

**EFFECT OF BUSINESS MANAGEMENT TRAINING ON FINANCIAL  
PERFORMANCE OF DEPOSIT TAKING SAVINGS AND CREDIT  
CO- OPERATIVE SOCIETIES IN KENYA**

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**A Thesis Report Submitted to the Institute of Post Graduate Studies in Fulfillment  
of the Requirement for the Award of Doctor of Philosophy in Business  
Administration (Entrepreneurship)**

**KABARAK UNIVERSITY**

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God bless you all!

## **DEDICATION**

I dedicate this work to my dear parents, Mr. and Mrs. Cheron Arap Laktano Chelimo for socializing me responsibly. It is to them that I owe my past accomplishments, present engagements and future prospects for they laid a firm and strong foundation of good character and values.

## ABSTRACT

Savings and Credit Cooperative Societies play an important role in economic development as part of the financial system. In order to increase financial inclusivity and realize Vision 2030, the Kenyan government has introduced favorable legislation to support the cooperative movement in addition, organizations like NITA are now conducting training programs that are aimed at enhancing performance of SACCOs despite these initiatives, high failure rates among Deposit Taking SACCOs have continued to be reported for instance, out of the 176 SACCOs registered by 2016, 12 were licensed to operate on a six months renewable conditional and restricted license where 2 had their licenses revoked having failed to improve in performance. This outcome reveals that there is an information gap relating to the key determinants of performance of Deposit Taking SACCOs. Business management training is reported to be one of the key determinants of performance of SACCOs. Consequently, this study assessed the effect of Business Management Training on Financial Performance among the Deposit Taking SACCOs in Kenya. The study focused on the constructs of Accounting Skills, Entrepreneurship Skills, Financial Management Skills, Marketing Management Skills and Strategic Leadership Skills. The study was underpinned on the Kirk Patrick's learning and training evaluation theory, theory of internal control, psychological theory, financial stewardship theory, resource-based theory, Porters theory of competitive advantage and behaviorist learning theory. The study applied both positivist and interpretative philosophical foundations. The study adopted explanatory survey design to achieve research objectives. The target population was 176 licensed Deposit Taking SACCOs registered in Kenya as at 2016. Random sampling technique was used to obtain 74 Deposit Taking SACCOs. From every SACCO, the chief executive officer, finance manager and the internal auditor were selected as respondents. Primary data was collected using structured questionnaires with a likert scale while secondary data collection sheet was used for collecting information concerning SACCOs financial performance. A drop and pick technique were used. Reliability and Validity were conducted to ensure research tools were effective in data collection. Business management training indicators were analyzed using frequencies and percentages while the relationships between business management training and financial performance was analyzed using correlation and regression. The findings of the study showed a significant positive relationship between accounting skills ( $r=0.403$ ,  $\beta=0.288$ ,  $t=2.095$ ,  $p=0.038$ ), entrepreneurship skills ( $r=0.309$ ,  $\beta=0.168$ ,  $t=1.997$ ,  $p=0.048$ ), financial management skills ( $r=0.420$ ,  $\beta=0.244$ ,  $t=2.584$ ,  $p=0.011$ ), marketing skills ( $r=0.444$ ,  $\beta=0.213$ ,  $t=2.061$ ,  $p=0.041$ ) and strategic leadership skills ( $r=0.563$ ,  $\beta=0.452$ ,  $t=4.228$ ,  $p=0.000$ ) and financial performance. Based on the results of the multiple regressions (adjusted  $r^2=.333$ ,  $F=14.604$  and  $p=0.000$ ), the five independent variables explained 33.3% of the changes in financial performance. Using ANOVA analysis, it was concluded that all the variables under study were statistically significant determinants of financial performance of SACCOs in Kenya. This study recommends that the SACCOs should put tighter internal controls system for proper business accounts management, hire managers based on an entrepreneurial inclination and set objectives for value maximization to be attained. Future studies in SACCOs should focus on how human and financial resources can be integrated and used as competitive tool to achieve sustainable financial performance. The findings from this study will be useful in the management of SACCOs, policy making, researchers, scholars and investors.

**Key words:** *Accounting skills, entrepreneurship skills, strategic leadership skills, financial performance*

## TABLE OF CONTENTS

<b>DECLARATION .....</b>	<b>ii</b>
<b>RECOMMENDATION.....</b>	<b>iii</b>
<b>COPYRIGHT.....</b>	<b>iv</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>v</b>
<b>DEDICATION .....</b>	<b>vi</b>
<b>ABSTRACT.....</b>	<b>vii</b>
<b>TABLE OF CONTENTS .....</b>	<b>viii</b>
<b>LIST OF TABLES .....</b>	<b>xiii</b>
<b>LIST OF FIGURES .....</b>	<b>xv</b>
<b>LIST OF ABBREVIATIONS AND ACRONYMS.....</b>	<b>xvi</b>
<b>CONCEPTUAL AND OPERATIONAL DEFINITION OF KEY TERMS .....</b>	<b>xvii</b>
<b>CHAPTER ONE:INTRODUCTION.....</b>	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Global perspective on Business Management Training and Financial performance.....	1
1.1.2 Regional Perspective on Business Management Training and Financial performance.....	4
1.1.3 Local Perspective of Business Management Training and Financial Performance .....	5
1.1.4 Deposit Taking Savings and Credit Co-operative Societies (Deposit Taking SACCOs) in Kenya .....	7
1.2 Statement of the Problem.....	8
1.3 Research Objectives.....	11
1.3.1 General Objectives.....	11
1.3.2 Specific Objectives .....	11
1.4 Hypotheses of the Study .....	12
1.5 Significance of the Study.....	12
1.6 Justification of the Study .....	13
1.7 Scope of the Study .....	14
1.8 Limitations and Delimitation of the Study .....	14
1.9 Assumptions of the Study .....	15



<b>CHAPTER TWO:LITERATURE REVIEW.....</b>	<b>17</b>
2.1 Introduction.....	17
2.2 Theoretical Literature Review .....	17
2.2.1 Kirkpatrick’s Learning and Training Evaluation Theory .....	17
2.2.2 Theory of Internal Control.....	20
2.2.3 Psychological Entrepreneurship Theory.....	21
2.2.4 Financial Stewardship Theory .....	23
2.2.5 Resource Based Theory .....	24
2.2.6 Porter’s Theory of Competitive Advantage.....	26
2.2.7 Behaviorist Learning Theory .....	27
2.3 Empirical Literature Review.....	28
2.3.1 Business Management Training .....	28
2.3.2 Financial Performance of Deposit Taking SACCOs .....	30
2.3.3 SACCO Regulations .....	32
2.4 Empirical Review .....	33
2.4.1 Acquired Accounting Skills and Financial Performance.....	35
2.4.2 Acquired Entrepreneurial Skills and Financial Performance .....	39
2.4.3 Acquired Financial Management Skills and Financial Performance .....	48
2.4.4 Acquired Marketing Skills and Financial Performance.....	54
2.4.5 Acquired Strategic Leadership Skills and Financial Performance .....	59
2.5 Summary of Literature.....	67
2.6 Research Gaps .....	68
2.7 Conceptual Framework.....	70
<b>CHAPTER THREE:RESEARCH DESIGN AND METHODOLOGY .....</b>	<b>73</b>
3.1 Introduction.....	73
3.2 Research Philosophy.....	73
3.3 Research Design .....	74
3.4 Location of the Study.....	76
3.5 Target Population.....	76
3.6 Sampling Frame and Sample Size .....	77
3.7 Data Collection .....	79
3.7.1 Research Instrument .....	79
3.7.2 Data Collection Procedures .....	80
3.8 Pilot Study .....	80

3.9 Validity and Reliability of the Research Instrument .....	81
3.9.1 Validity of the Research Instrument .....	81
3.9.2 Reliability of the Research Instrument .....	81
3.10 Data Analysis.....	82
3.10.1 Moderated Multiple Regression Model .....	83
3.11 Ethical Considerations .....	84
<b>CHAPTER FOUR:DATA ANALYSIS, PRESENTATION AND DISCUSSION</b>	<b>85</b>
4.1 Introduction.....	85
4.2 Response Rate.....	85
4.3 Demographic Characteristics of Respondents .....	86
4.3.1: Position of the Respondents .....	86
4.3.2: Gender of the Respondents.....	87
4.3.3 Education Level .....	87
4.3.4 Duration in Deposit Taking SACCO Operation.....	88
4.4 Reliability Analysis .....	89
4.5.1 Descriptive Statistics on Accounting Skills.....	90
4.5.2 Descriptive Statistics on Entrepreneurship Skills.....	94
4.5.3 Descriptive Statistics on Financial Management Skills.....	99
4.5.4 Descriptive Statistics on Marketing Skills.....	103
4.5.5 Descriptive Statistics on Strategic Leadership Skills .....	107
4.5.6 Descriptive Statistics on SASRA Regulations .....	112
4.5.7 Financial Performance of Deposit Taking SACCOs .....	116
4.6.1 Test for Normality .....	118
4.6.2 Linearity Test.....	118
4.7 Correlation Analysis .....	119
4.8 Regression Analysis.....	122
4.8.1 Acquired Accounting Skills and Financial Performance.....	122
4.8.2 Acquired Entrepreneurship Skills and Financial Performance.....	124
4.8.3. Acquired Financial Management Skills and Financial Performance .....	125
4.8.4 Acquired Marketing Skills and Financial Performance.....	126
4.8.5 Acquired Strategic Leadership Skills and Financial Performance .....	128
4.8.6 Business Management Training on Financial Performance of Deposit Taking SACCOs (Overall Model) .....	129
4.9 Hypotheses Testing.....	132

4.9.1 Acquired Accounting Skills and Financial Performance.....	132
4.9.2 Acquired Entrepreneurship Skills and Financial Performance.....	132
4.9.3 Acquired Financial Management Skills and Financial Performance .....	133
4.9.4 Acquired Marketing Skills and Financial Performance.....	133
4.9.5 Acquired Strategic Leadership Skills and Financial Performance .....	133
4.9.6 Moderating effect of SASRA regulation on the relationship between business management training and financial performance. ....	134
4.11 Post-estimation Diagnostic Test .....	137
4.11.1 Homoscedasticity Tests .....	137
4.11.2 Multicollinearity Test .....	137
<b>CHAPTER FIVE .....</b>	<b>139</b>
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>139</b>
5.1 Introduction.....	139
5.2 Summary of the Study .....	139
5.2.1: Acquired Accounting Skills and Financial Performance .....	139
5.2.2 Acquired Entrepreneurship Skills and Financial Performance.....	140
5.2.3 Acquired Financial Management Skills and Financial Performance .....	141
5.2.4 Acquired Marketing Skills and Financial Performance.....	142
5.2.5 Acquired Strategic Leadership Skills and Financial Performance .....	142
5.2.6 Moderating Effect of SASRA on Business Management Training and Financial Performance .....	143
5.3 Conclusions.....	144
5.3.1 Acquired Accounting Skills and Financial Performance.....	144
5.3.2 Acquired Entrepreneurship Skills and Financial Performance.....	145
5.3.3 Acquired Financial Management and Financial Performance.....	145
5.3.4 Acquired Marketing Skills and Financial Performance.....	146
5.3.5 Acquired Strategic Leadership and Financial Performance .....	146
5.3.6 Financial Performance of Deposit Taking SACCOs .....	147
5.4 Recommendations of the Study .....	147
5.4.1 Acquired Accounting Skills and Financial Performance.....	148
5.4.2 Acquired Entrepreneurship Skills and Financial Performance.....	148
5.4.3 Acquired Financial Management Skills and Financial Performance .....	148
5.4.4 Acquired Marketing Skills and Financial Performance.....	149
5.4.5 Acquired Strategic Leadership Skills and Financial Performance .....	149

5.5 Areas for Further Research .....	150
<b>REFERENCES .....</b>	<b>151</b>
<b>APPENDICES.....</b>	<b>176</b>
<b>Appendix I:</b> Letter of Introduction .....	176
<b>Appendix II:</b> Questionnaire .....	177
<b>Appendix III:</b> List of Licensed Deposit Taking Sacco's as at 31 <sup>st</sup> December, 2016	184
<b>Appendix IV:</b> Restricted Licenses for the Period Ending 30 <sup>th</sup> June 2016.....	188
<b>Appendix V:</b> Analysis of Dependent and Independent Variables .....	189
<b>Appendix VI:</b> List of Sampled SACCOs .....	190
<b>Appendix VII:</b> List of SACCOs used in Pilot Testing.....	192
<b>Appendix VIII:</b> Table of Sample Determination .....	193
<b>Appendix IX:</b> University Research Authorization Letter.....	194
<b>Appendix X:</b> NACOSTI Research Authorization Letter.....	195
<b>Appendix VIII:</b> NACOSTI Research Permit .....	196

## LIST OF TABLES

<b>Table 1:</b> Kirkpatrick’s four Levels of Training Evaluation .....	19
<b>Table 2:</b> Empirical Studies and Knowledge Gaps .....	69
<b>Table 3:</b> Position of the Respondents .....	86
<b>Table 4:</b> Gender of Respondents.....	87
<b>Table 5:</b> Education Level of Respondents .....	88
<b>Table 6:</b> Duration of Service in Deposit Taking SACCOs by Respondents .....	89
<b>Table 7:</b> Test of Reliability .....	89
<b>Table 8:</b> Descriptive Statistics on Accounting Skills.....	91
<b>Table 9:</b> Descriptive Statistics on Entrepreneurship Skills.....	95
<b>Table 10:</b> Descriptive Statistics on Financial Management Skills .....	100
<b>Table 11:</b> Descriptive Statistics on Marketing Skills.....	104
<b>Table 12:</b> Descriptive Statistics on Strategic Leadership Skills .....	108
<b>Table 13:</b> Descriptive Statistics on SASRA Regulations .....	113
<b>Table 14:</b> ANOVA Table.....	119
<b>Table 15:</b> Correlation Matrix of Business Management Training on Financial Performance.....	119
<b>Table 16:</b> Model Summary .....	122
<b>Table 17:</b> ANOVA Table.....	123
<b>Table 18:</b> Regression Coefficient – Acquired Accounting Skills and Financial Performance.....	123
<b>Table 19:</b> Model Summary .....	124
<b>Table 20:</b> ANOVA Table.....	124
<b>Table 21:</b> Regression Coefficients .....	125
<b>Table 22:</b> Model Summary .....	125
<b>Table 23:</b> ANOVA Table.....	126
<b>Table 24:</b> Regression Coefficients .....	126
<b>Table 25:</b> Model Summary .....	127
<b>Table 26:</b> ANOVA Table.....	127
<b>Table 27:</b> Regression Coefficients .....	127
<b>Table 28:</b> Model Summary .....	128
<b>Table 29:</b> ANOVA Table.....	128
<b>Table 30:</b> Regression Coefficients .....	129

<b>Table 31:</b> Regression Summary .....	129
<b>Table 32:</b> ANOVA Table.....	130
<b>Table 33:</b> Table of Coefficients .....	131
<b>Table 34:</b> Model Summary of the Moderation effect of SASRA Regulations on relationship between Business Management Training and Financial Performance.....	134
<b>Table 35:</b> ANOVA Table.....	134
<b>Table 36:</b> Summary of Results of Tests of Hypothesis and Related Objectives .....	136
<b>Table 37:</b> Multicollinearity Test .....	138

## LIST OF FIGURES

<b>Figure 1:</b> Conceptual Framework .....	72
<b>Figure 2:</b> Location of the Study .....	76
<b>Figure 3:</b> Financial Performance (Return on Investment) between 2012 and 2016..	117
<b>Figure 4:</b> Normal Probability Plot .....	118
<b>Figure 5:</b> Scatter plot of ZRESID against ZPRED .....	137

## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>ABB</b>	Activity Based Budgeting
<b>ABC</b>	Activity Based costing
<b>ACCOSSCA</b>	Africa Confederation of Cooperative Society Savings Credit Association
<b>AICPA</b>	American Institute of Certified Accountants
<b>AIS</b>	Accounting Information System
<b>APEC</b>	Asia-Pacific Economic Cooperation
<b>BMT</b>	Business Management Training
<b>CEO</b>	Chief Executive Officer
<b>COG</b>	Cost of Goods Sold
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>DGF</b>	Deposit Guarantee Fund
<b>EAC</b>	East Africa countries
<b>EPS</b>	Earnings per Share
<b>FOSA</b>	Front Office Savings Activities
<b>ICA</b>	International Co-operative Alliance
<b>IRR</b>	Internal Rate of Return
<b>KUSCCO</b>	Kenya Union of Savings and Credit Co-operative Organization
<b>MFI</b>	Micro Finance Institutions
<b>MOCD &amp;M</b>	Ministry of Co-operative Development and Marketing
<b>NOI</b>	Net Operating Income
<b>NPV</b>	Net Present Value
<b>P/E</b>	Price per Earnings
<b>ROA</b>	Return on Asset
<b>ROI</b>	Return on Investment
<b>SASRA</b>	Sacco Societies Regulatory Authority
<b>SACCO</b>	Savings and Credit Co-operatives Limited
<b>SMEs</b>	Small and Medium Enterprises
<b>WACC</b>	Weighted Average Cost of Capital
<b>WOCCU</b>	World Council for Credit Union



## CONCEPTUAL AND OPERATIONAL DEFINITION OF KEY TERMS

**Acquired Accounting Skills:** Acquired skills for managing and inspection of financial accounts; classifying and summarizing financial transactions and interpreting the results thereof (Bui & Porter, 2010). In this study acquired accounting skills is assessed in terms of cost control skills, performance evaluation skills, tax compliance skills, auditing and budgeting skills.

