ASSESSMENT OF THE FACTORS INFLUENCING PERFORMANCE OF DEPOSIT TAKING SACCOS (SOCIETIES) IN MACHAKOS COUNTY: A CASE STUDY OF MACHAKOS TOWN SUB-COUNTY

Mbatha, C. L., & Muhoho, J. K.

The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 7, Iss. 3, pp 1416 – 1427. September 15, 2020. www.strategicjournals.com, ©Strategic Journals

ASSESSMENT OF THE FACTORS INFLUENCING PERFORMANCE OF DEPOSIT TAKING SACCOS (SOCIETIES) IN MACHAKOS COUNTY: A CASE STUDY OF MACHAKOS TOWN SUB-COUNTY

Mbatha, C. L., [1*] **& Muhoho, J. K.** [2]

[1*] Master Student: St. Paul's University [SPU], Kenya
[2] Ph.D, Lecturer: St. Paul's University [SPU], Kenya

Accepted: September 7, 2020

ABSTRACT

Savings and credit cooperative societies (SACCO, s) in Kenya have been in operation for many years. The cooperative sector has been able to impact significantly on the Kenyan Economy. The basic purpose of SACCOs in Kenya has been the provision of access to business capital to members of the public who are members of these cooperative societies. However, this expectation of the cooperatives has not been met due to factors like financial management inadequacy dynamics, the SACCOs policy framework and the SACCOs' external environmental factors. The purpose of this study was therefore to assess the factors that influence the performance of SACCO's in Machakos Sub-county in Machakos County. The study was guided by major key objective namely; to investigate the influence of financial management capacity on performance of SACCO's in Machakos Sub-County. The study adopted a descriptive survey design. Performance measurement of the SSACCO's was done using the balanced scorecard model. The model incorporated both financial and non-financial performance measures. The measures tested key perspectives of the balanced scorecard which included processes, customer experience and learning, growth perspective and financial measures to determine the performance of the SACCO's in Machakos Sub-County. A simple regression model was used in this study to determine the level of relationships between the independent variables and dependent variable. Data collection was carried out using closed ended questionnaires while data analysis was done using the Statistical Package for Social Scientists (SPSS). The study findings were presented using APA tables. The findings of the study established that there was a significant relationship between all the variables of study and the performance of the Sacco's in Machakos Sub-County in Machakos County. The findings found that there was a positive correlation between the SACCO's financial management capacity. The study recommended that SACCOs in Machakos Sub-County to strengthen their financial capacity because it had a significant correlation with performance.

Key words: *Financial Management Capacity, Cooperative Society, Performance*

CITATION: Mbatha, C. L., & Muhoho, J. K. (2020). Assessment of the factors influencing performance of deposit taking SACCOs (Societies) in Machakos County: A case study of Machakos Town Sub-County. *The Strategic Journal of Business & Change Management*, 7(3), 1416 – 1427.

INTRODUCTION

The cooperative movement in Kenya accounts for seventy five percent of the economic sector. This is represented by the assets, deposits and the membership of the Saccos (Churk, 2015). The cooperative movement is made up of SACCOS regulated by the Sacco societies Regulation Authority Act (SASRA).This Act provides the foundation for licensing and supervising the Deposit Taking SACCO activities in way that is beneficial to the rest of deposit taking monetary institutions in the country (Kipkorir, Namminda &,Njeje, 2016). Saccos in kenya have continued to provide products and services to its members (Muturi & Obure, 2015). Deposit tacking Sacco's have done tremendous work in mobilizing the local resources, albeit the challenges facing the sector(Magambo, 2014)r. However theses SACCO; s have not always met the stakeholder expectations .The purpose of this study therefore is to investigate the factors that influence the performance of Deposit taking SACCOS in Machakos Sub-County. This study sought to assess the influence of factors that influence deposit taking Saccos in Machakos Sub-County, Machakos County.

Co-operative development in Kenya has continued to support various economic, social, and political activities with major successes. Studies carried out on cooperative development postulate that SACCO Societies are established and situated in all industrial sectors in all counties in Kenya (Churk, 2015).Scholars and researchers in the cooperative movement are of the affirmation that co-operative SACCO societies' business model contributes greatly to economic growth and social economic development in Kenya (Amenya & Ombui, 2016).In the Kenyan context SACCOS advance loans and other financial services at affordable prices or costs of their products and services for much low prices compared to those of other financial institutions (Musiega et al., 2014). This pricing advantage of the SA CCOS has enabled them to attract customers in poor urban and rural sector set ups. Studies on SACCO Societies affirm that by the2001 SACCO Cooperative societies had mobilized Ksh.200 billion in savings accounting for thirty percent of the Kenya National Domestic savings by that year (Ochieng, 2018).

