling customers should be embraced. A total of 27% felt that the tone on the phone tells a lot and especially the number of times a phone rings before it is picked speaks volumes, the amount of time you spend on both private and official calls tells how busy you are at your desk and may become a nuisance to fellow staff and waiting customers. Listening twice as much as you talk shows the customer that you are listening and getting what you are being told and use of body language, tone and words should be moderate.
Table 4.2.15 Summary of respondents based on whether they require to improve their skills level.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>35</td>
<td>84</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Totals</td>
<td>41</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.2.15 Summary of Respondents Based on whether they require to Improve their Skills Level.
According to the Table 4.2.15 and Figure 4.2.15 above, (84%) of the respondent stated that they needed training to polish up their skills level, whereas (16%) did not. Therefore, this indicates that when one is competent he will be able to provide impeccable customer service delivery hence deepening market size of the Sacco in terms of more customers and increased profitability. Customers as the core vehicles of every business demands high quality service which hurdles the competitive perspective of the business environment. This therefore indicates that competency in customers care is vital and quite crucial in Sacco so as to improve their image and attract more customers into the cooperative movement. Current customers want high quality products which has more value for their money, processed fast and accurately at a particular place and time and when packed in a particular style or feature.

4.3. Qualitative Data Analysis

The respondents were asked how they felt on staff motivation denying the Sacco the opportunity of venturing into the business hence limiting their business to thrive. There was (54%) who said motivated staff greatly affects Sacco's performance and gave reasons that this was due to lack of support by management and poor leadership skills of some managers in the SACCO. The respondents were asked how likely they would buy the products and services again (61%) gave the reason as to why they would buy again as the satisfaction that they get from the products. On to what extent does the influence of financial stability affects performance of Sacco's respondents felt that this has very great extent with only (12%) feeling that it had no extent. This has been necessitated that customers treat the level of
service offered by one employee to be the level of service of the SACCO and therefore the image presented. There was a request for the respondents to state what reasons they had in their responses as to members confidences on the responses from the customers care desk staff and these who said yes was because they were part of the SACCO and they knew what position the SACCO was in all the time. Also the members knew the extent to which their requests would be met and within which time. Some of the customers have interest in the success of the SACCO and so would want it succeed and were very patient even when they were not attended to effectively.
CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings on the study on factors affecting performance of savings and credit societies. The chapter presents answers to research questions, conclusion and recommendation for further study.

5.2 Summary of Major Findings

Male respondents represented 68% and the female were 32%. The majority 37% of the respondents had certificate qualifications while only 17% had university qualification. 34% of the respondents stated that courteous language really affects performance of Sacco’s hence positive attitude when handling customers should be embraced always. (84%) of the respondent stated that they needed training to polish up their customer care skills level. Therefore, this indicates that when one is competent he will be able to provide impeccable customer service delivery hence deepening market size for the Sacco in terms of more customers and increased profitability. Customers as the core vehicles of every business demands high quality service which acts as stumbling block of the competitive perspective of the business environment. This therefore indicates that competency in customers care is vital and quite crucial in Sacco so as to improve their performance and attract more customers into the co-operative movement. 24% of the respondents felt that non verbal communication like by initiating the introduction with a hand shake or a nod and equalizing conversation participation enables to reduce conflicts and assist in obtaining information or complete task. A high response rate of (59%) felt financial stability affects members loan demands being attended on time affecting performance of
Sacco’s handling of customer complains has more effect on performance, hence the staff must perform their tasks accurately, e.g. postings in savings and loan accounts. Customers feel cheated when they are given wrong balances in savings, loans, shares, etc.

The respondents stated that the extent to which staff motivation positively affects performance of Sacco was 59% of very great extent and on staff motivation denying the Sacco some business opportunity to venture in affecting performance of Sacco was rated at 54% high and whether one would not recommend the products to a friend was only at 2%. This explains why performance has been shown to enhance effectiveness of customer relations at County SACCO.

The most (61%) of the respondents agrees that staff productivity has high implication on Sacco performance. This well exhibited by giving an example of Nokia Company which failed to innovate fast enough in the era of Smartphone leading losing business to competitors. Hence the Sacco should put up measures to improve staff productivity which will in turn lead to improved performance in general. Only (5%) of the respondents stated that staff motivation may not deny the organization opportunity to thrive, (84%) of the respondent felt that they needed training to polish up their customer care skills level, this indicates that when one is competent he will be able to provide impeccable customer service delivery hence deepening market size of the Sacco in terms of more customers and increased profitability. Customers as the core vehicles of every business demands high quality service which hurdles the competitive perspective of the business environment. This therefore indicates that competency in customers care is vital and quite crucial in Sacco so as to improve their image and attract more customers into the co-operative movement. There is therefore evidence that the involvement of team work creates effectiveness in the performance of County SACO.
This findings support the great performance of County SACCO and that (72%) of the respondents would recommend a friend to buy the products of County Sacco which has been catalyzed by its very able staff who often attends to farmers gatherings and show case their products and their knowldegeability and friendliness contributing to satisfied customers. There was finally a conclusion that County SACCO enjoys a good number of clientele base with 72% ready to recommend products and services to a friend which can be rated as very positive considering the competition level and the few years the Sacco has been in operation.