**Acquired Entrepreneurship Skills:** acquired creativity, motivation to excel skills, tolerance to risk and ambiguity skills, commitment, personal leadership and opportunity obsession skills (Pretorius, Nieman, & Van Vuuren, 2005). In this study, acquired entrepreneurship skills are measured in terms of creativity and innovation, risk taking and identification of opportunities skills.

**Acquired Financial Management Skills:** acquired cash flow, working capital management, forecasting, costing, financial analysis, financial control, book keeping, accounting, capital budgeting, credit and debt collection management skills (Rwigema & Venter, 2004). In this study, the acquired financial management Skills are measured in terms of; capital structure skills, credit and debt management skills, investment decision skills, fraud and risk management skills and budgeting skills

**Acquired Marketing Skills:** acquired sales management, customer care, marketing, product pricing and distribution management skills (Strydom, 2018). In this study, acquired marketing skills include skills relating to marketing, pricing, customer differentiation, product innovation, customer service, market research and development.

**Acquired Strategic Leadership Skills-** acquired ability on setting business goals, developing possible strategies to achieve them (Nankervis, Cooke, Chatterjee & Warner, 2013). In this study, acquired strategic leadership skills refer to ability to plan, organize and execute business strategies and ability to plan and manage business changes.

**Business Management:** setting up of appropriate management systems and procedures in a business in order to take care of accounting, entrepreneurship, finance, marketing and Strategic Leadership for professional running of the business (Carter *et al.*, 2002).

**Business Management Training:** ongoing planned process of learning management skills in order to achieve the intended training benefit (Bratton & Gold, 2007). In this study, management training refers to; Accounting Skills, Entrepreneurship Skills, Financial Management Skills, Marketing Skills and Strategic Leadership Skills delivered to employees at management level through the relevant modules by KUSCCO.

**Corporate Governance:** set of mechanisms by which an organization is directed and controlled in order to reach its mission and objectives (Lapie, 2011). In this study, corporate governance means is conceptualized in terms of existence and implementation of board manuals, independence in decision making, accountability and transparency.

**Deposit Taking SACCO:** SACCOs that conduct business of savings and credit and in addition, does business of accepting or withdrawing money on daily basis across the counter (Republic of Kenya, 2008).

**Financial Performance:** measure of how well firms use assets to generate revenues. Financial performance guides management on the strategies and policies to adapt to improve sustainability of the organization (Almazari, 2011). For the purpose of this study financial performance is measured by the Return on Investment

**Net Income:** Incomes after all expenses have been take care of and all deductions made from all revenues generated by the business (Lee & Lu, 2014). In this study, net income is operationalized as income after all obligations and expenses have been deducted.

**Return on Investment:** An indicator of how profitable a company is relative to its total Investments (Almazari, 2011). In this study, return on investment is measured as a ratio of net income to total investment.

**Total Investment:** Aggregate capital contributions made by members to the organization (Zamfir, Manea, & Ionesco, 2016). In this study, total investment is operationalized as total capital contributions made by members.

**Quality of Board of Directors:** qualifications of members of the Board, whether members have passed the proper and fitness test, frequency of Board meetings and examining the number of years' board members have been serving the public (SACCO Societies Regulatory Authority, 2012).

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Human resources are a key asset for any organization or agency. Therefore, there is a need for organizations to develop knowledgeable, qualified, capable and competitive workforce that is able to develop and sustain organization in a competitive environment. Progress and success of a business is determined by the quality of human resources, managerial and leadership ability and financial management ability (Macherinskiene & Survilaite, 2011). To develop the desired knowledge, skills and abilities of employees to perform well on the job, requires effective business management training programs (Elnaga & Imran, 2013).

##### **1.1.1 Global perspective on Business Management Training and Financial performance**

Globally, empirical evidence shows that business management training remains a critical subject among scholars and professionals. Noure (2015) examined 16 studies that had looked at business training and entrepreneurship evolutions in the developing nations. The examination revealed that business training is very critical for businesses, especially the startups. Research working paper by the World Bank on the role of business training in entrepreneurship evolution found out that business training is associated with improved sales revenue and consequently profitability (McKenzie & Woodruff, 2012).

Organization of Economic Cooperation and Development (2009) reported that Small and Medium Enterprises (SMEs) need the right support through training and incubation. Generally, empirical literature provides statistical evidence on the relationship between training and performance. Berge *et al.* (2011) asserted that business management training

can enhance profits by up to 24% and sales by 29%. Similarly, Calderon and Cunhai (2012) reported potential increase of up to 24% in weekly profits and a 20% in weekly revenues. Valdivia (2012) reported that business management training can account for up to 20% increase.

In Spain, scholarly interest on business management training and performance is evident. Aragon and Valle (2013) and Tsai (2007) reported that intensity of management training is a determinant of financial performance. Similar relationship was reported by Cozzarin and Formanek (2013) for manufacturing companies in Canada. The survival of any organization in the competitive society lies in its human resource capacity to be creative and innovative. Falola, Osibanjo & Ojo, (2014) studied the relationship between training and employee performance in Pakistan. Similar studies were conducted by Farooq and Khan (2011). From past studies; (Malaolu & Ogbuabor, 2013; Olando, Jagongo & Mbewa, 2013; Hafeez & Akbar, 2015; Chinomona, 2013), it is evident that business management training has been identified as a critical ingredient in business management function and a critical determinant of organizational performance. Studies show that management training optimizes employees' potential by building new skills, enabling staff to cope with the new tasks and work conditions and therefore, improving the employee performance. Training also serves as a motivating factor and can enhance employees' commitment (Farooq & Khan, 2011; Olando, Jagongo & Mbewa, 2013; Hafeez & Akbar, 2015).

Popescu, Iancu, Avram, Avram and Popescu (2020) in a study in Mehedinti County established that management training is very crucial in overall performance of SMEs. Karlan and Valdivia (2011) focused on business management training in microfinance institutions in developing countries. They reported that business training is critical in

enhancing business knowledge and increase client retention rates for the microfinance institution. Similarly, Colarelli and Montei (2011) in a focus on the Middle East reported that employees feel motivated when they realize organization interest in them through training programs.

According to Farooq and Aslam (2011) business management training and feedback leads to improved employee performance. Effective training programs equip employees with the desired knowledge, skills and abilities to achieve organizational goals. Staff training does not only improve the employee's performance but also creates positive image of the firm worldwide (Jia-Fang, Tjosvold & Shi, 2010; Frese, Gielnik & Mensmann, 2016). Organizations that use training practices, directly or indirectly affect employee motivation as well as commitment to the organization (Meyer *et al.*, 2014).

Training can be used as a response tool to prepare for the fast-changing technology. Such trainings enhance organizational capacity to cope with challenges that may arise in the work environment (Elnaga & Imran, 2013). Study by Karlan & Valdivia (2011) recognized the possibility of business training having its strongest impact on sales during a bad month noting that it might help clients identify strategies to reduce downward fluctuations in sales by considering diversifying the products they offer and by being more proactive about alternative activities during slow months.

While McKenzie and Woodruff (2013) reported that business training programs are likely to enhance successful rate of business startups in Shi-Lanka, De Mel, McKenzie and Woodruff (2012) argue that business management training alone cannot influence profits of existing firms over either the short or medium run but they do find significant effect of the combination of training and a grant on short-run profits, with these gains

dissipating over time. Similarly, Gina and Mansuri (2011) and Valdivia (2012) assert insignificant impact of business management training alone on sales.

### **1.1.2 Regional Perspective on Business Management Training and Financial performance**

Literature on business management training and performance in African region is averagely available. In Nigeria, Malaolu and Ogbuabor (2013) reported that training and manpower development enhances staff efficiency and job productivity. Such training can lead to enhanced employee motivation and efficiency (Hafeez & Akbar, 2015). According to Yukichi, Iddrisu, Yoshimo and Sonobe (2012), basic managerial training enhances management decision. Chinomona (2013) focused on the owner's expertise and skills on performance of small businesses in Zimbabwe. While the study established that owners' management expertise and skills have positive influence on employee's productivity and business performance. The study also recommends that such training should also be conducted among employees at all levels of management. In addition, the study suggests that further study should be done to determine the influence of small business owners' expertise in financial management on profitability.

In East Africa, literature indicates that few studies have been conducted to relate various aspects of management training and organizational performance: Eton, Mwosi, Mutesigensi and Ebong (2019) reposted positive association between management training in SMEs in Uganda. Onyango (2014) established similar findings in Tanzania. It was evident that management skills enhance ability of managers to see and take advantage of business opportunities. According to Fiala (2014), business training as an important stimulus factor in achievement of enhanced business performance. Business trainings are instrumental in development of entrepreneurial and entrepreneurial culture.

In fact, the study suggests that interventions should be made to enhance access to formal business management training.

Analyses of studies regionally establish that business training is a critical factor in management. Organizations need to identify training needs and develop training programs that suit such needs. In addition, scholars need to carry out studies that are specific to work environments and establish the specific contributions of staff training on business performance.

### **1.1.3 Local Perspective of Business Management Training and Financial Performance**

Report by Kenya Institute of Public Policy and Research (2009) indicated that Kenya lacks a coherent National training policy framework and specific legislation for hands on skills, including entrepreneurship, especially in early education. With revived Technical and Vocational Education and Training (TVET) education, technical training is gaining momentum. The technical training is aimed at, among other things, encouraging entrepreneurship tendencies. In most courses, entrepreneurship and business management training is now part and parcel of the curriculum (Technical and Vocational Education and Training, 2013). Despite business management training gaining attention in Kenya, there is need for research on management training and organizational performance though in effort to enhance business culture and business performance, business organizations, government and non-governmental organizations conduct various kinds of training, including market analysis, financial management and general management (Anderson-Macdonald *et al.*, 2014; Cross, 2018; Le Roux, 2004).

In Kenya, some studies have been conducted to assess the relationship between business management training and various aspects of business performance, including financial



performance (Mukulu & Mwihaki, 2017; Omollo, 2015; Njambi, 2016). Njambi (2016) argued that business management training enhances entrepreneurial skills and can lead to successful management of businesses. Miano and Bett (2018) argue that entrepreneurial skills are important factors enhancing performance of enterprises while Kithae, Maganjo and Kavinda (2013) also argue that entrepreneurship training has positive impact on performance of SMEs.

According to Otuko, Chege and Douglas (2013) organizations must identify specific training needs of its staff, develop appropriate training strategies and continuously evaluate training process in order to enhance employee performance. Wanyoko (2013) reported that business skills acquired through training can transform management skills and positively impacts on the growth of businesses.

McKenzie and Puerto (2017) argue that while deliberate and proactive business training is reported to improve business performance, get ahead business training program does improve the survival, profitability, and growth of businesses. Mukulu and Marima (2016) recommended that entrepreneurship trainings be customized to suit both the business owners and their employees. They argue that business training is important for both business owners and employees in enhancing survival and growth of the business enterprises.

From existing literature, the following are evident; there is need to improve the Small and Medium Enterprises sector and create a conducive environment so that it expands to absorb Kenya's labor force which grew at about three percent in the period 1990 to 2005 (Kenya Institute of Public Policy and Research, 2009) through provision of training and consulting services (International Labour Organization, 2017). There is need to enhance capacity of Business Management Training Institutions in Kenya to improve the quality

and competitiveness amongst Small and Medium Enterprises. In the Savings and Credit Cooperative Society sector, the institutions offering training includes; Kenya Union of Savings and Credit Cooperative Society (KUSCCO), Kenya School of Government, Kenya School of Credit Management and Kenya Institute of Management (KIM). These programs are relatively new and needs to be assessed. Studies need to be conducted to assess the relevance of such training and especially in management of Deposit Taking SACCOs.

#### **1.1.4 Deposit Taking Savings and Credit Co-operative Societies (Deposit Taking SACCOs) in Kenya**

SACCOs represent one of the most important sources of financing in developing countries and in the last few years, these societies have experienced tremendous growth all over the world (Lapie & Mersland, 2011). The co-operative sector in Kenya plays a significant role in the economy, contributing to over 31% of the National savings and over 40% of the Gross Domestic product and supporting over 60% of the Nation's population either directly or indirectly (Ministry of Cooperative Development and Marketing, 2011).

A cooperative is an independent organization of individuals brought together to achieve a common economic, social and cultural objectives by engaging in economic and social activities in a well governed manner (Ministry of Co-operative Development and Marketing, 2008). The SACCOs are categorized into Deposit Taking SACCOs and non-deposit taking SACCOs. This study focused on Deposit Taking SACCOs. Deposit Taking SACCOs accepts deposits and offer limited banking services to members.

In the SACCO Societies Act of 2018, licensing, supervision and regulation of Deposit Taking SACCOs is done by the Savings and Credit Cooperative Societies Regulatory

Authority (SASRA). Through the legal provisions, SASRA guides operations of SACCOS so as to achieve controlled growth and development of the SACCOS (Barrales, 2012). SASRA licenses SACCOS that have been duly registered under the co-operative societies act CAP 490. The SACCO Societies Act, (2008) and Deposit Taking SACCO regulation (2010) provide legal, regulatory and supervisory framework for operations for the SACCOS (SACCO Societies Regulatory Authority, 2012). The Ethics Commission for Co-operative Societies (ECCOS) on the other hand addresses the governance matters. SACCO Societies Act, 2008 also established a Deposit Guarantee Fund (DGF) to protect deposits by members. The legal provision of deposit is up to Kshs.100, 000 per member.