SACCO societies are enterprises belonging to members of the public and in which each member has a right to vote democratically, regardless of the number of shares because they are purely for empowerment (Mwangi & Ombui, 2018). Magambo, (2014) postulates that Sacco societies are created fundamentally for savings and credit and investment purposes. In the newly SACCO Societies Act 2016, there is a creation of a body called Sacco Societies Regulatory Authority to act as the regulator for Members savings, which checks member deposits and also ensures proper management of disbursed loans (Adobe, 2010). The Investments in Sacco's takes the direction of safeguarding member's deposits through prudential standards which is provided for in the SASRA regulations. This responsibility ,therefore, offers a cushion against loss through infidelity and unscrupulous directors of Sacco Societies (Musiega et al., 2014).

Based on their membership, Deposit-Taking SACCOs are categorized into teacher-based, government based, farmer-based, private institution-based, and community-based Saccos. (Njuguna, 2019).The majority of the members of government based SACCOs comprise employees of government ministries, departments, state corporations, public universities and colleges, and county governments. For farmer based SACCOs, the majority of the members are farmers engaged in different agricultural activities (both direct and indirect) in various parts of the country.

Organizational performance is a measure both financial and non-financial measures of performance. The financial measures of performance include Return on equity (ROE), Return on Assets (ROA), return on investments (ROI) and Earnings per share (EPS). The non-financial measures of performance include customer satisfaction, product quality, efficiency,

The Strategic Journal of Business & Change Management. ISSN 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

effectiveness, processes among others (Kaplan & Norton, 2005).

Machakos County is one of the forty seven counties in Kenya. After the introduction of devolution that came with the promulgation of Kenya's Constitution in 2010, Machakos County was formed from then became Machakos District and has seven sub counties namely: Machakos Town, Kangundo, Mwala, Masinga, Matungulu, Athi River and Kathiani. According to the National Institute Bureau of Statistics (NIBS) data on land and population distribution, the county stretches well over 628159 Square Kilometers with a total population estimated at 1,102,934 and a population density of 176 people per square kilometer. The District neighbours are Mbeere to the North, Muragua and Thika to the North West, Mwingi and Kitui to the East. Makueni down to South, Kajiado to the North West and Nairobi province to the North West.

Kenya is known for having the most vibrant and dynamic SACCO sector in Africa (Biwott, 2015). SACCOs operating in Kenya range from Agricultural and livestock cooperative societies in rural areas while the financial SACCOs are prevalent in urban areas. Kenya's cooperative movement encourages SACCO autonomy and independence although the Ministry of Cooperative Development and Management plays some regulative role as one way of checking SACCO performance, and particularly financial performance (Amenya & Ombui, 2016).

In Kenya, SACCOs account for three quarters (75%) of the financial subsector's assets, deposits and membership. Due to the nature of their business, SACCOs are regulated prudentially under the Sacco Societies Regulations Act (SASRA) (Mutinda, 2016). The Act provides for licensing and supervision of SACCOs in a manner befitting other deposit taking financial institutions. The investment funds and credit agreeable social orders in Kenya have for quite a while been overseen under the Co-operative Societies Act Cap 490 (Mutinda, 2016).The helpful qualities and standards have withstood the trial of time and offer the best model for battling poverty and inequality in society (Njuguna, 2019).

Statement of the Problem

Savings and Credit Cooperative Societies (SACCOS) are financial organizations aimed at collecting deposits, managing the deposits and disbursement of loans to its members. The SACCOs also offer financial technical advisory services (Churk, 2015). As part of their mandate SACCOs upgrade economic development and advancement by accepting part reserve funds and benefiting resources to individuals to take part in viable business ventures (Karagu & Okibo, 2014). SACCOs offer most comparable items with other financial institutions including banks and microcredit financial institutions (Odero & Shitseswa, 2016). In this sense, SACCOs are reasonable for low salary families who think that it's hard to get to credit from banks. Conveying money related services to the SACCO individuals is the key capacity of Savings and Credit Cooperative societies. These incorporate financial products and advisory services (Mwangi & Ombui, 2018).

