

CHALLENGES AFFECTING GROWTH OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN KENYA: A CASE OF HARAMBEE COOPERATIVE SOCIETY

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ABSTRACT

Reports from Kenya Union of Savings and Credit Cooperative Society indicate that membership in the Sacco was declining due to delay in loan disbursement, poor ATM services, inadequate credit facilities, fraud, understated bad debts, increase in demand for loans that have been fabricated, inadequate staffing and lack of efficient and effective information management system, cover up of massive fraud and understated bad debts which accrued risking billions in losses of members' money. The objective of this project was to examine the challenges affecting growth of Saccos in Kenya. The study adopted a descriptive research design. Data was collected from both primary and secondary sources. The target population comprised 210 staff working at the Sacco with their headquarters in Nairobi and more particularly the top, middle and lower level management staff. Stratified sampling method was used in selecting the sample of 63 respondents. The findings showed that a unit increase in corporate governance will lead to a 0.270 increase in growth of cooperatives in Kenya; a unit increase in information technology will lead to a 0.032 increase in growth of cooperatives in Kenya; a unit increase in employee training, will lead to a 0.305 increases in growth of cooperatives in Kenya and a unit increase in organizational structure will lead to a 0.391 increase in growth of cooperatives in Kenya. In conclusion, the study found out that the use of information technology contributes to the success of the implementation of international strategies in Saccos in Kenya. Information technology will accelerate changes in how markets conduct its activities. Lack of employees training is a challenge affecting growth of Saccos in Kenya. Cooperatives face management challenges, cooperatives does not comply with principles of corporate governance, cooperatives are well equipped to implement corporate governance, board members doesn't guide the cooperative during a crisis and the board independence is a challenging aspect of corporate governance in the cooperative. The study recommends that Saccos management should ensure effective corporate governance which ensures that long-term strategic objectives and plans are established and the proper management and structures are in place to achieve these objectives. Cooperatives should

constantly update their software and hardware to ensure that compatibility issues and increased knowledge of security systems and enhance competition. Cooperatives should educate members, staff and committee members on the affairs of cooperative movement, their rights and obligations, the legal framework, business ideas, good governance, leadership and investment. Regarding, organizational structure the study recommends independence, interaction and communication among employees.

Keywords: *Corporate governance, Information technology, Training, Organization structure, growth of cooperatives*

INTRODUCTION

One of the challenges SACCOs face, is in optimizing customer satisfaction and developing customer relationship management. In order to raise customer satisfaction levels SACCOs must invest in selecting the correct people who not only have the functional, technical competence but also have the right attitude. SACCOs must continuously develop, motivate and manage its employees to build customer relationship that relies on technical and interpersonal skills. SACCOs must invest in establishing efficient service delivery processes and procedures that appear transparent to the customer and improve on customer interaction with the SACCO (Allen & Maghimbi (2009)

Staff should be trained to handle members' complaints effectively by employing the right mix of empathy, apology and resolution. In order to deliver outstanding service, it is essential to build a customer relationship. Introduction of information dissemination website and e-banking can enhance direct information to be viewed locally or internationally making it the newest media used to exchange and gather information and ideas. It enables customers to find out all the information they need, such as the services provided. Education is a core strategy and campaigns have to direct at helping people to understand the importance of savings mobilizations. Education and training forms an integral part in the promotion of the union services and relevant issues in the management of SACCOs (Birchall & Hammond, 2009).

Kenya is among the 10 per cent of the worlds' cooperative population and that about 70 per cent of Kenyans depend directly or indirectly on the services of cooperative societies which is the best avenue for fighting poverty by increasing food production through provision of credit to farmers', creation of job opportunities and economic development. The government strategy in boosting production involved revival of the Cooperative Movement. There are over 14,000 operational co-operative societies with a membership of 10 million Kenyans and an asset base of 378 billion shillings. Mwalimu Sacco leads the pack with a Sh.22 billion asset base followed by Harambee Sacco with Sh16.9 billion and Afya Sacco at Sh10.9 billion. Wakenya Pamoja Sacco leads in terms of membership. The cooperative movement has been very instrumental in supporting the small and medium scale enterprises that employ millions of people. Kenya has reclaimed position number one in Africa with the most vibrant and successful cooperative movement (GoK Report, 2012). Despite all this, SACCOs in Kenya still face challenges. Some of the critical challenges affecting growth of cooperative societies' in Kenya include mismanagement of funds by leaders/staff, cut-throat competition by other financial institutions, poor crop husbandry leading to low quality production, high cost of inputs, inadequate marketing strategies, gender and youth inequalities, non-remittance of funds by errant employers and participation in terms of membership and society leadership (Birchall & Hammond, 2009). It is due to this that the current study sought

STATEMENT OF THE PROBLEM

Reports by Allen & Maghimbi (2009) indicated in their study of African Cooperatives and the Financial Crisis that membership in Sacco was declining. The concerns raised by clients were delay in disbursement of loans and increase in demand for loans that have been fabricated, inadequate staffing and lack of efficient and effective information management systems makes it difficult to verify the authenticity of member loans in practice. Cooperatives are also faced with weak marketing structures, poor management and leadership capacity, and a weak capital base. As a result, cooperative performance has been declining and a majority of them are not able to compete effectively (National Development Plan 2002 - 2008).