5.3 Answers to Research Questions

5.3.1 In what manner does financial adequacy effects performance of County Sacco?

The study revealed respondents agreed that financial stability affects the performance of Sacco's to a very great extent. This is so because if there are liquidity challenges the organization ends up losing its clients. (59%) of the respondents contends that financial stability of an organization greatly affects loan disbursement to members on timely basis which leads to less defaults rate since one is advanced at the right time hence putting the cash to the intended purpose of the loan. This also reveals that County Sacco’s encourages mobilization of savings by introducing cash collection as a product for them to be sound and meet the threshold of capital adequacy ratios which is a requirement by SASRA as the regulator.
5.3.2 Does there survive relationship between products and services and performance of County Sacco?

The study revealed that (66%) of the respondents highly recommend the products of County Sacco compared to the competitors. This shows that County Sacco has done through research on product mix hence availing customer demanded products and services. Hence for any business that provides products and services to customers the art of obtaining new customers and retaining the existing ones should be given the first priority for the organization to remain afloat and relevant. Just as (Riel, 1995) postulated that product development will help the organization to be relevant as it shall be providing customized products and services. The study found that the products and services developed used to influence performance of County Sacco.

5.3.3 To what extent does customer care affects performance of County Sacco?

Customer care desk of the SACCO affects its image positively. This usually helps customers understand and appreciate how each individual’s and the organizations performance are in the provision of impeccable customer service delivery and deepening market size for the Sacco in terms of more customers and increased profitability.

The ability of staff to provide prompt service to customers without keeping customers waiting in the event of service failure, the ability to recover quickly and continue with the provision of quality service. Customer service starts with you and ends with you. Ones attitude to work and customers determines the quality of service one will provide to the customers. (Mullins, 2000) concluded that people with whom one works with reflect the organisations attitude. If they are unfriendly and condescending, they will affect the organizations environment negatively and vice versa.
Bronn (2012) concluded that skills level of staff has an influence on the performance of Sacco’s. This agrees with (Pitfiled, 1982), who states that individuals have different interest and therefore in an organization there should be job specialization. Specialization has some benefits in that each person does what he has most aptitude, some people have inventive minds.

5.3.4 To what level does staff motivation affects performance of County Sacco?

The study has revealed that staff motivation has a positive contribution to the performance of the SACCO as stated by the respondent’s ratings. This clearly confirms the customer retention in the organization and loyalty actually starts at the top, with the motivated staff cultivating a customer-focused culture. How employees are treated reflects to how they relate to the customer and more importantly is the way employees treat each other also affects the customer service. To conclude customer retention starts from inside the organization (Bronn, 2002). (61%) of the respondents agreed that staff productivity has high implication on Sacco performance leading to a business thriving.

5.4 Conclusion

The study concludes that performance of the Sacco is contributed majorly by the attitude to work and financial adequacy determines the quality of service one will provides to the customers. Satisfaction of a customer occurs when the product meets or exceeds his/her expectations hence an organisation must differentiate itself from its competitors in the production and delivery of its products. There is however need for staff to be trained in customer care skills to be able to Mann the customer care desks in our SACCOS. Listening twice as much as you talk showing the customer that you are listening and getting what you are being told: through gestures & notes. It’s also clear that one should keep to the topic, do not dodge: if you don’t know, own up but let it not in your nature and your use of body language, tone and words be moderate. The tone on the phone tells a lot and the number of times a phone rings before it is picked speaks volumes, the amount of time you spend on both private and official calls tells how
busy you are at your desk and also even if you have been called, the phone blocks official incoming calls and you may become a nuisance to fellow staff and waiting customers, (Kotler 1997).

The study has revealed that products and services development has an effect on performance of SACCOS. The study also concurs with (Riel, 2005) that product development helps organizations to retain its stakeholders. Consequently women are being empowered and are entering into fields formally dominated by men. Therefore sex segregation patterns in the labor market that are based on culture break down easily in the face of economic change.

Hence the SACCO to keep abreast should have adequate finances accordingly and uphold fundamental commitments to serve its members.

The study has also revealed that staff motivation also affects performance of Sacco's. Even so, a 2012 study revealed that only 39% of Chief executives recognizes and admits that their employees have the right tools and authority to solve client problems. (Mwaka, 2017). Motivating staff through competitive salaries to reduce instances where customers should not part with any money in order to get a service: e.g. fast-tracking a process in anticipation for a small fee. Staff should be social and cheerful but they should not throw themselves to a customer and socialization beyond the work place with customers should be avoided if possible since over socialization can lead to one being compromised leading to leakage of confidential information.