Many studies have been done on the performance of SACCOS with a lot of focus on financial performance with few research effort on non-financial factors bringing out contextual gap. This in-turn necessitated a non-financial focused study(Wanjiru, 2015).A Study by Amenya (2016) have found appositive correlation between Saccos financial management capacity and financial policies on the performance of SACCOs in Kiambu County. A study by Biwot (2015) established a high default rate for the KARI Sacco society and hence establishing a positive correlation between credit risk management policies and the performance of KARI SACCOs Limited. Mwangi and Ombuli (2018) have established a positive correlation between the SACCO resource base and financial management capacity in Nairobi County. This study further established a significant relationship between the regulation environment and SACCOS in Nairobi, County (Mwangi & Ombui, 2018).

A Study on SACCOs in Mt Kenya region has confirmed that SACCOs face dangers emerging from liquidity inadequacy , which has become a significant reason for disappointment of numerous money related cooperatives societies (Mugambi et al., 2015). Chamwana (2017) found that there was no significant influence of external factors on performance of SACCOS in Makungu ward in Mufindi District in Tanzania (Churk, 2015). Kimathi (2014) content that real threats to Sacco's growth and existence include their inability to contribute their riches adequately through amassing of enough institutional cash-flow to back non-pull back adequate capital subsidized resources (Kimathi, 2014).

Ochieng and Simon (2018), in their study on SACCOs in Nakuru town established a positive correlation between financial resource base and performance. A majority of these studies discussed herein focused on financial factors on SACCO performance with little emphasis on non-financial measures and hence need for a study investigating potential non-financial factors like policy and external factors likely to affect performance. Additionally, these studies were carried out elsewhere outside Machakos County and hence a research gap and the necessity of a similar study in Machakos Sub-county. This study therefore sought to investigate the effect of non-financial factors determining the performance of deposit taking SACCOS in Machakos County. The study investigated the effect of financial capacity, Capital resource base, financial policies and external factors on the performance of deposit taking SACCOS in Machakos town Sub-county in Machakos County.

Objective of the study

The objective of this study was to investigate the effect of financial management capacity on the performance of Sacco Societies in Machakos Sub-county County.

LITERATURE REVIEW

Theoretical Framework

Liquidity Preference Theory

The theory was advanced by Keynes (1936) and Emery (1984).This theory holds that short term bonds are more favourable than long term bonds since investors prefer short term bonds to long term securities for the liquidity aspect for they can be converted to cash with little danger of losing of the principle Keynes (1936) argued money is demanded for transaction, speculative, and precaution purposes. This theory is relevancy in the research in that it models the liquidity management system of the SACCOS under study. Proponents of this theory argue that money is demanded for transaction, speculative, and precaution purposes. The identification of a simple regulation by Farhi et al, (2009) in support of this Keynes (1936)theory postulate that liquidity requirements has the potential to correct an externality through interest rates in the markets. Farhi et al (2009) further states that the liquidity cap out to be used is dependent on the nature of the shocks that financial intermediaries and agents experience. According to the liquidity theory, the allowable form of solution to getting the liquidity problem solved is getting the optimal liquidity requirement of the organisation. Allan and Gale (2004) conclude the liquidity theory discourse by stating that the absence of aggregate shocks and incompetence's of the markets for aggregate risk, then there is no regulation that can improve upon the market equilibrium. While contrasting Farhi et al, (2009), Allen and Gale proposed that imposing a liquidity requirement on the minimal (liquidity cap) or the maximal amount of liquidity holdings of short holdings of the short asset for an intermediary. The theory postulates that companies that have cash problems use more credit than those with normal access to credit through the financial institutions. This theory continues to state that when there are restricted monetary policies in the economy, the offer of credit will account for the reduction of credit in offer by financial institutions.

This theory is applicable in this research because it informs and relates with financial management capacity and the external regulation of the Saccos S by government agencies. According this theory SACCOs' management boards have a duty to run the Saccos in such a way as to ensure liquidity and

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

its access for operational purposes. The theory can further be used to explain the relationship between Sacco finance management boards and their responsibility to harness liquidity to facilitate Sacco's financial performance. The theory is also applicable in explaining the influence of Sacco finance policies and performance.