Report from SASRA (2012) indicated that Harambee Sacco suffered member exodus due to fear of losing their money, cover up of massive fraud and understated bad debts which accrued risking billions in losses of members' money. Some SACCOs were still using the DOS processing system, which has several flaws and can be corrupted. The forgoing negative trend was due to lack of effective Performance Management Practices. This study, therefore sought to examine the challenges affecting growth of Harambee Cooperatives Society, with the aim of identifying and analyzing the gaps and challenges experienced in implementing its work, understanding the underlying problem and make specific recommendations/suggestions necessary to strengthen its operation.

RESEARCH OBJECTIVES

- i. To find out how corporate governance affects growth of cooperatives in Kenya
- ii. To evaluate how information technology affects growth of cooperatives in Kenya
- iii. To assess the effect of training on cooperatives growth in Kenya
- iv. To examine how organization structure affects the growth of cooperatives in Kenya

LITERATURE REVIEW : Theoretical Framework

Institutional theory

Institutional theory is traditionally concerned with how groups and organizations better secure their positions and legitimacy by conforming to the rules (such as regulatory structures, governmental agencies, laws, courts, professions, and scripts and other societal and cultural practices that exert conformance pressures) and norms of the institutional environment. According to institutional theory external social, political, and economic pressures influence firms' strategies and organizational decision-making as firms seek to adopt legitimate practices or legitimize their practices in the view of other stakeholders (Ortmann & King, 2007).

Unified Theory of Acceptance and Use of Technology (UTAUT)

The model was developed by Venkatesh (2003) and others to predict user adoption of an information technology. The model aims to explain user intentions to use an information system and subsequent usage behavior. The theory holds that four key constructs, namely performance expectancy, effort expectancy, social influence, and facilitating conditions are direct determinants of usage intention and behaviour. Among them, performance expectancy is the degree to which using technology will provide benefits to consumers in performing certain activities; effort expectancy is the degree of ease associated with consumers' use of technology; social influence is the extent to which consumers perceive that important others (family and friends) believe they should use a particular technology and facilitating conditions refer to

consumers' perceptions of the resources and support available to perform a behavior (Venkatesh, 2003).

The contingency theory of organizational structure

The contingency theory of organizational structure presently provides a major framework for the study of organizational design (Donaldson, 2006). It holds that the most effective organizational structural design is where the structure fits the contingencies. The contingency theory of organizational structure may be referred to more succinctly as structural contingency theory (Pfeffer, 1982). An organization in fit enjoys higher performance, which generates surplus resources and leads to expansion (Hamilton & Shergill, 1992), such as growth in size, geographic extension, innovation or diversification. This increases the level of the contingency variables, such as size, leading to a misfit with the existing structure. The misfit lowers performance, eventually leading to a performance crisis and adaptive structural change into fit.

Empirical Review

According to Labie & Mersland (2011), there are several reasons for governance to be at the forefront of SACCO debate of which among the major ones are firstly, the tremendous growth in service providers of various types translates to a greater number of clients and assets, as well as more elaborate structure to manage. Secondly, there have been numerous institutional and legal changes with SACCOs building more and more elaborate networks and turning into shareholder-owned regulated financial institutions. Thirdly, institutions are evolving, from focusing mostly on a single product (usually credit) to becoming more complete banking institutions that provide not only credit, but also savings and sometimes other types of financial services such as money transfers, remittances, payment systems and insurance, therefore reinforcing the risks assumed by the SACCOs. Fourthly, the behaviour of public authorities towards SACCOs is also changing since their original neglect is being replaced by more proactive policies that create regulatory and supervisory frameworks supposed to favour sound development of the industry (such as SASRA in Kenya).

Branch & Baker (1998) comprehensively investigated governance problems in SACCOs and found that as SACCOs become larger and more complex, they require specific knowledge and skills to make a range of specialized decisions. Individual owners are not likely to possess the required managerial skills and technical knowledge. This may require that managers be hired to make the critical management decisions (Fama & Jensen, 1983). The specialization of decision management increases the organization's ability to operate in an entrepreneurial manner by hiring professional expertise. Yet this separation of ownership and decision making leads to principal-agent problems. Governance problems can become crucial when there is excessive and improper manipulation of the credit granting procedures by the board. SACCO members may actively seek election to the management board or credit committee by promising loans to friends and supporters after the election. Once elected the new board act to fulfill these promises and may provide supporters with preferential loan treatment by sidestepping the credit committee process or they may see to it that the SACCO is lenient with supporters in loan approval or collection. These governance problems occur because of the combination of the traditional borrower dominated service structure (with its low interest rates, lax screening and collection standards, and consequent loan rationing) together with circumstances in which rules for decision making and control are not well defined and enforced.

According to Labie & Périlleux (2008), corporate governance tends to be more complex in management structures of SACCOs due to their democratic principle for decision-making but also because of their ownership.