While the government has put into place legislations and regulations to enhance performance of SACCOS, Report by SACCO Societies Regulatory Authority (2012) shows that most SACCOS in Kenya have been unable to start and effectively manage income generating activities to improve the capacity and ability of SACCO members to obtain and repay loans without difficulties in addition to being able to increase their propensity to save (Owino, 2011). The challenges are real among SACCOS despite efforts by the concerned Ministry to address them. This points to the fact that there is need for research on the effect of Business Management Training on the Financial Performance of SACCOS with a view of reducing Deposit Taking SACCO failure rates. Review of existing literature indicates that business management training is among the key factors that should be focused on if SACCOS have to succeed. This study analyzed the effect of management training on the financial performance of Deposit Taking SACCOS.

## **1.2 Statement of the Problem**

According to the Annual Report by the Ministry of Cooperative Development and Marketing (2013), 63% of the population in Kenya is either directly or indirectly

benefiting from SACCO activities. SACCOs are therefore found in almost all sectors of the economy. The government has recognized the importance of Deposit Taking SACCOs. Consequently, all Deposit Taking SACCOs in Kenya are required to adhere to and operate within the SASRA regulations (SACCO Societies Regulatory Authority, 2012).

Since 2011, SASRA was able to license 124 Deposit Taking SACCOs in 2012, 135 Deposit Taking SACCOs in 2013 and 184 Deposit Taking SACCOs in 2014. The number then declined to 175 and 176 in 2015 and 2016 respectively (Sacco Societies Regulatory Authority, 2016). Out of the 176 Deposit Taking SACCOs registered in 2016, 12 SACCOs were licensed to operate on a six months renewable conditional and restricted license during the entire period of 2016 while 2 Deposit Taking SACCOs had their licenses revoked having failed to meet and maintain prescribed statutory standards by SASRA. Further, SASRA, in its supervision report ending 31<sup>st</sup>, December 2016, documented that only 69 of the 176 Deposit Taking SACCOs met and maintained the prescribed minimum institutional capital adequacy ratio of eight percent, meaning more than half the lenders are in breach of the law. During the same year, only 168 Deposit Taking SACCOs were fully compliant with the minimum core capital of Ksh 10 Million, as opposed to 173 Deposit Taking SACCOs in 2015. There were 6 Deposit Taking SACCOs with core capital to total assets ratio of below 5% as compared to 5 Deposit Taking SACCOs recorded in 2015. These statistics reveal that more Deposit Taking SACCOs are becoming more vulnerable. The findings indicate that the SACCOs face possible management challenges. Management skills have been identified as key determinants of performance of financial institutions (SACCO Societies Regulatory Authority, 2012).

Globally, from existing literature, studies indicate positive relationship between business management training among staff and business performance. For instance, Bergeet *al.* (2011) established that employees training increases profits by 24% and sales by 29% 5 to 7 months post-training. Calderon *et al.*(2012) reported that employees training can lead to upto 24% increase in weekly profits and 20% increase in weekly revenues. Valdivia (2012) established that management training and intensive one-on-one technical assistance can improve performance by upto 20%. Similarly, Glaub *et al.* (2012) found a positive effect of personal initiative training on sales.

In Kenya, the Deposit Taking SACCOs have started embracing business management training offered by Government and other management bodies. The managers from Deposit Taking SACCOs receive such training from KUSCCO, Kenya School of Government, Kenya School of Credit Management and Kenya Institute of Management (KIM). Despite the initiatives by the government and Deposit Taking SACCOs to have management engage in such trainings, no study had investigated the effect of Business Management Training and Financial performance of Deposit Taking SACCOs in Kenya. However, the existing local empirical literature does not show adequate evidence of specific relationship between business management training and financial performance. This study therefore sought to close this information gap by providing empirical evidence on the effect of business management training on the financial performance of Deposit Taking SACCOs in Kenya.

### **1.3 Research Objectives**

This study is guided by the following general and specific objectives.

#### **1.3.1 General Objectives**

To investigate the effect of business management training on financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.

#### **1.3.2 Specific Objectives**

- i. To evaluate the effect of acquired accounting skills on financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.
- ii. To investigate the effect of acquired entrepreneurship skills on financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.
- iii. To evaluate the effect of acquired financial management skills on financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.
- iv. To analyze the effect of acquired marketing skills on financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.
- v. To investigate the effect of acquired strategic leadership skills on financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.
- vi. To examine the moderating effect of SASRA regulation on the relationship between business management training and financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.

#### **1.4 Hypotheses of the Study**

- H<sub>01</sub>:** Acquired accounting skills have no statistically significant effect on financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.
- H<sub>02</sub>:** Acquired entrepreneurship skills have no statistically significant effect on financial performance of Deposit Taking Savings and Credit Co - Operative Societies in Kenya.
- H<sub>03</sub>:** Acquired financial management skills have no statistically significant effect on financial performance of Deposit Taking Savings and Credit Co - Operative Societies in Kenya.
- H<sub>04</sub>:** Acquired marketing skills have no statistically significant effect on financial performance of Deposit Taking Savings and Credit Co - Operative Societies in Kenya.
- H<sub>05</sub>:** Acquired strategic leadership skills have no statistically significant effect on financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.
- H<sub>06</sub>:** SASRA regulations have no statistically significant moderating effect on the relationship between business management training and financial performance of Deposit Taking Savings and Credit Co- Operative Societies in Kenya.

#### **1.5 Significance of the Study**

The study is important to management of Deposit Taking SACCOs in informing on decisions of staff training on management and entrepreneurship skills. Managers of Deposit Taking SACCOs can rely on the findings and recommendations of this study in adoption of business management training strategies intended to enhance business management and financial management skills. This study is significant as it guides the

government through SASRA regulations on development of Deposit Taking SACCOs. As the study suggests, the government should allocate more funds to enhance capacity of SASRA to carry out its mandate. It informs of how to enhance accessibility of management training in all schools of government. Policy makers may find this research useful in designing appropriate practices for the sector including policy formulation, training and capacity building and ensure better financial performance of Deposit Taking SACCOs. Though the study, empirical literature has been built. Such literature is important in bridging the literature gap on the effect of management training on performance of Deposit Taking SACCOs.

### **1.6 Justification of the Study**

The first justification of the study was the fact that there was evident literature gap as to the relationship between business management training and performance of deposit taking SACCOs. This study provides potential explanation on why some SACCOs in Kenya realize exemplary financial performance while others struggle. It bridges the literature gap on the exact relationship between business management training and performance of SACCOs in Kenyan context. Secondly, reports of the performance of SACCOs in Kenya have shown that some SACCOs could be suffering from mismanagement. Business management training and sound leadership skills have been identified as a sustainable solution towards sound leadership in and management in SACCOs. This study explains that the extent to which business management training can influence leadership and how such leadership can influence performance of SACCOs. Lastly, the study provides imperial basis that could inform on policy formulation by the government as well as stimulate future research on SACCO leadership.



### **1.7 Scope of the Study**

The study focused on the effect of business management training on financial performance of Deposit Taking SACCOs in Kenya. Literature review identified the research gaps in what has been done. The study was undertaken to research on activities within the scope of the issues addressed by the research objectives with specific focus on the chief executive officers (CEOs), finance managers and internal auditors due to their spatial advantage to policy development and custody of records. All the specific factors which included; acquired accounting skills, acquired entrepreneurship skills, acquired financial management skills, acquired marketing management skills and acquired strategic leadership skills were examined as predictor variables to financial performance of Deposit Taking SACCOs. Each of these factors and associated implications on financial performance were studied independently, and thereafter a conclusion was drawn. The study sample was drawn from Deposit Taking SACCOs registered by SASRA regulatory Authority as at 31<sup>st</sup> December, 2016 and published in their website. Primary data on business management training was collected from the selected Deposit Taking SACCOs in 2018. Secondary data on financial performance was on the other hand collected from audited financial of the sampled Deposit Taking SACCOs for the period between 2012 and 2016. The base period of 2012 was selected so that the study could assess performance of the Deposit Taking SACCOs just after SASRA was created in 2011. Other forms of SACCOs were left out of this study.

### **1.8 Limitations and Delimitation of the Study**

The limitation in this study was that most respondents were reluctant to give information sought as they feared that it would be used to intimidate them or paint a negative picture about them or their SACCO. There was fear that the finding of this study would be accessed by competitors. The researcher overcame this limitation by having a letter of

introduction from the University to assure the respondents that information provided would only be used for academic purpose and would therefore be treated with confidentiality. Six variables were considered in this study as determinants of financial performance of SACCOs whereas there could be other factors.

In order to establish the correct state of the SACCOs with respect to financial performance, the study considered the return on investment patterns in the five-year period since the creation of SASRA. This means that the study had to collect longitudinal data. Data on business management training on the other hand was cross-sectional in nature. This presented a limitation. To deal with the limitation, the researcher adopted mixed research design to be able to relate cross-sectional data with longitudinal data. The study also faced a potential challenge of generalizing results on SACCOs while the SACCOs were not necessarily homogeneous. To deal with this limitation, while inclusion of non-deposit taking SACCOs could have brought a more comprehensive understanding of the role of management training on performance of SACCOs, it was observed that their inclusion could have made the study findings not as specific. They were hence not included in the study.

### **1.9 Assumptions of the Study**

In order to successfully conduct the study, the researcher made certain assumptions. Firstly, it was assumed that the respondents would willingly give the required research data and that researcher would collect data adequate for analysis. The researcher assured the respondents of the privacy of data provided and that the data collected was purely for research purposes. The researcher was therefore able to achieve adequate response rate of 62%. Secondly, for purposes of analysis, the study assumed that the research data followed normal distribution and that there was no auto correlation in the research

variables. This assumption was proved through normality assumption and multicollinearity analysis. Lastly, the study assumed that all the SACCOs had conducted business management training for the five-year research period. The respondents were therefore expected to be conversant with the research items and provide the desired responses. The respondents adequately filled and returned questionnaires for analysis.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discusses the literature relevant to the study. The specific areas covered here are the theoretical review of relevant theories and empirical review on the studies conducted. Further, the chapter highlighted a critique of the literature and the research gaps. A conceptualization on the relationships between research variables is also presented.

#### **2.2 Theoretical Literature Review**

Theories are analytical tools for understanding and making prediction about a given subject matter (Hawking, 2008). They explain a group of facts or phenomena especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about phenomena (Popper, 2013). The theoretical framework must demonstrate relevance of the theories to concepts. The selection of a theories should informed by its appropriateness, relevance and application to the study. The theoretical review connects the researcher to existing knowledge (Kennedy, 2007). The theories which underpin this study include; Kirkpatrick's theory, theory of internal control, psychological theory, financial stewardship theories, resource-based theory, Porter's theory of competitive advantage, training evaluation theory and behaviorist learning theory.

##### **2.2.1 Kirkpatrick's Learning and Training Evaluation Theory**

Kirkpatrick Theory was first published by Donald Kirkpatrick in the year 1959. The theory operationalized learning, The four levels of Kirkpatrick's evaluation model essentially measure: Reaction of trainees in terms of what they thought and felt about the

training, learning in terms of the resulting increase in knowledge or capability, behavior as to the extent of behavior and capability improvement and implementation/application, results including the effects on the business or environment resulting from trainee's performance (Kirkpatrick, 2009).

Kirkpatrick's theory presents an effective model that can be used as evaluation tool that can be used to proactively assess and manage a training program. The model is open to various training methodologies including; lectures, discussions, presentations, instructional procedures and reading activities (Smidt, Balandin, Sigafos, & Reed, 2009). The model applies surveys, follow up assessments, and check matrices and interviews to assess effectiveness of training (Megan, Craig , & Antonia, 2016)

The theory is effective in evaluation and assessment of training program as it can be applied both in formal and informal learning environment. The model measures four levels of training. The first level involves evaluation of the nature of reaction the trainees exhibited during the training. The reaction assesses whether the training satisfied the trainees. The second level of training is assessment of learning achieved by the trainees. This is measured in terms of experience, knowledge and skills gained through the study. The third level assesses behavioral changes associated with the study. Lastly, the model assesses the results of training in terms of the impact the training on the organization (The Kirkpatrick Model, 2020). The levels are presented in Table 2.1.

**Table 1: Kirkpatrick's Four Levels of Training Evaluation**

Level	Evaluation type (what is measured)	Evaluation description and characteristics	Examples of evaluation tools and methods	Relevance and practicability
1	Reaction	Reaction evaluation is how the delegates felt about the training or learning experience.	'Happy sheets', feedback forms. Verbal reaction, post-training surveys or questionnaires.	Quick and easy to obtain.  Not expensive to gather or to analyze.
2	Learning	Learning evaluation is the measurement of the increase in knowledge before and after	Typically assessment or tests before and after the training  Interview or observation can also be used.	Relatively simple to set up; clear-cut for quantifiable skills.  Less easy for complex learning.
3	Behavior	Behavior evaluation is the extent of applied learning back on the job – implementation	Observation and interview over time are required to assess change, relevance of change and sustainability of change.	Measurement of behavior change typically requires cooperation and skill of line-managers.
4	Results	Result evaluation is the effect on the business or environment by the trainee.	Measures are already in place via normal management systems and reporting-the challenge is to relate to the trainee.	Individually not difficult; unlike whole organization. Process must attribute clear accountability.

Source: (Kirkpatrick, 2009)

Kirkpatrick theory and model have been popularly applied studies on training. For instance, Ikramina and Gustomo (2014) adopted Kirkpatrick's training evaluation model to analyze training in Bank Tabungan Negara. Davis (2017) applied the model in adult learning environment (Davis J. , 2017). In the current study, the relevance of this model is that the model provides a robust way of looking at the independent variable, business management training. The variable can be evaluated in terms of reaction, learning, behavior and results as proposed by the model. The operationalization achieved through

the model makes it easier to relate business management training with dependent variable (Return on Investment).

### **2.2.2 Theory of Internal Control**

The theory of internal control was presented for the first time in 1949 by the American Institute of Certified Accountants (AICPA). The proposition explains internal control as a plan and other coordinated means and ways by the enterprise to keep safe its assets, check the correctness and reliability of data, to increase its effectiveness and to ensure settled management politics (Karlán & Valdivia, 2011). However, the presented theory of internal control concept has been constantly improved, and there is quite an extensive set of conceptions that indicates the system of internal control as one of the means of leadership to ensure safety of enterprise assets and its regular development.

According to the Internal Control Theory, a system should allow for effective internal control within the organizations. Effective internal controls ensure that goals and objectives of the organization are met. It also ensures the relevant legal requirements and policies are and that the organization complies with laws and regulations as well as policies are adhered to. In addition, internal control allows management of the organization to provide objective leadership to strategic goals of the organization are met (Berger, DeYoung & Flannery, 2008).

As proposed by the Internal Control Theory, strong internal controls system can only be achieved through staff and management training in accounting skills (Barrales, 2012) in order for such system to facilitate management of the operations within the organization (Yeh & Yeh, 2007). Internal control and people, organizational values and individual performance of employees are connected. Internal control must be aligned to the organizations' values, culture, mission and vision so as to align the internal control to the

overall direction of the organization (Buck & Brueke, 2008). Internal control should detect and correct management mistakes. It must present rules, norms and means that facilitate control within the organization (Mackevious, 2001).

The theory is relevant to the study as follows; the theory outlines the policies and procedures for internal control of Deposit Taking SACCOs in line with their vision and in order to achieve sustainable growth. This theory acknowledges the need for training in management and accounting skills to ensure a mistake detecting and correcting system to provide reasonable and effective approach to ensure optimal financial performance while complying with relevant laws and regulations. Lastly, the theory advocates for self-control of the management system in order to ensure transparency in management and to avoid misuse of funds and consequently, poor financial performance of the Deposit Taking SACCOs.