Financial management Capacity and Organizational Performance

Financial management is the ability of the organizations to institute the needed procedures and practices pertaining to institutional finances(Mwangi & Ombui, 2018).Financial capacity in this research was investigated through financials literacy, cash management capacity, credit management capacity, the company investment decisions and liquidity management abilities(Karagu & Okibo, 2014). A descriptive study of influence of financial literacy on loan repayment of Inozamhigo Umurege Sacco in Rwada established that financial literacy provides the capacity to utilize information and abilities to deal with company's monetary resources and found a positive correlation with organizational performance (Mulyungi et al., 2018). This finding concurs with the finding of (Ochieng, 2018) in a descriptive study of Saccos in Nakuru County who established that financial related proficiency had a positive correlation with organizational performance. Mulyungi *et al.* (2018) established that financial literate organizations have clear financial operational plans to guide their financial activities and highly correlated with improved performance of those organizations. Mokua (2015) in a study of deposit taking Saccos in Kenya established a positive correlation between financial literacy and the performance of Sacco's. Mokua established that financial capacity facilitate provides capacity to manage debts significantly influencing the performance of the organizations.

A study by Ombogi (2014) on deposit taking SACCOs in Kajioado County established a positive correlation between financial literacy and organizational performance. This study found that financial literacy helps to inculcate Sacco's members with the financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions. These finding agree with the findings of a study of SACCOS in Kakamega County by Odero & Shitseswa, (2016) which established that proper application of that financial literacy had a significant correlation with performance in that it helps investors to meet their financial obligations through wise planning, and resource allocation so as to derive maximum utility. The study findings in the study of Unmurege Sacco in Rwanda by Mulyungi et al (2018) agree with findings of Magambo (2017) in a study of cooperatives in Kenya who established a significant relationship between t Lack of financial literacy performance. The study by Magambo further found that financial illiteracy is negatively significant to organizational performance. A study by Mwangi & Ombui, (2018) among cooperative societies in Nairobi county established that firms with inadequate financial literacy significantly performed poorly than companies with adequate financial literacy.

Olweny (2018), in a study on the effect of a mandatory financial literacy program on loan repayment performance in Kenya found a positive correlation. Kiprotich Njeje and Namiinda (2016) in a descriptive survey study of investment decision and performance of Sacco's, in Baringo County have established that financial literacy had a positive correlation with performance. Rotich *et al* found that investment decisions are informed by the level of financial literacy hence positively influencing the performance of the organization. A study by Tsuma et al (2015) within Kakamega teachers SACCO established that the quality of investment decision making literacy was positively correlated with improved organizational performance. In a study of Baringo County found that there was a positive relationship between the right investments in choosing between lending to treasury bonds and to government and the performance of SACCOS (Kipkorir *et al.*, 2016). Tsuma et al (2015) in a descriptive study of kakamega teachers Sacco in

Kenya has established that there was a positive correlation between financial literacy and the performance of managers in Sacco's. A case study on the determinants of financial performance in deposit taking Saccos in Kiambu established that the lack of financial literacy about the firm's location and investment direction leads to serious managerial errors negatively impacting on the performance of these Sacco's (Amenya & Ombui, 2016).

Kivuvo and Olweny, (2014) in a descriptive study of Kenya SACCO sector firmly established a positive correlation between real estate investment and financial capacity adequacy. Nyakado (2016) in a descriptive survey study on effect of credit policy on SACCOs in Nairobi County found that positive correlation between financial literacy and the growth of SACCOs' wealth. Kiprotich et *al* (2016) concluded that financial literacy facilitates the ability to scale up effective investment on assets. A study on Saccos in Baringo on Saccos found that investments in treasury bills is a risk free investment option in Kenya and had a significant positive correlation with performance (Kiprotich, Namiinda, and Njeje 2016). The government promises to pay you back with interest after a certain period. A descriptive study of Saccos in kisii County established a positive correlation with organizational performance (Gweyi *et a*l., 2018).

A descriptive study of deposit taking Saccos in Kenya established that financial literacy was highly correlated with organizational performance and that Saccos needed to build their literacy to be competitive in the market place (Karagu & Okibo, 2014).This finding concurs with in a descriptive in Deliberate creative literacy exceptionally critical for investment and had a positive correlation with performance (Musiega et al., 2014). An examination by Nyabere, (2013) on credit risk management of deposit taking Saccos in Kenya found that the development of SACCOs' wealth is spoken to by the estimation of its net resources and an expansion in these benefits means viable speculation on resources. In his study, Magambo (2014) discovered that a good liquidity management capacity is sure way of controlling cash inflow against cash outflows.