Customer care services also affects performance in Sacco’s as it contends with (Fombrun, & Riel, 2009). A last minute dash to gather information earlier sort for by the customer when the same customer appears should be avoided. The ability of staff to provide prompt service to customers without keeping customers waiting should be encouraged, and in the event of service failure, the ability to recover quickly and continue with the provision of quality service should be enhanced. It is worth
noting that customers’ trust on staff increases with the level of confidence and they put staff on a higher level when you are confident even before they talk to you and this improves communication. Hence, mental ability sharp, alert, focussed and able to respond to questions correctly and quickly and product knowledge that is being thorough in the products the Sacco sells since customers expect customer care personnel to know all the products in BOSA & FOSA and their features. It also revealed that Customers want to deal with staffs that are smartly but not necessarily expensively dressed. Working environment should be conducive, adequate Office Space for all staff, neat, clean and friendly offices, adequate and good furniture should be placed and they should be modern, fast, accurate, reliable, user friendly and be serviced regularly by a reputable firm. Provision of security both to customers and staff within the premises and around the premises, installation of alarms and hiring of well trained security men should be emphasized so as to maintain the confidence from members of the organization resulting to better performance.

5.5 Recommendation of Study

On Customer care skill level of staff, staff motivation would greatly improve service delivery and thereby improve performance of the SACCO.

To improve on performance the loan demands from customers and time to disburse complaint should be reduced to few minutes by decentralization of authority levels, this would improve on liquidity leading to less default rates.

Customer care should be broadened to include all modes especially use of messaging, what sup, twitter and face book or embracing technology by using ICT.
Product development may be made more responsive by reinforcing business development department with competent staff and a conducive environment.

County SACCO should address its image problem immediately it recognizes high employee turnover and decline of its major customers.

Each employee of County SACCO should concentrate on a narrow range activity specialization to increases efficiency, skills and experience of the staff.

**Suggestion for Further Study**

From the study findings there is evidence that there are areas of study that would build on where these study concluded, and this would be:-

1. A study is recommended to look at the training programmes that would be suitable for SACCO employees to remain relevant and vast in attending customers.
2. Also a study on the motivation methods that would be used for SACCO employees so as to enable Sacco's remain afloat and thrive in this competitive environment.
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Date: 5th September 2017

TO WHOM IT MAY CONCERN
ROSAH MUTHONI -ODL-BML/5/00212/1/2015

This letter serves to introduce the above named who is a Bachelor of Management and leadership (BML) student and is interested in carrying out research on “Factors affecting Performance of savings and Credit Cooperatives Societies. Any assistance accorded to her in pursuit of this study will be greatly appreciated.

Yours Sincerely,

Dr. John Chege
Dean, School of Management and Leadership
QUESTIONNAIRE

PART A: DEMOGRAPHICS

Tick where appropriate

a). Gender of respondent

   a) Female [  ]    b) Male [  ]

b). Respondents level of education

   i.) Secondary level [  ]

   ii.) Diploma level [  ]

   iii.) Degree [  ]

c) Respondent’s work experience in Sacco movement (county Sacco)

   Below 4 years [  ]

   4-8 years [  ]

   8-12 years [  ]

   Over 12 years [  ]
PART B; Factors affecting performance

(I) Financial Adequacy

1. What is your position in the SACCO?
   - Member
   - Committee member
   - Staff

2. To what extent do you agree with the following statements on the influence of financial stability on performance of your Sacco?
   Use a scale of 1 – 5
   - It influence customers confidence and trust
   - It provides staff job security
   - It ensures healthy returns to the shareholders
   - It provides an indicator of sustainability
   Where;
   1. No extent
   2. Little extent
   3. Moderate extent,
   4. Great extent
   5. Very great extent

3. To what extent does financial stability affects members loans demand being attended on time?
   1. No extent
   2. Little extent
   3. Moderate extent,
   4. Great extent
   5. Very great extent
PART C: PRODUCTS AND SERVICES

1. Based on your awareness of our products and services how can rate them with other competitors?
   - Much better
   - Better
   - About the same
   - Worse

2. Based on your experience with our products, how likely are you to buy our products again?
   - Definitely will
   - Probably will
   - Might not
   - Will not

3. Based on your experience with our products, would you recommend them to a friend?
   - Definitely will
   - Probably will
   - Might not
   - Will not
PART D: CUSTOMER CARE

1. To what extent based do customer care skills affects performance of Sacco’s

   - Very much
   - Much
   - Not much
   - Not at all

2. Do the staff at the customer care desk require improving their skills level based on

<table>
<thead>
<tr>
<th>Customer care skills</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courteous language</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listening skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non verbal Skills</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Do the following Customer care Skills affects performance of Sacco’s?

<table>
<thead>
<tr>
<th>Customer care skills</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversation initiator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good impression</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smiling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eye contact</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART E: STAFF MOTIVATION

a) To what extent does staff motivation affect the Sacco performance positively?
   i.) To a great extent [ ]
   ii.) To a moderate extent [ ]
   iii.) To a little extent [ ]
   iv.) To no extent [ ]

b) To what extent does the staff motivation deny the Sacco some business opportunity to venture in?
   i) To a great extent [ ]
   ii) To a moderate extent [ ]
   iii) To a little extent [ ]
   iv) To no extent [ ]

c) What is the implication of staff productivity in performance of business?
   i.) High [ ]
   ii.) Moderate [ ]
   iii.) Medium [ ]
   iv.) Low [ ]