### **2.2.3 Psychological Entrepreneurship Theory**

Psychological Entrepreneurship Theory includes theories such as McClland's Theory, Rotter's Locus of Control Theory and Action Regulation Theory. This theory argues that an entrepreneur has certain psychological traits such as; need for achievement, locus of control and personality traits are reviewed and have been found to be associated with entrepreneurial inclination. According to Coon (2004), such traits are stable qualities that a person shows in most situations (Kwambena & Simpeh, 2011). They are inborn qualities or potentials that naturally make an individual entrepreneur. They include; opportunity driven, high level of creativity and innovation, good management skills, optimism, emotional resilience, high mental energy, hard work, commitment and perseverance, thrive on competitive desire to excel and win, tend to be dissatisfied with the status quo and desire improvement and desire to learn.



Entrepreneurs generally exhibit a need to succeed, accomplish, excel or achieve and are driven by this need (McClelland, 1961). When this need is reinforced through training, entrepreneurs become more focused in their venture (Kalkan & Kaygusuz, 2012). When supplemented with management training, the high need for achievement tends to make them take personal responsibility and calculated risks (Saeedikiya, Aeeni, & Motavaseli, 2017). Entrepreneurs have Locus of control trait, perception about the underlying main causes of events in life (Rauch & Frese, 2000) orientation is a believe about whether the outcomes of our actions are contingent on what we do or on events outside our personal control (Rwigema & Venter, 2004). Empirical findings indicate that internal locus of control is a key entrepreneurial characteristic that has been reported by many scholars (Gupta, & Sebastian, 2017). According to Johnson (1990), there is evidence for the relationship between locus of control and achievement motivation among entrepreneurs.

The psychological theory relevant in this study as follows; proponents of the theory argue that managers should possess certain personal traits. Some of the traits could be identified during selection of managers. Some of the right entrepreneurship qualities could also be inculcated through training in entrepreneurship skills, success will be reflected in the future financial performance of Deposit Taking SACCOs. The theory points that managers with locus of control trait tend to have stronger commitment to self-determination and enable managers overcome difficulties which defeated others, thus with training of the managers, Deposit Taking SACCOs can achieve remarkable financial performance. The high need for achievement trait exhibited by Deposit Taking SACCO managers tend to make them take personal responsibility and calculated risks. The theory is therefore relevant to the study because it outlines the kind of managers to be hired and with further training will exhibit evidence of high achievement motivation

to manage the Deposit Taking SACCOs to realize impressive financial returns (Botha, Nieman, & Van Vuuren, 2006).

#### **2.2.4 Financial Stewardship Theory**

The Steward theory was developed by Donaldson and Davis (1991) as a new perspective to understand the existing relationship between owners and management of a company. This theory recognizes the importance of structures that empower the steward and offers maximum autonomy built on trust (Keay, 2017). A Steward protects and maximizes shareholders wealth through firm performance, because by so doing, the steward's utility is maximized (Davis *et al.*, 1997). In this perspective, stewards are managers working to protect and make profits for shareholders (Madison, 2014).

Steward theory emphasizes the role of management being Stewards, integrating their goals as part of the organization (IMD Global Board Center, 2017). The Stewardship perspective suggests that Stewards are satisfied and motivated when organizational success is attained. The theory recognizes the importance of governance structures that empower the steward and offers maximum autonomy built on trust (Donaldson & Davis, 1991). It stresses the position of employee to act more autonomously so that the shareholders returns are maximized. Indeed, this can minimize the costs aimed at monitoring and controlling employee behavior (Davis *et al.*, 1997).

De Mel, McKenzie and Woodruff (2012) assert that in order to protect their reputations as decision makers in organizations, managers are inclined to operate the firm to maximize financial performance as well as shareholders' profits. In this sense, it is believed that the firms' performance can directly impact perceptions of their individual performance. Other proponents of this theory explain that Stewards make and protect profits for the shareholders and they are satisfied and motivated when the SACCOs

objectives are attained (Abdulla & Valentine, 2009). It stresses that the executive management are stewards who ensure they operate the SACCO Society to maximize financial performance as well as stakeholder's profits (Day, 1994).

According to Odhiambo (2012) a steward protects and maximizes shareholders wealth through firm performance, by so doing, the steward's utility functions are maximized. The relevance of the financial stewardship theory to this study is in ensuring that the set Deposit Taking SACCOs objectives such as value maximization is attained, which is complimented by the SACCOs vision. The theory also involves effective and intellectual aspect of the Steward which can be instilled with education and training. The theory is therefore relevant to the study as it gives an indication on the need to train managers in relevant Financial Management Skills to create wealth, maximize shareholders interest, conduct themselves appropriately, make and protect profits and bring resources to the Deposit Taking SACCOs.

### **2.2.5 Resource Based Theory**

Resource based theory is an approach to achieving competitive advantage that emerged in the 1980s and 1990s after major works published by Wernefelt (2010) and Barney *et al.*(2014). It is one of the most influential theories in the history of management theorizing. It aspires to explain the internal sources of firm's sustained marketing effectiveness (Kraaijenbrink, Spender& Groen, 2010). Penrose established the foundations of the resource-based view as a theory and that it provides a logical explanation to the growth rate of the firm by clarifying the causal relationships among firm resources, production capability and performance. Her concern is mainly on efficient and innovative use of resources (Rowden, & Conine, 2005).

Bundles of productive resources controlled by firms could vary significantly by firm and that firms in this sense are fundamentally heterogeneous even if they are in the same industry (Barney & Clark, 2014). Wernerfelt (2010) took on a resource perspective to analyze antecedents of products and ultimately organizational performance and believed that “resources and products are two sides of the same thing and firm’s diversity is based on available resources and continue to accumulate through acquisition behaviors”.

Ganotakis and Love (2010) applied the resource-based theory (RBT) to explain the importance of human capital to entrepreneurship. According to RBT, human capital is considered to be a source of marketing effectiveness for entrepreneurial firms. Ownership of firm specific assets enables a company to develop marketing effectiveness. This leads to idiosyncratic endowments of property resources (Peppard & Rylander, 2001). According to RBT, sustainable marketing effectiveness results from resources that are inimitable, not substitutable, and tacit in nature and synergistic (Barney, 2014). Therefore, SACCO Managers need to be able to identify the key resources and drivers of performance and their value in organizations.

The knowledge-based literature of the firm fosters and develops the resource-based theory in that it considers knowledge to be the most complex of organizations resources (Alavi & Leidner, 2001). The current dominant view of business strategy- resource based theory or resource-based view (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of marketing has a coherence and integrative role that places it well ahead of other mechanisms of firm level.

The relevance of resource-based theory to the study is that Marketing skills training of Deposit Taking SACCO Managers will enable them identify the key resources and

drivers of financial performance and value of their Deposit Taking SACCOs. This theory brings into light why Deposit Taking SACCO Managers should focus on both human and financial resources to penetrate the market.

### **2.2.6 Porter's Theory of Competitive Advantage**

The dominant paradigm in strategy at least during the 1980s was the competitive forces approach pioneered by Porter (1980). The competitive forces approach was the essence of competitive strategy formulation as relating a company to its environment. The key aspect of the firm's environment is the industry or industries in which it competes. Industry structure strongly influences the competitive rules of the game as well as the strategies potentially available to firms. In the competitive forces model, five industry level forces; entry barriers, threat of substitution, bargaining power of buyers, bargaining power of suppliers and rivalry among industry or sub-segment of an industry (Porter, 1988).

The approach can be used to help the firm find a position in an industry from which it can best defend itself against competitive forces or influence them in its favor. The five forces determine industry profitability and some industries may be more attractive than others. The critical question in determining profitability is how much value firms can create for their buyers, and how much of this value will be captured or competed away. Industry structure determines who will capture the value but the firm is not a prisoner of industry structure- firms can influence their own strategies (Porter, 2000).

The five forces framework highlights what is important, and directs Managers towards those aspects most important to long term advantage. Advocates of this theory therefore claim that Deposit Taking SACCO managers can use this strategy to defend themselves against competitive forces. This "five force" framework provides a systematic way of

thinking about how competitive forces work at the industry level and how these forces determine the profitability of different industries and industry segments. The competitive forces framework also contains a number of underlying assumptions about the sources of competition and the nature of the strategy process. Available strategies are also outlined in Porter (1980) as well as three conditions for the sustainability of competitive advantage; hierarchy of source, number of distinct sources and constant improvement as well as upgrading. His ideas of ‘value chain’ and ‘activity mapping’ concepts help managers think about how activities build competitive advantage. With the idea of activity mapping, Porter (2000) builds on his ideas of generic strategy and value chain to describe strategy implementation in more detail.

The relevance of the Porters competitive advantage theory to the study is that the five forces framework highlights what is important, and directs Managers towards those aspects most important to long term advantage of increased financial performance. Advocates of this theory therefore claim that Deposit Taking SACCO managers can use this strategy to defend it against competitive forces. This approach to strategy is vital in addressing the fifth independent variable on the effect of Strategic Leadership Skills on Financial Performance of Deposit Taking-SACCOs.

### **2.2.7 Behaviorist Learning Theory**

Behaviorist theory is a learning theory that focuses on the social learning, methodological and radical methodological behaviorism (Mason, 2013). The theory explains how behaviors are acquired. It presents that learning is an objective and mechanic process whose outcome can be assessed through measurable learning outcomes (Bacanlı, 2018). Behaviorist leaning theory proposes that learning is influenced

by environmental and material reinforcement. The theory presents that responses can be determined and conditioned through planned training (Reimann, 2018).

According to behaviorist theory, human behavior cannot be measured directly or analyzed scientifically. Human behaviors are generally reactions controlled by the stimuli in the environment (Ngandu, Hambulo, & Haambokoma, 2013). The outcomes of a learning process therefore are influenced largely by the environment and stimulating factors within the environment. In this study, the behaviorist theory is used to understand business management skills are acquired through business management training. The theory also enhances understanding the role of the business management environment as well as interactions in predicting the outcome of training.

## **2.3 Empirical Literature Review**

This study reviews literature on business management training, business performance as well as the relationship between business management training and financial performance. The literature reviewed in the study is presented in this section.

### **2.3.1 Business Management Training**

The concept of business management training is traced back to the 1800s in as one of the principles of scientific management (Maryville University, 2012). The concept has since evolved through to the industrial revolution period and during World War II period as a means of enhancing technical capacity of people and motivating employees to deliver desired results. After the World War II, training and development was used in the US as an initiative to respond to the increased demand for skilled workers. In the modern economy, business management training is viewed as a competitive tool that organizations use to achieve desired outcomes and to remain competitive relative to other players in the industry (Torraco, 2016).

Business management training involves identification of training needs and implementing training initiatives to enable employees acquire the desired business management skills (Cozzarin & Formanek, 2013). Survival of an organization lies in its human resource capacity (Falola, Osibanjo & Ojo, 2014). Business training enhances human capacity (Tsai, 2007) and optimizes employees' potential by building new skills, enabling staff to cope with the new tasks and work conditions and therefore, improving the employee performance (Farooq & Khan, 2011). Training can enhance employees' commitment (Olando, Jagongo & Mbewa, 2013; Hafeez & Akbar, 2015).

Business management training can influence overall performance of a business (Popescu *et al.*, 2020). Business training is critical in enhancing business knowledge and increase employees 'and customers' retention rates (Karlan and Valdivia (2011). Employees feel motivated when they realize organization interest in them through training programs (Colarelli & Montei, 2011). Training can therefore be used as an operational tool to enhance efficiency and effectiveness in work environment and in the organization in general (Jia-Fang, Tjosvold & Shi, 2010). Business training practices, directly or indirectly affect employee motivation as well as commitment to the organization (Meyer *et al.*, 2014).

Business training can enhance organizational capacity to cope with challenges that may arise in the work environment as well as enhance successful rate of business startups (Elnaga & Imran, 2013). Malaolu and Ogbuabor (2013) observed that training and manpower development enhances staff efficiency and job productivity and leads to enhanced employee motivation and efficiency (Hafeez & Akbar, 2015).

Business management training should focus on financial management and marketing (Yukichi *et al.*, 2012), psychological development (Frese, Gielnik and Mensmann,



2016), entrepreneurial risk identification and management (Chinomona, 2013). The training should focus on enhancing entrepreneurial skills such as opportunity identification and grabbing, environmental (Onyango, 2014). Mukulu and Marima (2016) argue that business training is important for both business owners and employees in enhancing survival and growth of the business enterprises and is necessary in all organizations irrespective of size or nature of operations. In this study, the researcher focused on business management training with respect to accounting skills, entrepreneurship skills, financial management skills, marketing skills and strategic leadership skills.

### **2.3.2 Financial Performance of Deposit Taking SACCOs**

Just like other business organizations, performance of SACCOs can be assessed using financial and non-financial indicators. Muma *et al.* (2014) operationalized organizational performance into financial/operational performance, social performance and environmental performance. The commonly applied metric for organizational performance is financial performance (Mwangi & Wambua, 2016). Studies conducted on financial performance of financial institutions like micro-finance institutions, SACCOs and commercial banks have majorly focused on return on assets and return on investment as the main indicators of financial performance (Barus & Muturi, 2017).

Financial ratios are popularly used to determine financial performance (Ogilo, 2012). Some scholars have used working capital (Clement 2012; Wanyama, 2009), while other have adopted return on sales, return on assets and return on investment (Nyabwanga *et al.*, 2011; Padachi, 2006). According to a report by The World Bank (2011), financial performance of SACCOs is the profitability and return on investment achieved by the SACCOs. According to Hermann (2008), firms' financial performance is concerned with

level of sales, asset growth and share value. It involves analysis of profitability and financial soundness.

Financial performance can be measured in six dimensions of firms' performance. These include; profitability performance, liquidity performance, working capital performance, fixed assets performance, fund flow performance and social performance (Fatihudin & Mochklas, 2018). Financial performance looks at the ability of an organization to collect and optimally allocate finances measured through capital adequacy ratio, liquidity, leverage, solvency, and profitability in order to achieve optimal operational objectives (Poongavanam, Ismail, & Srinivasan, 2017). Financial performance can also be measured through return on assets; return on equity, earnings per share and price per earnings ratio have been identified as key indicators. Other indicators include; gross, operating, and profit margins (Kotut, 2003).

Of all the indicators used to measure financial performance, return on investment and return on assets seem to be the ones popularly used. Return on investment compares firms' returns with respect to investment. Return on assets on the other hand is the indicator of how profitable a company is relative to its total assets. It gives an idea of how efficient management is at using its assets to generate earnings. It is calculated by dividing a company's annual earnings by its total assets (Hermann, 2008).

In this study, financial performance was measured using return on investment. Return on investment indicates how effective an organization generates profits with the available investments. Return on investment is an indicator of how profitable a company is relative to its total Investments. It gives an idea of how efficient management is at using its investment to generate earnings.

Return on investment was calculated using equation;

$$\textit{Return on Investment} = \frac{\textit{Net Income}}{\textit{Total Investments}}(2.1)$$

### **2.3.3 SACCO Regulations**

Moderated relationships in social science research exist when the relationship between two variables, X and Y, varies depending on the value of a third variable Z (Jaccard & Turrisi, 2003). A moderator is a quantitative variable that affects the direction and/or strength of the relation between an independent or predictor variable and a dependent or criterion variable (Simon, 2006). In a correlation analysis framework, a moderator is a third variable that affects the zero-order correlation between two other variables. A basic moderator effect can be represented as an interaction between a focal independent variable and a factor that specifies the appropriate conditions for its operation (Baron, 1986).

When predictor and moderator variables are interval or continuous, multiple regression analyses are used for testing moderating effects. Most commonly, researchers assume that a continuous moderator variable alters the relationship between the independent and dependent variables in a linear function (Baron, 1986). Multicollinearity will be reduced by centering continuous predictor and moderator variables. This is accomplished by subtracting the sample mean from the respective variable, thereby obtaining a centered deviation score with a mean of zero. Centering the beta terms reduces the magnitude of the correlations between the independent variables, thus reducing multicollinearity (Aldwin, 1994).