Ombongi (2014) found out that some scenarios, financial institution will dispose assets they holds to address the miss- match of inflows and outflows Juma et al (2016) has established that the mismatch of banks own liquidity and customers liquidity expectation results to financial institution liquidity risk. Hezron and Muturi (2015) in a study of SACCOS in Kisii County established that Cash management capacity is altogether corresponded with firm performance. A study by Duncan *et a*l (2015) built up a positive relationship money the management on monetary performance of store taking SACCOs in Mount Kenya Region. This investigation further settled that set up that most SACCOS get ready money spending plan routinely which were affirmed to have a positive commitment to the performance of the organization. As Nyabere (2018) attests, setting up of a money balance approach guarantees judicious money planning and speculation of surplus money (as referred to in Kwame, 2007). This finding concur with the discoveries by Song'E, (2015) who set up that money planning is helpful in making arrangements for deficiency and excess of money and affects the monetary performance of the firms.

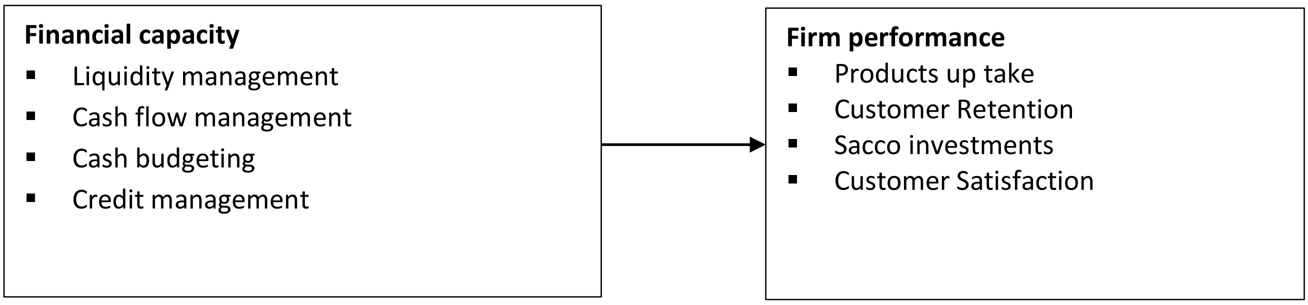
The assertion by (Ombongi, 2014) in a study of Micro-finance institutions in Kajiado county decreasing the time cash is tied up in the working cycle improves a business' profitability and market esteem advances affirms the significance of effective money the board rehearses in improving business execution. In a descriptive study, Juma, Otuya and Kibati (2016) uncover that credit management is one of the most significant activities in any organization and can't be neglected by any economic enterprise. It is the procedure to guaranteeing that clients settle up for the items conveyed or the services rendered. Kagoyire and Shukla, (2016) in their study describe credit management as methods and strategies adopted by a firm to ensure that they maintain an optimal level of credit and its effective management.

Empirical Literature Review

The empirical literature review in this study provided past literature on factors influencing the performance of Sacco's Societies that has been done elsewhere in the field of study. In this study empirical literature of constitutes existing study findings and gaps inherent in these studies to justify the necessity for the current study in Machakos Sub-county, Machakos County.

Mulyungi *et al* (2018) in a study of Umurege Sacco in Rwanda found that financial resourcing bases have a positive correlation with the performance of organizations. Ochieng (2018) while studying SACCOs in Nakuru County found that lack of adequate financial resources base had a high chances of success and therefore a high correlation with performance. Studies on the relationship between financial resources and firm performance in Rwanda further by Mulyungi, and et *al* (2018) affirm that inadequacies in sustainable resource bases were negatively correlated with performance of the organization. In his studies Magambo (2014) affirmed that the ability of an organization to mobilize capital is essential for economic growth and that this way Sacco societies are able carry out with high level of efficiency. The study observed that this is better since most savings are deducted from source within the registered co-operative society and that a healthy proportion of equity capital, as opposed to debt capital, in a company's capital structure is an indication of financial fitness.