Zeithaml et al (1993) viewed improvements in service as being critical elements of a competitive edge in the 1990s, which in turn can be facilitated by improvements in information technology. They point out that a marriage of “high tech” and “high touch” is important, and that decisions regarding the types of technology to employ should not take precedence over strategic considerations. It is generally believed that information technology has a positive impact on a firm’s performance though some caution has been mentioned regarding replacing employees in favor of technology. According to Munro (1985), Information System is vital as are capital for improvement such as modern building or corporate headquarters. It leads to improvement of decision making (speed, accuracy, comprehensive serving higher customers and clients expectation,) co-ordination of diverse groups in an organization, complying with government reporting regulations and exercising tighter control over personnel and expenditure have become important reason for building system. Emerging sectors, such as Information, Communication and Technology (ICT), are leveraging on the demands of the traditional cooperatives to infuse innovation and technology in their operations.

All studies of business failure points to poor management as the main cause. The success of a firm is measured by its profitability which depends on the efficiency of its management. Management can be defined as a set of activities directed at the efficient and effective utilization of resources in pursuit of one or more objectives. The resources are usually people, machines, materials, time and managerial know-how. A need to embrace good corporate governance and the by-laws need to be reviewed to provide for minimum qualification standards for both the board members and delegates for efficient and sound management (KUSCCO, 2005).

According to Ouma (1990), knowledge has been described generally as the key to success for any dynamic business enterprise. Training helps people to acquire knowledge and to develop skills which enable them to implement decisions effectively. In common with all business enterprises, cooperative business requires specific training for those who wish to operate it. It was in the light of this necessity that the pioneers of the modern cooperative movement adopted cooperative training. The successful pioneers were the members of Rochdale consumer cooperative society, in England in 1844. The men of Rochdale and other subsequent groups realized that it was through training, that all related cooperative principles as well as other business related knowledge would be assimilated.

In reference to firm size, some researchers have found a positive relationship between the two variables while others have found a negative relationship. In 1998, Caves argued that growth is independent of company size until it has reached a certain minimum size. On average, most studies agree that, smaller firms grow faster than larger sized firms. Referring to the second driver, the profitable growth correlation to company age, younger firms grow faster because they have not yet reached the optimal size that allows them to maximize their efficiency. The negative correlation of growth experienced by older companies has proven to be successful in different studies (Evans, 2002).

While some studies have found a positive relationship, others have found a negative relationship such as Harrison et al. (2005). Their research indicates this is most likely caused from the labor savings results, which were derived from the R&D investments. Therefore, the development of

high-growth companies is determined by the introduction of new ideas, innovations that improve the efficiency of the market and put pressure on larger companies to allocate resources to replicate the innovation or absorb high-growth companies.

RESEARCH METHODOLOGY

This study adopted a descriptive survey method. Descriptive survey design was used since it provides insights into the research problem by describing the variables of interest. The target population comprised of staff and members of Harambee SACCOs in Kenya, which has been in existence for over forty-three years in the year 2013. The respondents were the Chief Executive Officer (CEO) of these SACCO owing to her key position in the Sacco, heads of department and the staff in general. The target population was in Harambee Cooperative Plaza this is because it is the head office. This researcher adopted the stratified sampling method in selecting the sample. The study further employed proportionate sampling which was 30% of each category and of the entire population. The sampling technique provided convenient units which was suitable to be suggested to solve the problem under study. The sample of 63 was drawn from population of 210 taken from the respondents. The study used both primary and secondary data for analysis. Primary data was both quantitative and qualitative. It was collected by use of questionnaires and interviews. Quantitative data was analyzed using Statistical Package for Social Sciences (SPSS) version 20 software. Descriptive findings were presented using frequency tables, bar graphs, pie charts and graphs. In order to test the strength of the relationship between the dependent and independent variables, regression coefficients were used. The regression model was of the form:

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

Where Y is the dependent variable (Growth of Savings and Credit Cooperative Societies in Kenya),

β_0 is the regression coefficient,

$\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 are the slopes of the regression equation,

X1 Corporate governance

X2 Information technology

X3 Training

X4 Organization structure

ϵ is the error term,

RESULT: Response Rate

A total of Sixty three (63) questionnaires were distributed to top management, middle level management and low level management employees of Harambee Cooperative Sacco Headquarters. Out of the 63 questionnaires sent, 58 were completely filled contributing to a response rate of 92.06%. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting, a rate of 60% is good and a response rate of 70% and over is excellent. The result was tabulated in table 4.1.

Table 4. 1: Response Rate

Response	Frequency	Percentage
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Responded	58	92.06
Not responded	5	7.94
Total	63	100.0

Reliability

Cronbach's alpha was calculated by application of SPSS for reliability analysis. The value of the alpha coefficient ranges from 0-1 and may be used to describe the reliability of factors extracted from dichotomous and or multi-point formatted questionnaires or scales. A higher value shows a more reliable generated scale of 0.7 to be an acceptable reliability coefficient. Table 4.2 illustrates that all the four scales, corporate governance 0.764, information technology 0.786, employee training 0.796 and organization structure 0.747 were reliable as their reliability values exceeded the prescribed threshold of 0.6. The reliability below 0.4 is unreliable, 0.4 - 0.5 as poor, 0.5 - 0.6 as acceptable, 0.6 - 0.7 as good, 0.7 - 0.8 as very good and above 0.8 as excellent.