SACCOs in Kenya are required to adhere to regulations of SASRA. For instance, SASRA provides that the management has to present the capital adequacy return reports, liquidity statement report, statement of financial position and statement of deposit return

as well as return on investments report which compares land, building, and financial assets to the SACCOs total assets and its core capital (SACCO Societies Act of 2008). The policy objective of establishing prudential regulation of deposit taking SACCO societies was to enhance transparency and accountability in the SACCO sub-sector (Wanyama, 2009).

Despite empirical evidence that SASRA plays a critical role on improving management of SACCOs, there has been no study that has focused on establishing the impact of SASRA on financial performance of SACCOs (Wanyama, 2009). According to Mudibo (2005), the regulations are expected to address issues of governance, inadequate human resource, weak regulation and inadequate supervision which according to Mwangi (2006) are the key challenges in management of SACCOs. As such, SASRA plays an oversight role in the operations and management of SACCOs (Jared *et al.*, 2013). In this study, SASRA regulations played a moderating role on the relationship between business management training and financial performance of SACCOs.

## **2.4 Empirical Review**

This section reviews studies previously done on effect of business management training on financial performance. The section outlines the studies done on accounting skills, entrepreneurship skills, financial management skills, marketing skills, strategic leadership skills and financial management. Finally, a review of financial performance of Deposit Taking SACCOs and SACCO regulation (moderating factor) is also carried out.

Business management training has been identified a critical determinant of growth of businesses. The working paper by the World Bank in 2012 reported that business training is now becoming a policy issue in most developing nations in a bid to enhance business development. The report indicates that through business trainings, survival rate

for startups is increased (McKenzie & Woodruff, 2012). For some managers, trainings increase feeling of ownership, especially among women therefore enhancing commitment and drive achieve more in the business (Calderon & Giorg, 2012). Training improves attitude towards work and makes staff, including at management level dedicate more hours into the company. Training enhances accounting and financial management, business record keeping, and marketing skills (The Donor Committee for Enterprise Development, 2019). A study on business training and performance of small and medium enterprises in Kisumu County established that the kind and content of business training significantly influence business development and business performance. The study identifies finance and accounting, marketing, business environmental analysis, business strategy development and customer management are the main areas of training (Omollo, 2015).

For most businesses, training to business owners is associated with increase in profit. Actually, study as established that training increases profits by 24 percent and sales by 29 percent to established businesses. For start-ups, increase in profits and sales is approximated to be up to 40 percent (De Mel *et al.*, 2012). According to Calderon *et al.* (2012), management training can increase weekly sales and revenue by up to 10 percent with the impact of training in business strongly felt during turbulent business times when the business owners have to make objective business decisions. Business training enhances money handling habits, especially for credit and grants. Study by Surech, McKenzie and Woodruff (2013) reported that entrepreneurs who have had business training are better managers when it comes to borrowed money and support in terms of financial grants. The same study revealed that businesses managed by individuals who have had business trainings were better competitors and performers in the market.

Business training enhances business literacy. A study by Calderon, Cunha and Giorgi (2013) in Mexico reported that business owners and managers who take part in business training show evidence of being more informed than their counterparts who did not. Through business training, the business managers are exposed to contemporary issues in management and business. They also get exposure to modern management tools. During the study, it was realized that for most business managers, financial management skill is regarded important than other areas. The study however emphasized on the need to incorporate all areas of management in the business training programs.

#### **2.4.1 Acquired Accounting Skills and Financial Performance**

In Kenya's, capital requirements for SACCOs are provided for in the Sacco Societies Act 2008 and Kenya Gazette supplement No. 98. The SACCO capital is composed of core capital shares, capital issued disclosed reserves, retained earnings, grants and donations. The requirements are as follows; core capital of not less than ten million (Ksh.10, 000,000), Core capital to total assets of not less than ten percent (10%), Institutional Capital to total assets of not less than eight percent (8%), Core capital of not less than eight percent (8%) of the total deposits (SACCO Societies Regulatory Authority, 2012).

A study on the effect of management accounting training on financial performance by Kasvani, Morteza and Majafi (2017) reported that management accounting skills is crucial in financial reporting and analysis of financial position of an organization. Sound financial skills lead to informed financial decisions. The study further suggested that organizations need to invest in accounting and financial information systems in order to facilitate application of accounting skills learned (Kasravi, Morteza, & Najafi, 2017). The findings relate to findings of Enga (2017) in his study that related staff training and

development and organizational performance. The study established that training and development is important in development of staff capacity, especially in decision making at management level. Staff training and development must be supplemented with incentives required and timely feedback in order to motivate staff and avoid performance deficiencies. Similarly, training and development can be used as a planning tool to prepare an organization towards adoption of modern management strategies.

Study by Buch *et al* (2014) established that increased capital leads to decreased loans and hence reduction in income. They claim is only true under the environment where capital funds are strictly restricted from being loaned to members. In their study on the relationship between working capital management and financial performance established that efficient working capital management leads to better financial performance of a SACCO hence positive relationship existed between efficient working capital management and financial performance. Therefore, lending organizations therefore need proper lending regulations and policies. This not only improves liquidity but also sustains core capital (Klinedinst, 2012).

In a study by Horngren *et al.* (2009), management accounting skills were established to be important in assessment of SACCO operations through budgeting, variance analysis and break-even analysis. These methods help organizations to plan, direct and control operating costs and to achieve profitability. It was recognized that management accounting practices are important to the success of the organization (Kilonzi, 2012). According to Drury (2004), budgeting is an important tool for forecasting and controlling activities within an organization and for allocating the entity's resources so as to achieve its objectives and goals. According to Horngren *et al.* (2009), accounting management skills enables application of activity-based budgeting and activity-based costing.

According to Williams (2010) application of appropriate type of budgeting system enhances resources allocation and financial performance of the organization.

Olando *et al.* (2013) in his study to assess financial practice as a determinant of growth of SACCO's wealth in Kenya established that institutional capital management is an important strategy to help SACCOs accumulate on wealth and thus improve services to members. SACCOs are expected to make policies on dividends and interest on members' deposit that would ensure enough retained earnings. That requires proper accounting skills (Wetukha, 2013). In related study, Odhiambo (2011) conducted a study on relationship between working capital management and financial performance by Deposit Taking SACCOs licensed in Nairobi County. Findings of the study indicated that efficient working capital management leads to better financial performance of a SACCO hence positive relationship existed between efficient working capital management and financial performance.

Lin and Yu (2002) established that application of management accounting in less developed countries remains unsatisfactory and studies on this area are rare in literature. The study established that as a result of industrialization, the need for accounting skills is increasing. Uyar (2010) too suggested that the more business managers and management accountants needed to be trained in order to build skills relevant to manage accounting functions. Klinger & Schonely (2007) noted that with proper policies and training on accounting management, SACCOs can become alternative to banks in providing funds to citizens. In a study by Omollo (2015) study on business training and business performance conducted in Kisumu County. Financial skills were identified as very important component of business training. The study established that financial management training significantly influences business decisions towards development



and performance. The study observed that businesses that are keen on business training are more productive and profitable. The study further recommended that business owners should make it priority to train on finance, marketing and customer management.

Olando *et al.* (2012) assessed accounting practice as a determinant of growth of SACCO's wealth in Kenya. The study found out that adequate training on accounting enhance adherence to relevant SACCOs' by-laws and did not have incomes from their investments were unable to adequately cover their costs. Ademba (2012) established that proper cash management is a determinant of financial performance of SACCOs. He asserted that financial institutions should manage enhance financial management skills to manage cash adequately and to avoid panic withdrawals by depositors. SACCO societies Act in Kenya (2008) proposes that SACCOs maintain cash and cash equivalents of 15% ratio to short term deposits and short-term liabilities.

Buch (2016) established that for most SACCOs in Kenya, capital is utilized for expansion programs and the rest utilized for loaning to members and hence not likely to draw the same conclusion made by Mckillop and Wilson (2014) that capital adequacy regulation is effective in safeguarding deposits and stability of financial system supports prudential regulations to SACCOs.

According to Waweru, Hoque and Uliana (2005), accounting literature suggest that the environment in which management accounting is practiced certainly appears to have changed with advanced information technology, highly competitive environments, economic recession. New management accounting techniques include; activity-based costing; activity-based budgeting, Kaizen costing and balance score card (Davis, 2002). Abdel- Kadar and Luther (2006) described that most notable innovative management accounting techniques are activity-based techniques, Strategic Leadership accounting

and balance score card. Orwell (2009) states that application of accounting information system to analyze and record business transactions for the purpose of preparing financial statements and providing accounting data to the users enhance business performance. Application of accounting information system ensures automate and streamlined reporting. Reporting is a major tool for organizations to accurately see summarized timely information for decision making and financial reporting (Romney *et al.*, 2009).

Kahuthu (2016) in a study to determine the impact of prudential regulation on financial performance of Deposit Taking Savings and Credit Co-operative Societies established that core capital positively influence financial performance of deposit taking SACCOs. The results further showed that core capital is a major determinant of SACCO's financial performance. Similarly, Barus *et al.* (2017) established that core capital adequacy is a significant determinant of financial performance of savings and credit societies. Empirical literature identified budgeting skills as key in financial management and enhancing financial performance. Budgeting is an important tool for forecasting and controlling activities within an organization and for allocating the entity's resources so as to achieve its objectives and goals (Drury 2004; Berger, DeYoung, & Flannery, 2008). Budgeting facilitates accurate and timely information for decision making and financial reporting (Romney *et al.*, 2009; Kithae, Maganjo, & Kavinda, 2013). In addition, it enhances efficient allocation of financial resources within the organization (Orwel, 2009).

#### **2.4.2 Acquired Entrepreneurial Skills and Financial Performance**

Entrepreneurship skills include various skills which differentiate the entrepreneur from the manager (Organization for Economic Co-operation and Development, 2009). Such skills include decision making skills, problem solving skills and management skills.

While some entrepreneurial tendencies are innate, some of the skills can be acquired through training, also focus on improving skills or changing attitudes, such as encouraging participants to consider entrepreneurship as a career option (Mwasalwiba, 2010; Popescu, Iancu, Avram, Avram, & Popescu, 2020). Chinomona (2013) studied entrepreneur's expertise and skills on performance of small businesses in Zimbabwe. The study established that entrepreneurial expertise and skills have positive influence on business performance. Entrepreneurial skills influence staff motivation approaches, guide in business culture development and generally has positive influence on business performance. The study recommends that entrepreneurial training should be taken seriously by all business owners. In addition, the study suggests that further study should be done to determine the influence of such trainings on employee's job satisfaction, workplace culture.

According to Gupta and Sabastian (2017), a strong focus on innovation helps a firm in entering new markets, strengthens hold on existing ones and creates new possibilities. Similarly, Yang (2006) studied 406 small firms in Taiwan and found that innovation influences growth of firms positively. The findings are consistent with those of Dess and Lumpkin (2008) that innovation has a unique and distinct relationship with firm growth. Protono and Mahmood (2016) on a study on entrepreneurial orientation and firm performance established that innovation is one of the entrepreneurial dimensions which have positive effect on firm performance. In a study focusing on financial performance of SMEs as an outcome of entrepreneurship training by Kithae, Maganjo and Kavinda (2013) based in Embu municipality, the study findings revealed that entrepreneurship training has positive impact on financial performance of SMEs. Entrepreneurship training helps in co-ordination, monitoring and evaluation of business operations. From the findings, the study recommended that managers of organizations as well as individual

entrepreneurs take at least basic entrepreneurship training (Eton, Mwosi, Mutesigensi, & Ebong, 2017).

In her study on entrepreneurship education as a tool towards development of small and medium enterprises (SMEs) in Kenya, Njambi (2016) evaluated top 100 SMEs in Kenya in terms of entrepreneurship skills and financial development. The findings of the study revealed that entrepreneurship training enhances entrepreneurial skills which consequently enhance entrepreneurial culture in the country and financial development. The study actually recommended that owners as well as employees should have basic entrepreneurial skills. Miano and Bett (2018) in a separate study sought to assess if entrepreneurial competencies can lead to better performance of youth enterprises. The findings of the study revealed positive association between entrepreneurial competencies and performance. Similar findings were reported by Liguli (2015) in her study on entrepreneurial factors influencing performance of agro-based enterprises in Kiambu County identified entrepreneurial skills as one of the important factors that influence performance of enterprises.

A study by Cross (2018) related training and organizational performance. The study established that entrepreneurship skills, knowledge and attitude can be acquired through entrepreneurship training. On the employees, business training enhances staff motivation and commitment. From the findings, the study recommended that microfinance banks and financial institutions make it a priority to train their staff, especially the ones in management positions. A similar study was conducted by Ismail (2018). The study reported that entrepreneurship training has positive impact entrepreneurial capabilities as well as business performance. Similar findings were reported by Mayuran (2016) in his study that related entrepreneurship training and performance of small and medium

enterprises. The research established that entrepreneurship training enhances customer focus, quality management, marketing and financial management which in turn leads to improved sales and revenue and consequently financial performance (Mayuran, 2016).

Eton, Mwosi, Mutesigensi and Ebong (2019) studied the role of entrepreneurial skills in performance of SMEs in Nebbi District, West Nile region of Uganda. The study showed a moderate relationship between entrepreneurial skills and performance of SMEs. The study recommended that government should invest more resources in entrepreneurship development training, especially on productivity and marketing. The study further recommended that young entrepreneurs and women are trained market research so that they can well understand the business environment they operate in. Business training enhances business literacy. Similarly, Calderon, Cunha and Giorgi (2013) in their study in Mexico established that business training on financial management enhances financial performance. The outcomes of business training on performance were however established to be more significant in women than male of counterparts.

Study by Yukichi, Iddrisu, Yoshimo and Sonobe (2012) focused on how basic entrepreneurial education could make micro and small enterprises become more productive. The study revealed that basic entrepreneurial training improves business practices and in turn business performance. The study further reported that most business people were still not familiar with standard business practices creating serious need for more business training. Study by Saeedikiya *et al.* (2017) on the effect of innovation on growth aspirations and internationalization in firms, comparing Africa scenario to the protestant Europe revealed that African firms do not differ in term of their innovation, growth and internationalization level with protestant world but, if innovate, African companies expect less growth and internationalization from their innovation. In addition,

the result indicated that innovation has significant positive influence on growth expectations of firms. However, Kusumawardhani (2013), on a study on the role of entrepreneurial orientation in firm performance among small and medium enterprises in Indonesian posted that effect of innovation on firm performance could not be conclusively determined because most firms do not apply all aspects of innovation, for example some firms undertake marketing process. It is vivid that there exists a mixed finding on effect of innovation on firm performance.

Study by Mahmood and Hanafi (2013) revealed that risk taking has significant contribution to business performance. A separate study by Mahmood and Hanafi (2013) on entrepreneurial orientation and business performance of women owned small and medium Enterprises in Malaysia revealed that risk taking has positive effect on firms' performance and that the findings reinforce previous studies. Similarly, Ahl, 2006 and Zimmerman & Brouthers (2012) revealed that entrepreneurial oriented firms tend to be more willing to take risks and appear to be more innovative and proactive leading to increase in performance.

Study by Surech, McKenzie and Woodruff (2013) on business training among women business starters in Shri Lanka reported that business training enhances credit management. Consequently, businesses managed by individuals who have had business trainings perform better in the market. In the same study, it was observed that women and youths are more receptive and responsive when it comes to business training programs. It was also observed that most governments and development organizations are targeting women and youths with business training programs in an effort to enhance success in small and medium enterprises. In a related study by Fiala (2014) on business training, business loans and grants as business stimulants in Uganda, business training as

an important stimulus factor in achievement of enhanced financial performance in business. Business training enhances broadness and objectiveness among business owners and managers when dealing with management decisions. The study further recommended that interventions should be made to incorporate business management training in the formal education.