A study by Karagu and Okibo (2014) on financial factors affecting performance of savings Saccos in Kenya have established that dividend policy had a significantly correlation with performance. Wangui (2016) in a study of SAACCOs in Kiambu County agrees with Karagu and Okibo by a positive correlation between dividend policy and organizational performance in SACCOs in Kiambu. Mokua (2015) in a study of Saccos in Kisii County has established a positive correlation with the performance of Saccos in Kisii County. Nyambere (2016) in a study of credit risk management and performance of SACCOS in Kenya established a significant positive correlation with organizational performance. This study further concludes that an appropriately managed dividend policy is imperative to shareholders since it influences share costs and investor's riches and hence improved performance of the organization.



Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

METHODOLOGY

This study employed a descriptive survey design. A quantitative approach was employed through the use of mathematical formulations and statistical analysis to produce the study results. The target population in this study was made up of the senior departmental management staff working in Universal Traders Sacco KWETU and Mwalimu Sacco's. The study used stratified sampling techniques to bring out the key departments that cut across the three deposit taking SACCOs in Machakos Sub-County in Machakos County. The study used primary sources of data collection technique. The research used a structured questionnaire in the collection of the data for the research. This research used both qualitative and quantitative data using SPSS (Statistical package for Social Scientists) for analysis.

FINDINGS

The respondents were expected to respond as to whether they agreed or disagreed with given statements concerning how financial management capacity affect Performance of Deposit Taking SACCOS, where: 1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree and descriptively, M= Mean and SD=Standard Deviation.

The researcher sought to determine the influence of financial capacity factor on performance Deposit Taking SACCOs in Machakos Sub-county. The table below gave the findings of the study.

Table 1: Influence of Financial Management Capacity on Performance

Statement	1 %	2 %	3 %	4 %	5 %	M	SD
Our company liquidity management system is up to expected international standards which contribute to good performance	29	32.3	6.5	12.9	19.4	3.85	1.377
Our cash flow management system meets the recommended standard threshold and contributes to firm performance	29	38.7	9.7	6.5	16.1	2.54	1.555
Our organizations cash management structure is adequate and positively influences our organization performance	22.6	12.9	9.7	29	25.8	3.62	1.235
Our company has a sound debt management capacity which influences our company performance.	22.6	16.1	16.1	25.8	19.4	3.08	1.547
Our company has sound credit management capacity which significantly influence our company performance.	25.8	19.4	12.9	22.6	19.4	3.85	1.223
Our company investments management capacity meets standard threshold and hence positively influences our company performance.	25.8	41.9	12.9	3.2	16.1	3.00	1.600
Our company invests in alternative sustainable projects positively influencing our performance	19.4	29	25.8	16.1	9.7	2.68	1.249

The results showed an average mean of 2.54 as regards whether the SACCOs cash flow management system meets the recommended international threshold. The respondents strongly disagreed as per the results in the likert scale. This implied that the cash flow management ability of the SACCOs does not meet the recommended international threshold. Findings in Table 1 showed an average mean of 3.62 that the SACCOs' cash management structure positively influences organization performance, which respondents strongly agreed as per the results in the likert scale. This implied that the cash flow management structure adopted by the SACCOS positively influences organization's performance. From the above table, the research results show an average mean of 3.08 that the SACCOs' debt management capacity positively influences organization performance, which respondents agreed as per the results in the likert scale. This implies that the cash management structure positively influences organization performance.

The results presented in the table showed an average mean of 3.85 that the SACCOs has sound credit management capacity, which

The Strategic Journal of Business & Change Management. ISSN 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

respondents strongly disagreed as per the results in the likert scale. This implies that SACCOs in Machakos County have sound credit management capacity which is essential for significant influence on Sacco's performance. It als shows an average mean of 3.00 that the investments management capacity meets national regulatory threshold, which respondents disagreed as per the results in the likert scale. This implies that the SACCO's investments management capacity do not meet standard threshold as to influences organizations' performance.

From the above table the research results show an average mean of 2.68 that the SACCOs' invest in alternative sustainable projects, which respondents disagreed as per the results in the likert scale. This implies that SACCOS in Machakos County do not have investments in alternative sustainable projects and hence negatively influencing performance.

These findings imply a positive significant relationship between financial management capacity and the performance of Saccos in Machakos Sub-County in Machakos County. These findings concur with studies by Musiega et al (2018) who established that financial literacy had a positive correlation with the performance of the organisation. The finding also in agreement with studies by Ombogi (2014), who found a positive correlation the performance of Saccos. The research also agree with Kiprotich *et al* (2016) who found out in their study found that there was a positive relationship between the right investments literacy and the performance of Saccos. These findings postulate that the ability to make the right investment decisions can bring incremental revenues to SACCOs as it is considered to be cost effective, and an improvement to existing products line.