Table 4. 2: Reliability

Scale	Cronbach's Alpha	Number of Items
Corporate Governance	0.764	11
Information Technology	0.786	15
Employee Training	0.796	19
Organizational Structure	0.747	13

Bio Data

As part of the general information, the research requested the respondents to indicate their gender, age, level of education, duration of working, personal qualification and the job position. The analysis relied on this information of the respondents so as to categorize the different results according to their acquaintance and responses.

Gender of the Respondents

The researcher sought to find out the gender of the respondents. From the findings as shown in table 4.3, 56.9% of the respondents were male while only 43.1% of the respondents were female. This response indicates that there was a near equal distribution of gender.

Gender	Frequency	Percent
Male	33	56.9
Female	25	43.1
Total	58	100.0

Age of the respondents

Further the researcher sought to find out age of the respondents. According to figure 4.1, 31% of the respondents were 25 – 34 years old, 24.1% of the respondents were between 35 – 44 years old, 24.1% of the respondents were under 25 years old, and 17.2% of the respondents were between 45- 54 years of age, while 3.4% of the respondents were above 55 years. This means that a large number of those interviewed were old enough to give accurate information. Age is

paramount in employee efficiency as it goes with experience. Hence need to know the age of the respondent. This is to relate it with growth of Harambee Co-operative Society. A young employee is always at the explorer age and wants to know more as the older is settled with experienced which leads to improved inventory management. Apparently therefore majority of the respondents are aged between 25 and 34 years hence prime age for energetic and industrious work force. The result was tabulated in figure 4.1.

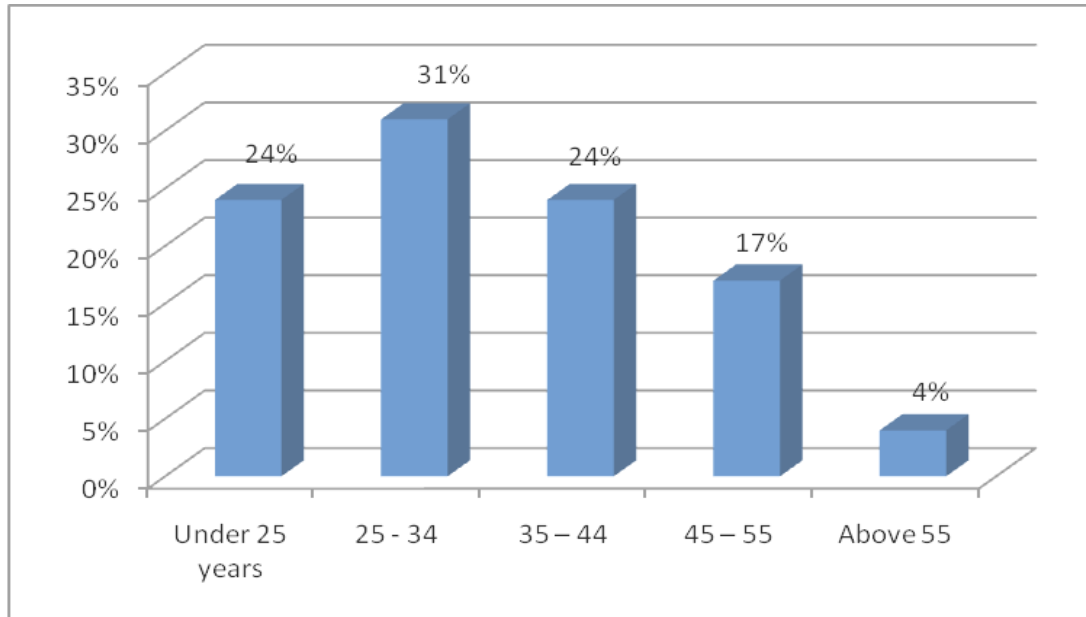


Figure 4. 1: Respondents Age

Highest Level of Education

The researcher wanted to find out the respondents highest level of education. From the findings in figure 4.2, 36% of the respondents were graduates, 21% of the respondents were undergraduates, 27% of the respondents had diploma, 14% had certificate as their highest education level, whereas 2 % of the respondents had high school qualification of their level of education.

Apparently from the above findings in figure 4.2, it shows that majority of respondents working in Harambee Co-operative Society has graduate qualifications. This implies that they are capable to conceptualize and respond authoritatively on issues of logistics management practices. This therefore makes the reliability of all the information acceptable. This finding were in collaboration with literature by Katz (1992) who observed that those with higher education are more successful as they have more knowledge and have modern managerial skills making them more conscious of the reality of the business work. The result was tabulated in figure 4.2.