Findings from Liopis *et al.* (2014) established that firm managers' willingness to take risks enhances innovation performance, which culminates in the growth of a firm. On the contrary, the findings of a meta-analysis by Rauch *et al.* (2000) showed that the contribution of risk taking to firm performance is smaller than that of other entrepreneurial orientation dimensions, while Naldi *et al.* (2007) found a negative relationship between risk taking behaviour and performance of Swedish Small and Medium Enterprises. In a separate study on the role of entrepreneurial orientation in firm performance based Indonesian Small and Medium Enterprises in the furniture industry, Kusumawardhani (2013) established that all entrepreneurial dimensions, except risk taking contribute positively to firm performance.

A number of studies; (Volkmann *et al.*, 2009; Shane 2010; Von Graevenitza, Harhoffa & Weber, 2010) looked at whether the trained entrepreneurs perform better as entrepreneurs than those who are not exposed to EET. In certain cases, EET program participants show improvement in certain multiple performance outcomes, including annual sales, number of employees, number of customers and market expansion. Additional literature suggests that EET programs also look at performance outcomes related to improved business practices, which in the case of SMEs can include the formalization of an enterprise (Botha, 2006). Other measured practices include improvements in separating money between business and household, reinvesting profits

in a business, maintaining records of sales and expenses, and implementing innovations (Karlan & Valdivia, 2011).

Study by Dexler *et al.* (2002) established that entrepreneurs may acquire certain behaviors through training. Such trainings may enhance entrepreneurship behaviors maximizing profits and revenues. De Mel *et al.* (2009) study several approaches to enhancing profits from micro enterprises and conclude that, entrepreneurship skills are key determinants of profitability of firms. Valdivia (2012) noted that collecting profits data has proved difficult for many studies and several studies have not collected profit data. Such data collected only profit margins on the main product rather than overall profits (Karlan & Valdivia, 2011). Most studies have collected revenue data, but some have struggled with much lower response rates for revenues than for nonfinancial business questions (Dexler, 2012).

According to Klinger & Schundeln (2012), even when studies are able to obtain data on profits and sales, Business training may change the reporting of this data irrespective of whether it actually changes profits and sales. This may occur because the practices taught in the training course lead to more accurate accounting or because training recipients are less likely to under-report profit and sales levels because, for example, they trust the enumerators more after being given the training. Few studies to date have attempted to address this issue: Dexler (2011), who examine reporting errors to determine whether treatment reduces these reporting errors and difference between self-reported profits and profits calculated as difference between revenue and expenses; Berge *etal.* (2011), who compare self-reported profits to revenue minus expenses for treatment versus control groups; and De Mel *et al.* (2012), who do the same and who control for detailed measures of accounting practices as further robustness check.



De Mel *et al.*(2012) established little evidence that training has changed reporting, whereas Dexler (2012) established that that entrepreneurship training reduces the number of errors in reporting, and Berg *et al.* (2011) find that training increases the gap between self-reported profits and revenue minus expenses. According to Timmons (2004), much Business training traditionally has emphasized and prepared students for life in corporate domains. Though there is nothing wrong with that, but education to prepare students to start and manage vibrant, growing new ventures cannot afford to emphasize administrative efficiency but needs to emphasize skills for life in the entrepreneurial domain. In a study to determine the effect of entrepreneurship skills on the financial performance of small and medium enterprises in Kahama, Tanzania, it was evident that entrepreneurship skills enhances ability of managers to see opportunities, make informed business decisions and make more sales(Onyango, 2014).

Study by Labuschagne, Nieuwenhuizen and Kroon (2001) identified the primary factors that contribute to the success of Small and Medium entrepreneurs in South Africa. They established that training of entrepreneurs should focus on the development of these skills and abilities identified as success factors of entrepreneurs. Empirical analysis conducted by Nieuwenhuizen and Kroon (2002) shows that there is a strong relationship between the success of a business and entrepreneurial success factors such as creativity and innovation, financial management, willingness to take risks, knowledge of competitors and business planning. Consequently, a training programme must focus on these entrepreneurial success factors and must factor needs of the business owners as well as the employees (Boso & Cadogan, 2013).

Pretorius, Nieman and Van Vuuren (2005), argued that integration of entrepreneurship education model, which is based on three foundations enhances likelihood of future

business success. According to Botha (2006), no meaningful business training can be affected without involvement in the creation of a business plan. As Le Roux (2004) pointed out, the business planning process effectively helps them to narrow these aspirations down to more workable and realistic models.

In their study of selected US nascent entrepreneurs, Ford, Mathews and Baccus (2003) found that business plan formality in year zero of nascent business had a significant and positive correlation to the actual and expected revenue in year one. Delmar and Shane (2002) examined 223 Swedish nascent firms over the first 30 months after conception and found that nascent companies that engaged in planning activities early in the organization process had a higher survival rate than those that did not. Gartner and Liao (2005), in a study of US nascent firms found that planning early increased the likelihood of survival in an uncertain financial and highly competitive situations, while planning late increased venture survival in financially stable and less competitive environments.

Based on their findings, Honig and Karlsson (2004) concluded that new organizations do not write business plans to improve performance, instead, they write them to conform to institutional rules and to mimic the behavior of others. Bamford, Dean, and Douglas (2004) suggested that new firms have the greatest scope for changing resources and decisions because they are not locked into processes, procedures and policies that limit the flexibility of larger, well-established organizations. It implies that founding strategies and resources of a new venture might change significantly after the initial start-up period; which in turn implies that writing a detailed business plan that sets out strategies and resources for as long as five years after a new venture starts operating may have limited lasting value.

### **2.4.3 Acquired Financial Management Skills and Financial Performance**

The reality for most emerging market firms is that few manage to scale up into larger businesses, formalize processes, operate out of more permanent structures or register with the government (Hsieh & Klenow, 2014). It is argued that it is for firm owners running more established businesses that finance training may have a greater impact on profits. For one, there must be some threshold level of sales coming “in” to the business before the owner can learn to manage this money more effectively, through finance training (Pandey, 2010). Likewise, reaching a sufficient scale of operations may be required before an efficiency focus is particularly valuable (Schoar, 2010).

Chetambe and Sakwa (2013) studied the effect financial management training on financial performance of schools in Kenya. The study looked at training as a problem-centered, learner-oriented, and time-bound series of learning activities—a progressive process. The study revealed that training enhances skills, knowledge and competencies required in general management. In particular, financial management training gives managers skills such as budgeting, financial appropriation and auditing skills which are important in ensuring optimal funds allocation. Training enhances ability to managers to optimally utilize available fund as well as devise ways of generating more funds (Barus, Muturi, Kibati, & Koima, 2017).

Felipe, Juan and Benito (2016) conducted a study to establish the relationship between staff training and business performance as well as establish mediating role of absorptive capacities of the employees. The study revealed that staff training is positively related with organizational financial performance. The results further proved that the relationship between training and performance is mediated by absorptive capacities of trainees. The study therefore suggested that organizations must have appropriate

framework to assess employees in terms of absorption rate and design training approaches based on the individual employees' needs and capabilities. The study further suggested that staff training should focus on development of dynamic staff capabilities depending on their absorptive needs.

Financial management skills are required for all levels of management in an organization. Finance and accounting staff that record accounting transactions and keep such records need to have a strong understanding of the applicable accounting regulations. They must possess analytical skills required in financial analysis and budgeting. In addition, they must be equipped with skills to be in a position to apply modern accounting and finance management technologies and systems (Serdar & Onay, 2017). Siekei, Wagoki and Kalio (2013) studied the role of financial literacy on Performance of Small and Micro Enterprises. The study was based in Njoro District in Kenya. The study revealed that financial management training enhances skills in credit access/financing, credit management and management of loan portfolios to ensure loan liability and interest expenses are minimized. The study also showed that financial management training enhances budgeting skills which is important in financial planning of the enterprise.

Increased size and structure for an organization provides greater potential for improvements, reducing costs, managing inventory and allocating inputs optimally (Bloom *et al*, 2013). Financial performance can be enhanced when professional intervention is made to improve operational efficiency, such as reducing quality defects, machine down-time or inventory wastage (Buhn, Karlan & Schoar, 2012). Kiragu and Okibo (2014) carried out a study to establish the relationship between financial skills, fund misappropriation, investment decisions, loan defaulting and membership

withdrawals and SACCO financial performance. The result revealed that all the variables adversely affected financial performance.

According to Horne (2003) the major financial decisions involved in corporate governance include laying down basic objectives to be met, evaluation of the objectives, establishment of the budget, budget approval, deciding on capital structure, cost of finance, fund raising, investment and distribution of returns. SACCOs need to establish stable and consistent capital structure because they require the finances to invest in capital and operational expenses for the achievement of their objectives (Mudibo, 2005). In performing this function of sourcing for funds, the management team determines the most optimal capital structure to be employed. The capital structure of the SACCOs comprises members' shares and debt capital, savings/deposits and retained surpluses (Maina, 2007).

According to Ondieki (2011), in his study on "The effects of external financing on the performance of SACCOs in Kisii District", the major challenges inherent in the cooperative movement in Kenya included; poor governance, limited transparency in management of cooperatives, weak capital base and infrastructure weakness including ICT. The same opinion is shared by Karim (2012) whereby he observed that leadership or governance of a SACCOs determines to a large extent how the SACCOs respond to regulatory issues and how it operates within the regulatory framework.

A study by Kinyua (2013) on the role of financial management practices in the performance of public service vehicle savings and credit co-operatives established that SACCOs generate cash plans and budgets based on their specific priorities and to ensure that incoming financial resources facilitate the fulfillment of these priorities. The findings also showed that public service vehicle SACCOs have better financial

management practices as showed by the six indicators of better financial management. Members' funds are protected against loan delinquency by setting funds and provision for statutory reserve provided for through cooperative Act. SACCOs have effective financial structure, high rate of return and high Loan repayment. Their signs of growth are indicated by positive change in the levels of profitability, turnover and capital. Better financial management practices have resulted to better performance of the SACCOs.

A study was carried out by Muriuki (2013) on Investigation into the Cash Balance Management Approaches in saving and Credit Cooperative Societies (SACCOs) in Nakuru County Kenya. The study's findings indicated that though a majority of SACCOs were conscious about the need to manage their cash balances, very few had policies on cash balance management. SACCOs were found to manage cash in a haphazard manner and not even one cash management model was found to be used entirely. The study concluded that there was no significant difference in the cash management approaches used by the employee based and association based SACCOs. Another study done by Nyabwanga (2011) on the effect of working capital management practices on financial performance concluded that working capital management practices have influence on the financial performance of SSEs.

From the findings of Kifle (2011) in his study titled: ‘The Management of Savings and Credit Cooperatives from the Perspective of outreach and Sustainability with Evidence from Southern Tigray of Ethiopia,’ it was evident that there is strong positive correlation between financial performance and the asset utilization. Conversely, there is a significant negative correlation between financial performance and the operational efficiency. Lack of awareness and poor saving culture, weak organizational arrangement and governance, policy and regulatory environment, weak institutional capacity, low capital base, lack of

differentiated products, inappropriate loan security requirements, and threats from other financial institutions were identified as the factors affecting the outreach and sustainability of SACCOs (Zheng *et al.*, 2011).

A study by Kabamba (2012) on liquidity management and growth of microfinance institutions in Uganda revealed that if liquidity is well managed, the costs associated with it such as loss of public confidence, high administrative costs, close of business will be dealt with. The need for sound liquidity management strategies is particularly critical since measures should be properly implemented. Conclusions drawn from the study showed that there was a positive relationship between liquidity management and growth of the institution. If liquidity management is properly managed, the costs associated with it will be minimized and this will drastically increase the growth of the micro finance institutions (Vargas, Bernard & Dewina, 2008). The study further revealed that liquidity management may be a relatively unglamorous aspect of management; however, its inclusion as a strategy is likely to reap rewards in terms of growth.

Odhambo (2011) researched on relationship between working capital management and financial performance by Deposit Taking SACCOs licensed in Nairobi County. Findings of the study indicated that efficient working capital management leads to better financial performance of Deposit Taking SACCOs hence positive relationship existed between efficient working capital management and financial performance. Efficient allocation of capital is the most important financial practice function in any SACCO society and it involves decisions of committing co-operative funds to SACCO assets. Such decisions determine their value and size by influencing their growth, surpluses and risk (Horne, 2003).

Investment decisions are the capital budgets or capital expenditure decisions. SACCOs should make decisions to invest their current funds more efficiently in long term assets in anticipation of expected flow of benefits over a series of years. Such investment decisions generally include expansion, acquisition, modernization and replacement of long-term assets (Horne, 2003). The SACCOs value will increase if investments are profitable and add value to SACCO's wealth. These investments should yield benefits in excess of the minimum benefit as per the opportunity cost of capital.

Jared, (2013) did a study on the challenges facing DT-SACCOs when it comes to regulatory compliance in Kenya. The study focused on the Gusii region. The study found out that the various challenges facing compliance in these institutions included non-separation of shares from deposits, high dependence on short-term external borrowing, and poor monitoring methods, high investment in non-income earning assets, managerial in competencies and political interference among others. The study realized that even with the challenges, opportunities were available for compliant SACCOs including capital accumulation and agency business largely arising from access to Government funds for on-ward transmission to youth and women groups.

Karanja (2013) carried out a study to determine the relationship between size and cost efficiency of SACCOs with FOSA. The study regressed efficiency ratios against total assets, capital adequacy, management quality, ROE and liquidity. It was established from research findings that more efficient SACCOs were in the category of large and had more capital and higher ROE than smaller ones. Total assets, capital adequacy, management quality, ROE and liquidity all showed positive relationship with efficiency ratios.



Study by Muriithi (2012) on management practices and financial performance of savings & credit co-operatives societies was carried out in Nairobi county- Kenya. The study found out that most SACCOs have financial management policies that they use in their day to day operations. It was noted that SACCOs have emphasized on profitability and most of them have put the best policies that have led to growth in the stakeholder's wealth. In another study to establish the effect of credit risk management on financial performance of Deposit Taking SACCOs, (Nyambere 2013), financial performance in terms of ROE was regressed against total assets, capital adequacy, management quality, ROE and liquidity. The results revealed that ROE was positively related to total assets, capital adequacy, management quality, ROE and liquidity.

#### **2.4.4 Acquired Marketing Skills and Financial Performance**

The role of marketing skills in promoting growth, prosperity and survival among small businesses in emerging markets is strikingly under-explored (Ingenbleek, Tessema & Van Trijp 2013). Many marketing scholars have argued that improvements in marketing skills lead to improvements in the performance of small businesses in emerging markets, just as with any other types of businesses in any other market (Viswanathan, Rosa & Ruth, 2010). But translating this argument into concerted action by practitioners and policy makers requires rigorous evidence (Slater & Osion, 2001). Self-selection by business owners into formal or informal training programs can similarly cause biased estimates of effects. And reverse causality concerns can preclude directional conclusions about the impact of marketing skills.

An empirical analysis by Hyungkee, Byeonggoan and Moonki (2014) on marketing activities and financial performance established that marketing training enhances marketing functions capabilities in adopting appropriate and modern marketing

technology and tools. Adequate and appropriate marketing tools lead to improved sales and consequently better business performance. Marketing training enhances public and customer relations skills of staff. It enhances product knowledge and enables marketing staff to respond adequately and appropriately to customer concerns. Through marketing training, an organization is able to achieve improved business image (Anderson-Macdonald, Chandy, & Zia, 2014).