Table 2: Regression Coefficients

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.137	.401		.340	.736
Financial management Capacity	.701	.157	.791	4.461	.000

The findings in regression coefficients table above revealed the relationship between the independent variables and the dependent variable as shown by the regression equation which established that: Y = .137 +.701 + -.188 + .271 +-.067. Holding at 95% confidence level to a constant zero, organizational performance of Deposit Taking SACCOS would stand at .137 and a unit increase in financial capacity would lead to an increase in the performance by a factor of .701

CONCLUSIONS AND RECOMMENDATIONS

The researcher sought to determine the influence of financial capacity factor on performance of Deposit Taking SACCOs in Machakos Sub-county. From the research findings, majority of the respondents strongly agreed that the cash flow management structure and cash management structure positively influences performance in Deposit Taking SACCOs. The study findings were supported by the results showing 29 and 32.4 percent disagreed and strongly disagreed respectively that their Sacco had sound liquidity management systems in place. This finding was further supported from the results of the analysis showing that 29.2 and 38.7 percent disagreed and strongly disagreed that their

Sacco had sound cash management system. The study also concluded a low credit management capacity evidenced 25.8 and 19.4 percent of the respondents disagreeing and strongly disagreeing the presence of sound credit management systems in the SACCOs. The study also concluded a low credit management capacity evidenced 25.8 and 19.4 percent of the respondents disagreeing and strongly disagreeing the presence of sound credit management systems in the Saccos.

The findings established that financial capacity affects performance of Deposit Taking SACCOs in Machakos Sub-county. The study concluded that majority of the respondents strongly disagreed that the cash flow management system meet the recommended international threshold. They also strongly disagreed that SACCOs in Machakos have sound credit management capacity which is essential for significant influence on Sacco's performance. They further disagreed that the SACCO's investments management capacity meet national regulatory threshold as to influences their performance. The results show as well that majority of respondents disagreed that investments in alternative sustainable projects positively influence SAACOs performance.

This implied that cash flow management system should be well established to meet the recommended international threshold for improved performance. The SACCOs in Machakos should also put in place sound credit management capacity to facilitate good performance. They study also concludes that Saccos should scale up their investment capacity management capacity to make investments in alternative sustainable projects for improved performance. This finding was supported by studies by Mokua (2015) in a study of deposit taking Saccos in Kenya which established a positive correlation between financial literacy and the performance of Sacco's and a study by Ombogi (2014) on deposit taking SACCOs in Kajioado County which established a positive correlation between financial literacy and Sacco performance.

This study recommended that Deposit Taking SACCOs should establish cash flow management system well in order to meet the recommended international threshold. The SACCOS should also put in place sound credit management capacity as to have good performance. They study also recommended that SACCO's investments management capacity should be scaled up to meet national regulatory threshold.

Recommendations for Further Research

This study recommended further research to be carried out to find the specific financial factors on Deposit Taking SACCOS in Machakos Sub-County on performance of the SACCOS. Further, research should also be done on the best ways of improving performance of Deposit Taking SACCOS in Kenya. A Research can also be carried on factors affecting other financial institutions in Machakos County like Microfinance and banking institutions.

REFERENCES

Amenya, L. M., & Ombui, K. (2016). Determinants of financial performance of savings and credit cooperative societies in kiambu county, Kenya. 14.

Biwott, S. J. (2015). Effects of credit risk management on the financial perfomance of Kari Sacco limited. 9.

Churk, J. P. (2015). Contributions of Savings and Credit Cooperative Society on Improving Rural Livelihood in Makungu ward Iringa, Tanzania. 14.

Gweyi, M. O., Olweny, D. T., & Oloko, M. (2018). Influence of Credit Risk of Financial Performance of Deposit Taking Savings and Credit Co-Operatives in Kenya. 16.

Heenetigala, K. (2011). Corporate Governance Practices and Firm Performance of Listed Companies in Sri Lanka. 226.

Juma, M. N., Otuya, R., & Kibati, P. (2016). Effects of Credit Management on the Financial Performance of Deposit Taking Savings and Cooperative Societies in Nakuru Town, Kenya. 10.

Kagoyire, A., & Shukla, D. J. (2016). Effect of credit management on performance of commercial banks in Rwanda (a case study of equity bank Rwanda ltd). 12.