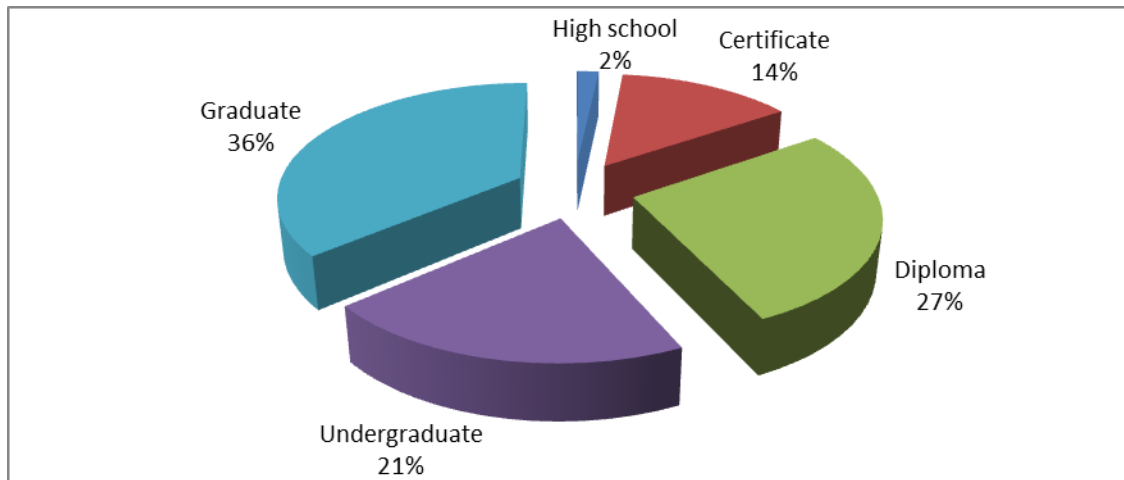


Figure 4. 2: Highest Level of Education

Respondents Years of Experience

The researcher sought to find out the period the respondents have worked in the society so as to establish the relationship between experience and growth of the co-operative society. It was established from the study that 37.9% have worked for a period between 4 - 8 years, 27.6% between 13 - 15 years, 19% between 9-12 years, 12.1% worked for a period above 16 years while just 3.4% of the respondents had worked in the company for a period below 3 years. This indicated that most of the staffs have experience in the Sacco due to their working duration in the organization. The result was tabulated in figure 4.3.

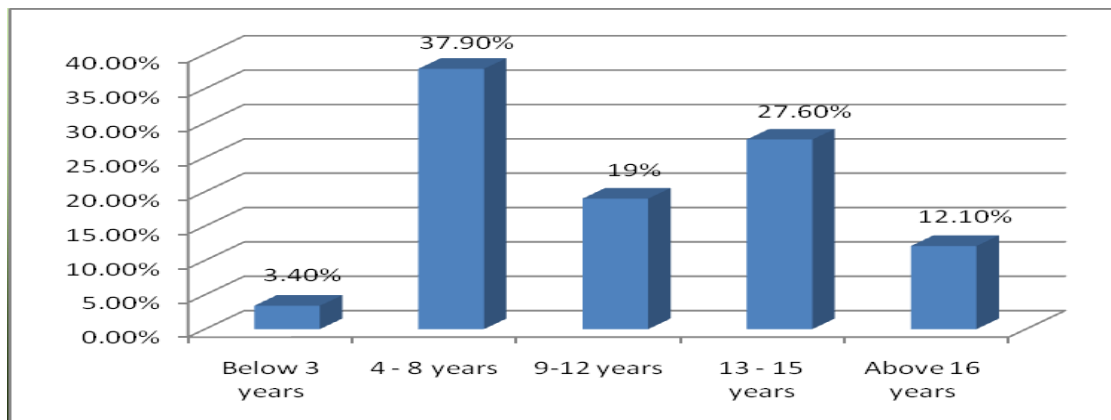


Figure 4. 3: Years of Experience

This is collaborated by studies done by Larsen (2012) where he indicated that work related experiences are important in developing motivation of becoming good.

Respondent Job Position

The researcher sought to determine the respondent's job position in the co-operative. The findings in figure 4.4 illustrate that 41.4% of the respondent were low level management staff, 36.2% of the respondents were middle level management staff while 22.4% were top management employees of Harambee Co-operative Society. The result was tabulated in figure 4.4.

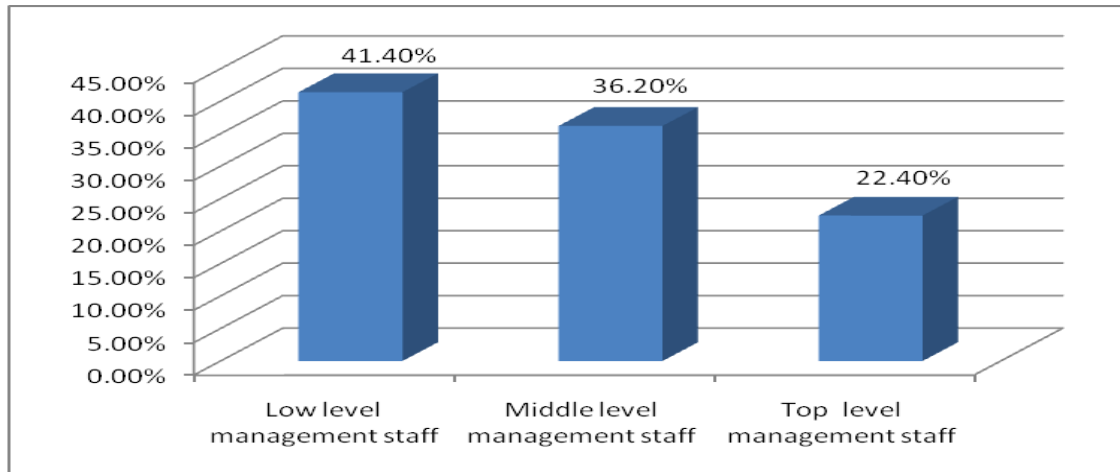


Figure 4. 4: Respondent job position

The researcher was interested in the respondents training while in the co-operative. The results tabulated in figure 4.5 showed that 56.9% of the respondents agreed that they have been sponsored for training in the co-operative while 3.1% were for a contrary opinion. The result was tabulated in figure 4.5.