Marketing capabilities such as market sensing, partner linking, customer capabilities, functional capabilities, networking capabilities have been linked to various positive organizational outcomes (Matsuno & Mentzer, 2000). Such capabilities can either be used to form a marketing strategy that would lead to superior performance or may be of tactical or operational use, thus contributing to the value chain. In a study to determine the influence of a firm's functional capabilities and diversification approaches on overall financial performance. The results indicated that marketing capability is the fundamental determinant for superior financial performance and also that market-driven firms are likely to have much better business performance than a firm focusing entirely on operational capabilities (Nath, Nachiappan, Ramanathan, 2010). The relationship between the marketing competencies of SMEs and their entrepreneurial vision and international marketing-oriented awareness has been established (Kilonzi, 2012).

Innovation for Poverty Action assessed the impact of two intensive training programs, one on marketing skills and the other on financial skills, for small business owners in the Cape Town region of South Africa. The study took 12 months. During the study period, small business owners were trained on marketing and financial management. The study assessed the businesses prior and after the study to assess if the training had any impact on the business performance. Data collected after the training revealed that the

businesses were realizing better financial performance compared to the period before the study. Through the training, the businesses were able to engage in modern marketing and respond proactively to customer concerns. The businesses were more efficient in distribution of products and enjoyed improved business reputation. This translated into better financial performance (Innovation for Poverty Action, 2013).

A proper test of the effect of marketing skills therefore requires a comparison of the effects of marketing skills relative to other skills that are currently deemed important for small business performance. Additionally, it requires an understanding of the process through which improvements in business skills affect firm performance, and an understanding of the contingencies when marketing skills might matter more (Yunus, 1999). Further given a business owner's attention and actions likely differ for developing and executing on marketing skills compared to finance/ accounting skills, it is proposed that the pathway to profits for a small business owner who receives marketing training will be different to that of an entrepreneur who receives finance training (Bruhn, Karlan & Schoar, 2010).

After decades of government and NGO efforts, the empirical evidence of micro finance solutions suggests they might not be miracle pills that can help small firms to scale up their operations and transition into large firms (Bruhn, Karlan & Schoar, 2010). These researchers are now questioning what other forms of "capital" are missing in emerging markets. Based on the work of Viswanathan Rosa and Ruth (2010), there exists descriptive evidence that "marketing capital" is not abundant among emerging markets. In fact, many small business owners have such few skills that fundamental aspects of their customer targeting approach, product line choice and pricing are demonstrably sub-optimal (Hassan *et al.*, 2004).

Growth oriented marketing may involve firm policies linked with revenue expansion, which is likely to have a positive effect on firm financial performance. Focusing on firm growth can also lead to investment in approaches that promote market research and identification of new products offerings and market contexts. Further, such emphasis likely involves implementation of different marketing activities and sales tactics aimed at attracting new customers or differentiating from competitors. In addition, encouraging greater focus on top line growth will likely highlight to business owner the value of additional help in achieving sales goals and thus leading to her hiring new employees. It can be argued that having a growth focus will encourage business owners to scale up sales and employees and in turn lead to gains in profits. These types of growth-oriented policies and practices are closely linked to the skills one builds through training in marketing and sales (Rust, Moorman & Dickson, 2002).

Francis *et al.* (2014) conducted a research on training and development as a tool for enhancing workforce performance and productivity. The study was based in the district of assemblies in Ghana. The study sampled 50 full time staff members of Kumasi Metropolitan Assembly. From its analysis, the research revealed direct relationship between staff training on task delivery, marketing and customer management and workforce productivity. Marketing skills training encourages business owners to put themselves “in someone else shoes” and look beyond their own context, inducing more open-minded inquiring about market information from multiple sources (Shoemaker, 2000). Developing broader perspectives on customers, competitors, distributors and suppliers via marketing training can also lead to greater external focus and attention to a wider set of activities and opportunities happening at the periphery of the firm (Chattopadhyay, Glick & Huber, 2001). Moreover, a lack of exposure to different geographic allocations and business sectors can decrease the likelihood that a business

owner participates in information discovery activities that improve association skills, such as; questioning status quo, observing new behaviors, experimenting and interacting with people from different backgrounds (Dyer, Gregersen & Christensen, 2009).

Aragon, Jimenez and Valle (2014) conducted a study on the relationship between employees' training, organizational learning and organizational performance. The findings of the study revealed that training leads to organizational learning while organizational learning leads to improved performance; organizational learning mediates the relationship between employees training and organizational performance. Based on the findings, the study recommended deliberately planned learning-oriented training which involves long term, multi skill, and team-based trainings. It therefore implies that employee training should be designed with an objective of enhancing organizational learning capabilities such as competencies and knowledge. Such learning enhances organizational cultural, systems and structural changes which are important in achieving operational optimality and consequently, enhanced performance.

A study by Motlokoa and Sekantsi (2018) on management skills training and employee performance in banking sector in Lesotho revealed that training enhances management skills, knowledge and abilities and leads to motivation and enhances staff performance. It capacitates employees to take challenging tasks as well as work in uncertain work environments. Well trained employees are more likely to make informed management work related decisions and are flexible to perform different work tasks as well as adjust in response to different working conditions. Similar findings were evidenced by related study conducted by Mahadevan and Yap (2019) in Malaysia. The study revealed that training enhances employee productivity and in return organizational operational productivity and profitability.

Broadening exposure and introducing diverse views, marketing training can provide entrepreneurs mental models of “how things are done elsewhere”, new perspectives for approaching problems, access to novel ideas and concepts, and the psychological readiness to accept ideas from unfamiliar sources (Maddux & Galinsky, 2009). Marketing skills training help business owners with an exposure deficit by encouraging them to look outside their existing business context and develop new perspectives on managing products, customers, competitors, distributors and suppliers. Raju and Lonial (2002) pointed that new product/service development, research and development of new innovations, building competitive advantage, and creating new markets, are significantly important key marketing strategies. These are significantly related to financial performance.

#### **2.4.5 Acquired Strategic Leadership Skills and Financial Performance**

The importance of management strategies is seen in its assistance in improving team synergy and ensures employees cooperation (Onyeche & Edeke, 2016). For companies to reach their objectives there is need for management strategies since they are basically road maps that help in the management of both human and material resources (Onyeche, 2016). Globalization have brought in rapid changes in the business environment, causing an ever-increasing competition in the product market; firms have gone beyond the old system of Television and Radio advertisement of products and have embraced the internet and social media (James, Grace & Oluwatobilola, 2015).

Business leadership training is critical in enhancing business knowledge creating business ownership among staff and increase client retention rates for the microfinance institution. Good leadership may lead to employees feeling motivated, especially when they realize organization interest in them through training programs. Companies can

actually achieve competitive advantage and improved performance through training. Training can be used as an operational tool to enhance efficiency and effectiveness in work environment and in the organization in general (Colarelli & Montei, 2011). Study by Flanigan *et al.* (2013) titled 'effects of leadership on financial performance at the local level of an industrial distributor' revealed that transformational leadership was positively associated with sales while transactional leadership style indicated reverse relationship. Managers therefore need to be trained on situation analysis so as to the leadership styles to employ where.

According to Muogbo (2013), if firms must compete favorably, they need to adapt to the global change, continuously increasing their competition level by performing above their competitors. Seeing strategy as a detailed plan for business to achieve success, argued that in acknowledging the fact that business is a high-stake game, a poorly planned and executed strategy may not only lead to loss of money, but jobs and even bankruptcy (Dauda *et al.*, 2010). Therefore, for an effective competition, Strategic Leadership is necessary. To do this, top managers are expected to allocate resources where necessary as well as structure the organization in such a way that will help actualize the strategies (Dess *et al.*, 2005). Ondieki *et al.* (2011) revealed major challenges inherent in Kenyan SACCOs and include; limited transparency in SACCO management, poor corporate governance and lack of human resource capacity in SACCO management.

Popescu, Iancu, Avram, Avram and Popescu (2020) sought to determine the role of managerial skills in sustainable development of SMEs. The study that was conducted in Mehedinti County of Romania revealed that management training leads to improved emotional intelligence and interpersonal skills. Business leaders with advanced leadership skills are more effective in guiding the organization to its overall vision. The

study also established that management training leads to self-realization and awareness among managers hence boosting self-confidence positives about work.

According to Dess (2008), strategic leadership is proactive, goal oriented and focused on the creation and implementation of a creative vision. It is the process of transforming organizations from what they are to what the leader would have them become. A strategic leader is dissatisfied with the status quo hence initiates process that brings about change. Botha *et al.* (2001) argue that strategic leadership focuses on understanding how leaders influence others to develop their interpersonal skills such as task and people-oriented behaviors. They further comment that interpersonal skills play a key role in delivering results beyond expectations through people. Leaders at the strategic apex of large business organizations can rarely personally influence all those who work in their organizations to share their vision and values because some will be resistant. Therefore, one way is by designing appropriate and motivational strategies, structures and systems. If the leaders do so then the total of the employees' efforts and ideas will almost always surpass what the leaders could have conceived themselves.

Study by Pearce and Robinson (2011) reported that strategic leadership aims to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implement strategies intended to position the organization to succeed in a vastly different future. Leaders help their companies embrace change by setting forth strategic intent. The aim of strategic leadership is to develop an environment in which employees forecast the organization's needs in context of their own job so that they are able to efficiently execute their duties and achieve predetermined goals. Similarly, Dess (2008) reported that strategic leadership is reserved for managers at the top in the organization who give direction to the organization.



Finkelstein, Elnaga and Imran (2013) suggest that examining appropriate and often innovative strategic leadership practices currently being used successfully by visionary organizations, it is possible to identify and understand practices that will be effective in the next century. Without effective strategic leadership, the probability that a firm can achieve superior or even satisfactory performance when confronting the challenges of the global economy will be greatly reduced.

According to Thomson, Gamble and Strickland (2001), strategic direction involves specifying the image and character that an organization seeks to develop over time. Strategic direction is framed within the context of the conditions. According to Thompson (2004), in business organizations, the core ideology should be able to motivate employees through the organization's heritage, while the envisioned future should encourage employees to stretch beyond their expectations of accomplishment and require significant change and progress to be realized.

To Schilling (2005), it is true for all leaders trying to change a firm's strategic direction, the CEOs need to win their employees hearts and minds while encouraging them to achieve greater heights and make them understand why change is necessary, passionately explaining what is in it for the organization and employees. Day (1994) is of the opinion that charismatic CEOs may also foster stakeholder's commitment to a new vision and strategic direction. Nonetheless, it is important not to lose sight of the organization's strengths when making changes required by a new strategic direction since the organizations can use strengths to ensure continued positive performance. According to Adeniji, Osibanjo and Abiodun (2013), one of the reasons why corporations strive to improve on their corporate image is to enhance corporate competitive advantages that will ultimately lead to higher profitability. In a similar argument Robert and Dowling

(2007) argued that a favorable image will encourage more investment in a company, attract good staff, retain customers and increase profit. Strategic Leadership impact positively on organizations corporate financial performance, the planning alone is not effective without effective implementation.

In their study, Whellen et.al (2014) identified four basics elements of Strategic Leadership which include environmental scanning, formation of strategies, implementation and evaluation and control. According to James, Grace, Patrica and Oluwatobilola, (2015), environmental scanning involves the monitoring, evaluating and implementation of information from the external and internal environment to key people within the organization which determines the future of the company. In the environmental scanning process, the company can analyze their strengths, weaknesses, opportunities and threats (Oyedijo, 2013). The company will also need to formulate strategies which are described as developing a long-term plan that will help the company manage its strengths and weaknesses as they still maximize opportunities (Stevenson, 2012).

Study by Owolabi and Obida (2012) strategic managers need financial skills to assess and establish firm's profitability. Profitability is the ability of a firm to make profit from all business activities. They argued that it is a measure for management efficiency and that corporate profitability is measured by returns on its investment, returns on equity and returns on assets. Slater and Olson (2001) found out that no matter how super a strategy is, if it has to be well implemented to achieve the desired results. Effective implementation of strategy is very critical to organization's ability to achieve and maintain competitive advantage over other organizations. The study also found a positive

relationship management competency in strategy formulation and corporate financial performance.

Owino (2013) reviewed the competitive strategies adopted by SACCOs in Mombasa County of Kenya to enable sustainability of operations. The study findings indicated that the greatest challenges to strategy formulation and implementation were governance policies and resistance to change. However, Ajagbe (2007) found out that without a clearly defined strategy, a business will have no sustainable basis for creating and maintaining a competitive advantage in the industry where it operates. It was evident that effective strategy planning and implementation has positive contribution to the overall financial performance of an organization. Study by Long, Mahanra and Ajagbe (2013) supported the findings by establishing that lean operations are aligned into high financial performance.

Study by Pyror *et al.* (2007) showed that effective performance should begin with a clear understanding by the organizations' strategic process. It was evident that organizational performance is a critical success factor for flawless implementation of strategy. The implementation is achieved by linking the organizations strategic goals and objectives with its budget and operational system in order to achieve organizational efficiency, effectiveness and accountability. On the contrary, Vickery *et al.* (2003) established that while low performing firms are likely to ignore innovative and risk-taking activities, high performing firms are implementing new production technologies, emphasizing cost effectiveness and concerned with employee productivity to compete with competitors within the industry, more so than the low performing firms. As far as financial strategic activities are concerned, they also stated that high performing firms use more debt financing and assessment of costs and benefits associated with alternative sources of

external funding than the low performing firms. Research shows that owner-managers, who seek the assistance of experts and make networks within the industry, perform better than those who do not (Kinyua, 2013).

Average performing firms exhibit combination of proactive and reactive strategies. Similar to this, they investigated four different strategy typologies and performances and concluded that prospector strategy influences the growth of the company (Matsuno & Mentzer, 2000). The principles of management in today's world are human factors, knowledge of the subject of business management, the ability to organize own work and the work of a team, interests, self-development and other creative activities. The manager has to be able to see the prospect of case developments, which can quickly assess the real situation and find the optimal solution to achieve the set goals. In this regard, the manager must have certain professional and personal qualities, such as: high competency, flexibility, ability to take risks, aggressiveness and the ability to implement plans, simply to be a team leader (Tay & Demerg, 2011).

Study by Tim & Brinkerhoff (2008) showed that human resource is the most critical agent of Micro and Small enterprise performance and the recruitment of academically qualified employees is a necessary start for sustainable human capital development in all organizations. Human capacity is critical index of competition in the world of business to the extent that the development of such capacities through training has become top priority in designing the strategic plan of business organizations. Good management of human resource means need for proper planning, control, organizing skills and proper staffing with qualified competent employees. Similarly, Harper (2010) argues that the growth of enterprises depends on competencies of managers. The inability to keep proper records, to separate business operations from personal, manage cash flow and growth is

likely to affect business financial performance. The way management tackles problems determines the long-term outcome of an organization (Balfanz & Koelmel, 2009).

As showed by Davidson *et al.* (2006) leadership is an important component of a successful corporate governance mechanism, which can enhance firm performance. Performance of companies depends on the knowledge and experience of C.E.O and due diligence of the board in selecting managers that aligns with the company's vision, goals and strategy and who fits the culture of the company. The profile of the C.E.O does not solely determine post-succession performance. Davidson, Nemeč and Worrell (2002) found out that the stock market reacts more positively if the new C.E.O is an outsider and comes from an industry related to the firm's operations. According to Banning (2013), companies often discharge their C.E.O. s when the financial performance of the company weakens.

In a study in Nigeria, Dauda (2013) postulated that the biggest challenge for most organizations is how to effect a well-designed change in leadership without disrupting the organizational continuity. The transition from one C.E.O to another is a critical moment in a company's history because a smooth transition is essential to maintain the confidence of investors, business partners, customers and employees, and provides the incoming C.E.O with a solid platform from which to move the company forward (Russel, 2014).