Kaplan, D., Norton, P., & Robert, S. (2005, August). The Balanced Scorecard: Measures That Drive Performance. https://hbr.org/2005/07/the-balanced-scorecard-measures-that-drive-performance

Karagu, J. M., & Okibo, B. (2014). Financial Factors Influencing Performance of Savings and Credit Co-Operative Organization in Kenya. 4, 12.

Kimathi, G. J. (2014). The effect of loan loss provisioning on profitability of deposit taking SACCO societies in Nairobi County. 59.

Kipkorir, D., Namiinda, B., Njeje, & Njeje, D. (2016). Influence of Investment Decisions on the Financial Performance of SACCOS: A Survey of Registered SACCOS in Baringo County. International Journal of Science and Research (IJSR), 5(4), 904–914. https://doi.org/10.21275/v5i4.NOV162685

Kivuvo, R. M., & Olweny, T. (2014). Financial Performance Analysis of Kenya's SACCO Sector Using the Altiman Z Score Model of Corporate Bankruptcy. 5(9), 19.

Magambo, O. E. (2014). The effect of regulations on the financial performance of deposit taking savings and credit cooperative societies in Kenya. 82.

Mokua, O. V. (2015). Factors Influencing Financial Performance Of Deposit Taking Savings And Credit Co-Operative Societies In Kisii County, Kenya. 89.

Mugambi, D., Njeru, A., & Tirimba, I. (2015). Effect of Cash Management on Financial Performance of Deposit Taking SACCOs in Mount Kenya Region. 5(2), 7.

Mulyungi, P., Musobwasoni, G., & Muganamfura, D. (2018). Effects of Financial Literacy on loan Repayment among Small and Medium Entrepreneurs of Microfinance Institutions Case Study of Inozamihigo Umurenge Sacco in Nyaruguru District. 19.

Musiega, D., Ondiek, A., & Khalayi1, A. (2014). A Comparative Study of Effects of Interest Rates on Deposits Mobilization among Sacco Members in Kakamega County. 14.

Mutinda, C. M. (2016). Impact of prudential regulatory framework on financial performance of deposit taking Saccos in Kenya. 75.

Mwangi, D. K., & Ombui, K. (2018a). Factors Affecting Financial Performance of Deposit Taking Saccos in Nairobi County, Kenya. International Journal of Scientific and Research Publications (IJSRP), 8(10). https://doi.org/10.29322/IJSRP.8.10.2018.p8220

Mwangi, D. K., & Ombui, K. (2018b). Factors Affecting Financial Performance of Deposit Taking Saccos in Nairobi County, Kenya. International Journal of Scientific and Research Publications (IJSRP), 8(10). https://doi.org/10.29322/IJSRP.8.10.2018.p8220

Mwangi, D. K., & Ombui, K. (2018c). Factors Affecting Financial Performance of Deposit Taking Saccos in Nairobi County, Kenya. International Journal of Scientific and Research Publications (IJSRP), 8(10). https://doi.org/10.29322/IJSRP.8.10.2018.p8220

Mwaura, W. A. P. (2009). Mobile banking in developing countries. (A case study on Kenya). 45.

Njuguna, P. (2019). The Sacco society's regulatory authority (SASRA). 40.

Njuguna, P. N. (2013). Effects of Macroeconomic Factors on the Financial Performance of Deposit Taking Micro-Finance Institutions in Kenya. 58.

Nyambere, K. F. (2013). Effect of credit risk management on financial performance of deposit taking savings and credit cooperative societies in Kenya. 65.

Ochieng, O. S. P. (2018). Determinants of Financial Performance of Savings and Credit Cooperative Societies in Nakuru Town, Kenya. 10.

Odero, J. A., & Shitseswa, E. A. (2016). Factors Affecting Implementation of Strategies among Savings and Credit Co- Operative Societies in Kakamega County, Kenya. 7.

Ombongi, G. O. (2014). The Relationship between Financial Literacy and Loan Performance amongst Customers of Deposit Taking Microfinance Institutions in Kajiado County. 67.

Song'E, H. K. (2015). The effect of liquidity management on the financial performance of deposit taking Saccos in Nairobi County. 56.

Wangui, M. M. (2016). Financial factors affecting performance of deposit taking savings and credit co-operative societies in Kenya: a case of Kiambu County. 17.