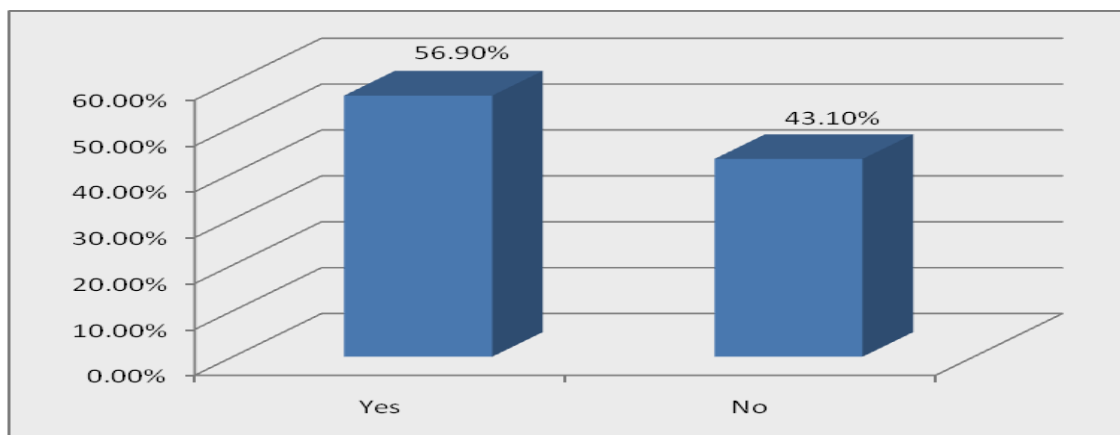


Figure 4. 5: Respondent Training

Corporate Governance and Growth

Indicate level of agreement with the following statements regarding the effect of Corporate Governance on the growth of cooperatives in Kenya. Where 1- strongly disagree, 2-Diagree 3- neutral 4-Agree 5- Strongly agree.

Table 4. 3: Level of agreement with statements on Corporate Governance

	strongly disagree	Disagree	neutral	Agree	Strongly agree	Mean	Stdev
Employee development opportunities are available in the cooperative	0	3.7	22.2	51.9	22.2	3.93	.78
The cooperative usually comply with the principles of corporate governance	0		7.4	48.1	44.4	4.37	.63
Cooperatives are well equipped to implement corporate governance practices in its day to day activities	0	3.7	33.3	33.3	29.6	3.89	.89
Cooperative face challenges related to poor management	0	0	25.9	37.0	37.0	4.11	.80
The concept of board independence is a challenging aspect of corporate governance in the cooperative	0	7.4	29.6	14.8	48.1	4.04	1.06
Board members are able to guide cooperative during economic crisis	0	11	29.7	29.6	29.6	3.78	1.01
The management always discuss the matters concerning the cooperative with the members	3.7	7.4	22.2	40.7	25.9	3.78	1.05
The cooperative are usually prepared in case of major risks	3.7	3.7	29.6	25.9	37.0	3.89	1.09

The study sought to find out in table 4.4 the level of agreement with statements regarding the effect of Corporate Governance on the growth of cooperatives in Kenya. From the findings respondents agreed to the statement that Employee development opportunities are available in the cooperative; The cooperative usually comply with the principles of corporate governance; Cooperatives are well equipped to implement corporate governance practices in its day to day activities to the level which is acceptable; Cooperative face challenges related to poor management; The concept of board independence is a challenging aspect of corporate governance in the cooperative; Board members are able to guide cooperative during economic crisis; The management always discuss the matters concerning the cooperative with the members and The cooperative are usually prepared in case of major risks as indicated by a mean of 4.37,

3.93, 3.89, 4.11, 4.04, 3.78, 3.78 and 3.89 respectively. This collates with literature review by Labie & Périlleux (2008), who found out that corporate governance tend to be more complex in management structures of SACCOs due to their democratic principle for decision-making but also because their ownership.

Information Technology and Growth

Indicate level of agreement with the following statements regarding the effect of Information Technology on the growth of cooperatives in Kenya. Where 1- strongly disagree, 2-Disagree 3- neutral 4-Agree 5- Strongly agree.

Table 4. 4: Level of agreement with statements on Information Technology

	strongly disagree	Disagree	neutral	Agree	Strongly agree	Mean	Stdev
There are modifications on the cooperatives IT infrastructure	0	0	25.9	37.0	37.0	4.12	.82
The cooperative have a backup To ensure continuous availability of computer system throughout the organization	0	7.4	29.6	14.8	48.1	4.14	1.04
All the departments are automated	0	11	29.7	29.6	29.6	3.77	1.02
There are provision for clients to communicate to the cooperative through emails	0	3.7	22.2	51.9	22.2	3.95	.79
All the IT system are upgraded to meet the current demand	0		7.4	48.1	44.4	4.35	.65
The cooperative experience frequent breakdown of the system	0	3.7	33.3	33.3	29.6	3.89	.88
In-house computers are able to meet all the system requirements to receive the full benefits of the online multi-media component	0	18	29.6	22.7	29.6	3.64	1.12

The finding in table 4.5 shows the level of agreement with statements regarding the effect of information technology on the growth of cooperatives in Kenya. From the findings respondents agreed to the statement that There are modifications on the cooperatives IT infrastructure; The cooperative have a backup to ensure continuous availability of computer system throughout the organization; All the departments are automated; There are provision for clients to communicate

to the cooperative through emails; All the IT system are upgraded to meet the current demand; The cooperative experience frequent breakdown of the system and in-house computers are able to meet all the system requirements to receive the full benefits of the online multi-media component as indicated by a mean of 4.12, 4.14, 3.77, 3.95, 4.35, 3.89, and 3.64 respectively. This collates with the past literature review that noted that to use information technology effectively, one must invest in human resources as well as technology concerning the effect of information technology on the operations of service firms.

Employee Training and Growth

Indicate level of agreement with the following statements regarding the effect of employee training on the growth of cooperatives in Kenya. Where 1- strongly disagree, 2-Disagree 3-neutral 4-Agree 5- Strongly agree.

Table 4. 5: Level of agreement with statements on Employee Training

	strongly disagree	Disagree	neutral	Agree	Strongly agree	Mean	Stdev
Training is said to be one of the greatest motivator of employees in today's very dynamic environment	0	0	15.9	34.0	34.0	3.18	.72
The cooperative conducts employee training regularly	0	6.4	29.6	15.8	48.1	3.14	1.04
The training policy system in place is well planned and structured	0	17	29.7	29.6	29.6	4.17	1.52
Cooperative usually encourages and reward members for improving their skills and performance and for setting and achieving challenging goals with respect to excellence and quality	0	3.7	27.2	51.9	22.2	3.85	.69
Employees usually face the greatest training challenges in the cooperative	0		7.4	49.1	44.4	4.55	.75

The researcher sought to find out the level of agreement with statements regarding the effect of employee training on the growth of cooperatives in Kenya. From the findings in table 4.6 respondents agreed to the statement that Training is said to be one of the greatest motivator of employees in today's very dynamic environment; The cooperative conducts employee training regularly; The training policy system in place is well planned and structured; Cooperative usually encourages and reward members for improving their skills and performance and for setting and achieving challenging goals with respect to excellence and quality; and Employees usually face the greatest training challenges in the cooperative as indicated by a mean of 3.18, 3.14, 4.17, 3.85, and 4.55 respectively. This collates with literature review by Mbue (2006),

SACCOs should educate the members, staff and committee members on the affairs of cooperative movement, their rights and obligations, the legal framework, business ideas, good governance, leadership and investment among others.

Organization Structure and Growth

Indicate level of agreement with the following statements regarding the effect of organization structure on the growth of cooperatives in Kenya. Where 1- strongly disagree, 2-Disagree 3- neutral 4-Agree 5- Strongly agree.

Table 4. 6: Level of agreement with statements on Organization structure

	strongly disagree	Disagree	neutral	Agree	Strongly agree	Mean	Stdev
The cooperative's planning and control efforts are helpful to its growth and development	0	0	14.9	34.0	33.0	3.14	.62
Employees in the cooperative always involved in decision making process	0	6.4	26.6	15.8	48.1	3.24	1.03
Employees are held responsible for the success or failure	0	17	25.7	21.6	39.6	4.27	1.42
Better organization design can help Achieve the strategy of the cooperative	0	3.7	26.2	41.9	21.2	3.19	.49
There a clear vision of where the organization is headed that is shared and understood by all members	0	2.4	7.7	39.1	34.4	3.15	.55

The researcher sought to find out the level of agreement with statements regarding the effect of employee training on the growth of cooperatives in Kenya. From the findings in table 4.7 respondents agreed to the statement that training is said to be one of the greatest motivator of employees in today's very dynamic environment; The cooperative conducts employee training regularly; The training policy system in place is well planned and structured; Cooperative usually encourages and reward members for improving their skills and performance and for setting and achieving challenging goals with respect to excellence and quality; and employees usually face the greatest training challenges in the cooperative as indicated by a mean of 3.14, 3.24, 4.27, 3.19, and 3.15 respectively. This collates with literature review by Noebere (2000) all studies of business failure points to poor management as the main cause. The success of a firm is measured by its profitability which depends on the efficiency of its management.

Regression analysis

The researcher conducted a multiple regression analysis so as to establish the challenges affecting growth of Savings and Credit Cooperative Societies in Kenya. The researcher applied the statistical package SPSS, to enter and compute the measurements of the regressions for the study as presented in table 4.8.

Table 4. 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.508 ^a	.752	.796	.89757

a. Predictors: (Constant) corporate governance, information technology, employee training and organizational structure.

b. Growth of savings and credit cooperative societies in Kenya.

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 (Growth of savings and credit cooperative societies in Kenya) that is explained by all the 4 independent variables (corporate governance, information technology, employee training and organizational structure). The four independent variables that were studied, explain 75.2% of variance to establish challenges affecting growth of Savings and Credit Cooperative Societies in Kenya as represented by the R^2 . This therefore means that other factors not studied in this research contribute 24.8% of variance in the dependent variable. Therefore, further research should be conducted to investigate the critical success factors on growth of Savings and Credit Cooperative Societies in Kenya.

Summary of ANOVA (F-Statistics)

In assessing whether the model could significantly predict the challenges affecting growth of the SACCOs, the F-statistic from the ANOVA table was used and the results tabulated in table 4.9. The table shows the summary of ANOVA table and F-statistics, which reveals that, the overall model was significant. The significance is less than 0.05, thus indicating that the predictor variables, explain the variation in the dependent variable which is growth of savings and credit cooperative societies in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable.

Table 4. 8: ANOVA^a

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.686	5	2.671	1.069	.000 ^b
	Residual	81.193	58	.256		

Total 91.879 63

Table 4. 9: Multiple Regression Analysis

	B	Std. Error	Beta		
1 (Constant)	7.978	.984		8.110	.000
corporate governance	.270	.117	.272	2.302	.005
Information Technology	.032	.165	.025	.195	.004
Employee Training	.305	.148	.256	2.065	.003
Organizational Structure	.391	.180	.275	2.175	.001

The regression equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$) was interpreted to mean
 $Y = 7.978 + .270X_1 + .032X_2 + .305X_3 + .391X_4$

Y= Growth of savings and credit cooperative societies in Kenya

X₁ is corporate governance X₂ Information Technology, X₃ is Employee Training and X₄ is the Organizational structure.

According to the equation, taking all factors (corporate governance, information technology, employee training and organizational structure) constant at zero, overall Growth of savings and credit cooperative societies in Kenya was 7.978. The data findings in table 4.10 show that a unit increase in corporate governance will lead to a 0.270 increase growth of savings and credit cooperative societies in Kenya; a unit increase in information technology will lead to a 0.032 increase in growth of savings and credit cooperative societies in Kenya; a unit increase in employee training, will lead to a 0.305 increases in growth of savings and credit cooperative societies in Kenya and a unit increase in organizational structure will lead to a 0.391 increase in Growth of savings and credit cooperative societies in Kenya. This means that the most significant variable is corporate governance followed by Information Technology.

Conclusion

The conclusion is that information technology is a critical enabler of information sharing that leads to growth of Savings and Credit Cooperative Societies in Kenya. Use of information technology contributes to the success of the implementation of international strategies in Savings and Credit Cooperative Societies in Kenya. Information technology will accelerate changes in how markets conduct its activities. Specifically, it will enable firms to: track competitors' pricing more efficiently and determine its own pricing structure; conduct market research more accurately; and communicate and relay information more efficiently to others. The study concluded that lack of employees training is a challenge affecting growth of Savings and Credit Cooperative Societies in Kenya. Training resources, mobile hardware and software and employee competency influences lack of training in most banking institutions hence challenging

the growth of Savings and Credit Cooperative Societies in Kenya. Finally the study concludes that use IT enables Savings and Credit Cooperative Societies to lower the total operating costs of a firm; that innovations and product diversification provide Savings and Credit Cooperative Societies with desired portfolio growth .While the use of the Internet platform has supported uptake of credit facilities and further to reduce transaction costs, operational efficiency and profitability.

Recommendations

Savings and Credit Cooperative Societies management should ensure effective corporate governance which ensures that long-term strategic objectives and plans are established and the proper management and structures are in place to achieve these objectives, while at the same time ensuring that the structure functions to maintain the organization's integrity, reputation and accountability to its relevant constituents. The right system of checks and balances should be the basis of merit for any corporate governance system. Corporate governance, the system by which Savings and Credit Cooperative Societies are directed and controlled, since proper corporate governance has gained prominence throughout the world. On information technology the study recommends that Savings and Credit Cooperative Societies in Kenya should constantly update their software and hardware to make sure that compatibility issues and increased knowledge of security systems and enhance competition. Information communication technology is the main driving force of competition in the Savings and Credit Cooperative Societies industry to achieve competitive advantage on other financial institutions, those electronic services via multiple electronic channels has made it possible to provide new kinds of added value for customers. The study recommended that SACCOs should educate the members, staff and committee members on the affairs of cooperative movement, their rights and obligations, the legal framework, business ideas, good governance, leadership and investment among others. Regarding organizational structure the study recommends independence, interaction and communication among employees, focusing on group performance rather than individual performance, external processes which include benchmarking, systems for feedback both from suppliers and customers and continuous innovation based on internal and external evaluation. The study recommended formulation of bylaws against individualism, self-interests, nepotism, corruption and embezzlement of funds and severe punishment to those who are against the laws.

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