The introduction of re-engineered ownership principles in cooperatives reduces apathy among members to make long-term investments (Hardesty, 2005; Nilsson, 2001). The nature of structure of a Cooperative significantly affects member incentives to invest in their organizations (Kalogeras *et al.*, 2007). Moreover, re-engineered cooperatives allow non-member investments, particularly in projects which maintain long-term focus. The

proper use of branding creates customer loyalty and functions as an entry barrier (Kotler & Keller, 2006). Customers more often view brands as an orientation guide of their buying decisions, especially in environments of increasing communication and information flows (Hanf & Kuhl, 2005). Management of brands should be approached strategically and take long term perspective, thereby facilitating the implementation of strategies and tactics (Davis, 2002).

When employees realize that their organization is interested in them through training and staff development, they in turn put in their best efforts to achieve organizational goals and show high performance on the job. The importance of training as a central role of management has long been recognized by leading writers (Hassan, Jaideep & Rajesh. 2004). Training is the most important factor in the business world because training increases the efficiency and effectiveness of both employees and the organization (Raju & Lonial, 2002). Due to fast growing of technology, companies are now facing new challenges on the ways and manners tasks can be performed. To cope with these challenges, more improved and effective training are required by all companies (Elnaga & Imran, 2013).

## **2.5 Summary of Literature**

The literature so far reviewed indicates that factors influencing the financial performance of Deposit Taking SACCOs vary depending on the operating environment of the Deposit Taking SACCO, business management training being one factor. It is therefore worth noting that Deposit Taking SACCOs serve special interests within specific sectors in the economy, and therefore are characterized with varied factors that can influence financial performances. DT-SACCOs are emerging as key drivers of economic development in

Africa. (Satgar & Williams, 2008). Actually, it is reported that 7 percent of citizens in African countries belong to cooperatives (Clement & Martin, 2012).

This study examined a number of researches works on the factors affecting the performance of Deposit Taking SACCOs. Factors such as lack of members' participation (Bhuyan, 2007) economic factors, education, management committee and the staff (Nyoro & Ngugi, 2007), high dependency of short term borrowing, lack of liquidity, monitoring, political interference, investment in non-earning assets and inadequate managerial competence (Makori, Munene & Muturi, 2013) and lack of competitive advantage of SACCO products and services as compared to other service providers (Auka & Mwangi, 2013) were identified as the main factors. In other studies, shocks impinging on the economic system and the lack of proper policy to mitigate the effects of these shocks (Kilonzo, 2010) and competition, internal politics, operating costs, saving culture and investment policy (Kiaritha, 2015) were identified as determinants of financial performance of SACCOs.

## **2.6 Research Gaps**

From empirical review, Business Management Training provided to the Deposit Taking SACCO management is a unique factor which needs to be investigated to determine its effect on financial performance of Deposit Taking SACCOs. Empirical review shows that while studies on business management training and organizational performance were generally available, researchers had operationalized the two variables differently, making it impossible to generalize the research findings. Similarly, empirical literature shows some contradictions on findings on relationship between management training and performance of SACCOs. Table 2 presents some of the notable research gaps identified in the study.

**Table 2: Empirical Studies and Knowledge Gaps**

<b>Authors</b>	<b>Focus of the Study</b>	<b>Findings</b>	<b>Knowledge Gap</b>
Kasvani, Morteza and Majafi (2017)	Management accounting training and financial performance	Sound financial skills lead to informed financial decisions	Knowledge gap on finance management skills and return on assets
Enga (2017)	Staff training and development and organizational performance	Staff training enhance organizational performance	Knowledge gap on specialized management training and financial performance
Horngren <i>et al.</i> (2009)	Accounting skills and organizational performance	Accounting skills help in planning, directing and control of operating costs and to achieve profitability	Knowledge gap on the link between management accounting skills and financial performance
Drury (2004)	Budgeting skills and organizational performance	Budgeting helps in forecasting, allocation and control of costs	Knowledge gap on activity-based budgeting and activity-based costing
Chinomona (2013)	Entrepreneur's skills and financial performance	Entrepreneur's skills enhance financial performance	Knowledge gap on the link between entrepreneurship skills with motivation
Kithae, Maganjo and Kavinda (2013)	Entrepreneurship training and financial performance	Entrepreneurship training positively impacts on financial performance	Knowledge gap on specific entrepreneurship skills that influence performance
Cross (2018)	Entrepreneurship training and organizational performance.	Entrepreneurship skills, knowledge and attitude affects performance	Knowledge gap on the relationship between training and customer focus, quality management,
Calderon, Cunha and Giorgi (2013)	Business training and performance	Business training enhances financial literacy and in turn financial performance.	Study to focus on training in women owned enterprises
Surech, McKenzie and Woodruff (2013)	Business training and performance of women business	Business training enhances credit management	Knowledge gap on the role of government in ensuring training in youths and women owned businesses
Volkman <i>et al.</i> (2009)	Entrepreneurship training and performance	Entrepreneurship training enhances annual sales, number of employees, number of	Knowledge gap on innovations that can be adopted to enhance access to training



		customers and market expansion	among entrepreneurs
Chetambe and Sakwa (2013)	Financial training and financial performance	Training enhances budgeting, financial appropriation and auditing skills	Knowledge gap on direct relationship between training and financial performance
Serdar and Onay (2017)	Financial management skills and performance	Financial skills help in financial analysis and budgeting	Study to focus on modern accounting and finance management techniques
Hyungkee, Byeonggoan and Moonki (2014)	Marketing training and organizational performance	Marketing training enhances sales and profitability	Knowledge gap on role of training on enhancing public and customer relations
Nath, Nachiappan and Ramanathan (2010)	Marketing competencies and organizational performance	Marketing competencies enhances organizational performance	Study to focus on international oriented marketing skills

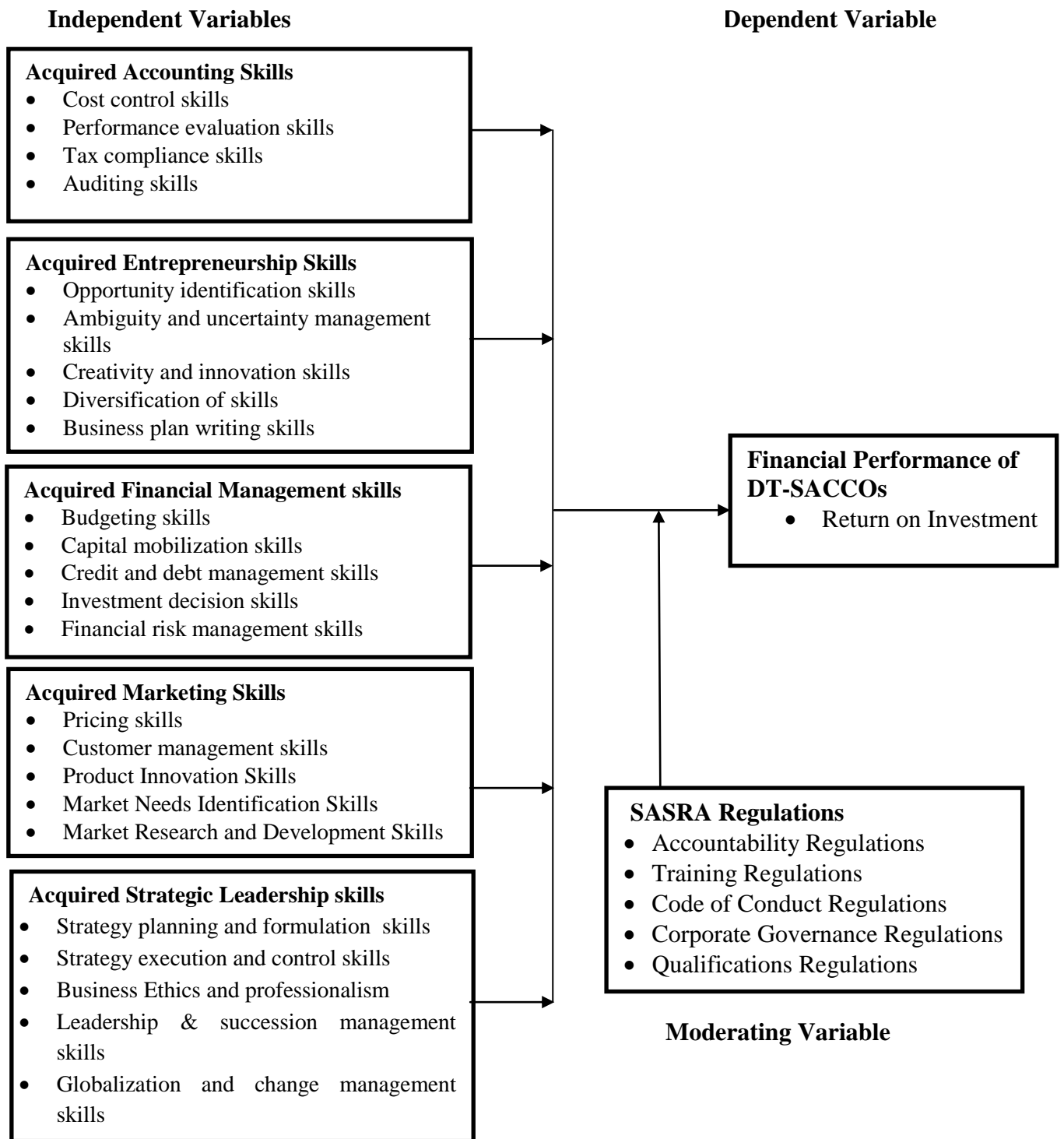
## 2.7 Conceptual Framework

This study examined the relationship between business management training and financial performance. Business management skills is measured in terms of; Acquired Accounting Skills, Acquired Entrepreneurship Skills, Acquired Marketing Skills, Acquired Financial Management skills and Acquired Strategic Leadership skills. Financial performance on the other hand is measured in terms of Return on Investment.

Business management training was expected to predict financial performance. The rationale for the selection of these variables is that first, Deposit Taking SACCO management must be equipped with the necessary business skills to cope with competition, laws, rules and restrictions and this positively impacted on the financial performance of Deposit Taking SACCOs. Acquired accounting skills is conceptualized in terms of cost control skills, performance evaluation skills, tax compliance and auditing skills. Acquired entrepreneurship skills is conceptualized in terms of opportunity identification, tolerance to risk, creativity and innovation, diversification and business

plan writing while financial management skills conceptualized in terms of; budgeting, capital structure, credit and debt management, investment decisions, fraud and risk management.

It is essential for Deposit Taking SACCO managers to be able to determine the market potential. Marketing skills were conceptualized in terms of; product pricing skills, customer differentiation skills, product/ service innovation skills, customer service skills, advertising and promotion skills as well as market research and development skills. Strategic Leadership skills involves thinking about all the possible ways that business goals or targets might be achieved and then setting a course or overarching strategy that has the best chances of success. In this study the following key competencies of Strategic Leadership skills were considered: planning, organizing and execution, proactive approach, re-engineering, ethical and professional skills, HRM skills, Globalization and change management skills. The financial performance of Deposit Taking SACCOs was evaluated using the Return on Investment. Return on investment is calculated by dividing a company's annual earnings by its total investments as follows as presented in equation (1). The relationship between the research variables is presented in Figure 1.



**Figure 1: Conceptual Framework**

Source: Researcher (2018)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter presented the research philosophy, outlines a description of the research design to be used, target population, sampling design and sample size, data collection method, data analysis and presentation as well as validity and reliability of research instruments. According to Muganda (2003), research methodology is an operational framework within which the facts are placed so that meaning may be seen more clearly.

#### **3.2 Research Philosophy**

Research philosophy constitutes a way of looking at the world and interpreting what is studied and therefore an indication of how research ought to be conducted, by whom, and to what degrees of involvement and interpretation (Rubin & Rubin, 2012). Research philosophy is the foundation of knowledge on which underlying predispositions of a study are based (Robson, 2014). It is not possible to conduct research without understanding its philosophical underpinnings. Thus, a good research inquiry ought to make the philosophical paradigms within which the study is situated explicit to show that a researcher is aware of their influence on the conduct of inquiry (Creswell, 2007). Three research philosophies exist in social sciences which are positivism/post positivism paradigm, the interpretive/constructivism paradigm and the emancipatory paradigm (Mytton, 2010). The Phenomenological approach on the other hand is perceptual as it looks at the qualities and phenomena that are subjective.

The positivistic philosophical foundation is based on real facts, objectivity, neutrality, measurement and validity of results (Saunders, Philip & Thornhill, 2011). The quantitative perspective derives from a positivist epistemology which holds that there is

an objective reality that can be expressed numerically. Qualitative perspective emphasizes a phenomenological view in which reality is inherent in perception of individuals. Interpretivist research philosophy argues that individuals and groups make sense of their situations based on their experiences, memory and expectations. Under this paradigm therefore, it is seen as important to discover and understand meanings and the contextual factors that influence, determine and affect the interpretations of reality reached by different individuals (Neuman, 2010). Denzin and Lincoln (2005) observe that post positivism therefore relies on multiple methods as a way of capturing as much of reality as possible, but it also emphasizes the discovery and verification of theories. It holds the view that researchers should strive to capture reality by using multiple methods. In such way's reality would be approximated. This study applied both positivistic and an interpretivist philosophical foundation since the study was based on the effect of business management training on financial performance among Deposit Taking SACCOs. This assertion is because it is supported by facts; mainly primary and secondary data sourced from the main players in the Cooperative sector in Kenya.

### **3.3 Research Design**

According to Upgrade and Shade (2012), research design is the arrangement of conditions from collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It is the logical manner in which individuals or other units are compared and analyzed and acts as the basis of making interpretations from the data. Research design is the blue print for the collection, measurement and analysis of data. It is a plan and structure of investment conceived so as to obtain answers to research questions (Coopers & Schindler, 2011).

In this study, the researcher used both longitudinal and cross-sectional design. Longitudinal design helps in analysis of a trend or impact over a period of time (Mugenda & Mugenda, 2003). In this study, the design was adopted to assess the level of skills acquired through the five years period of the study. Time series data on financial performance was collected over a period of five years between 2012 and 2016. Cross sectional data on business management training was collected in 2018 for purposes of analysis. The study therefore adopted explanatory survey design. Exploratory survey collects data by administering a questionnaire to a sample of individuals about people's attitudes, opinions on research variables (Orodho, 2003). The choice of the explanatory research design is based on the fact that in this study, the researcher was interested in the state of affairs already existing in the field and no variable would be manipulated and finally due to the need to generalize the findings to a larger population.

Sekaran and Bougie (2011) asserts that explanatory study has several advantages including; it helps in understanding the characteristics of a group in a given situation, assists in systematic thinking about aspects in a given situation. It also offers ideas for further probe and research and helps in making simple decisions. Explanatory research design will be appropriate for this study as it will help in understanding the effects of business management training on financial performance of Deposit Taking SACCOs in Kenya and therefore answers the “what” question of the study. The relevant secondary data was analyzed and inferences made about relationships between acquired accounting skills, acquired financial management skills, acquired entrepreneurship skills, acquired ing skills and acquired Strategic Leadership skills on one hand and financial performance on the other. The data was for five years namely, year 2012 to year 2016

### 3.4 Location of the Study

This study was conducted in the Deposit Taking SACCOs. The SACCOs are distributed across the country. The distribution of the SACCOs is influenced by the targeted membership location. Generally, the SACCOs are majorly located in Urban Centres with dense population. Kenya has a population of 50 million distributed across the counties serving 176 registered Deposit Taking SACCOs as at 2016. The location of the study is as presented in Figure 2.

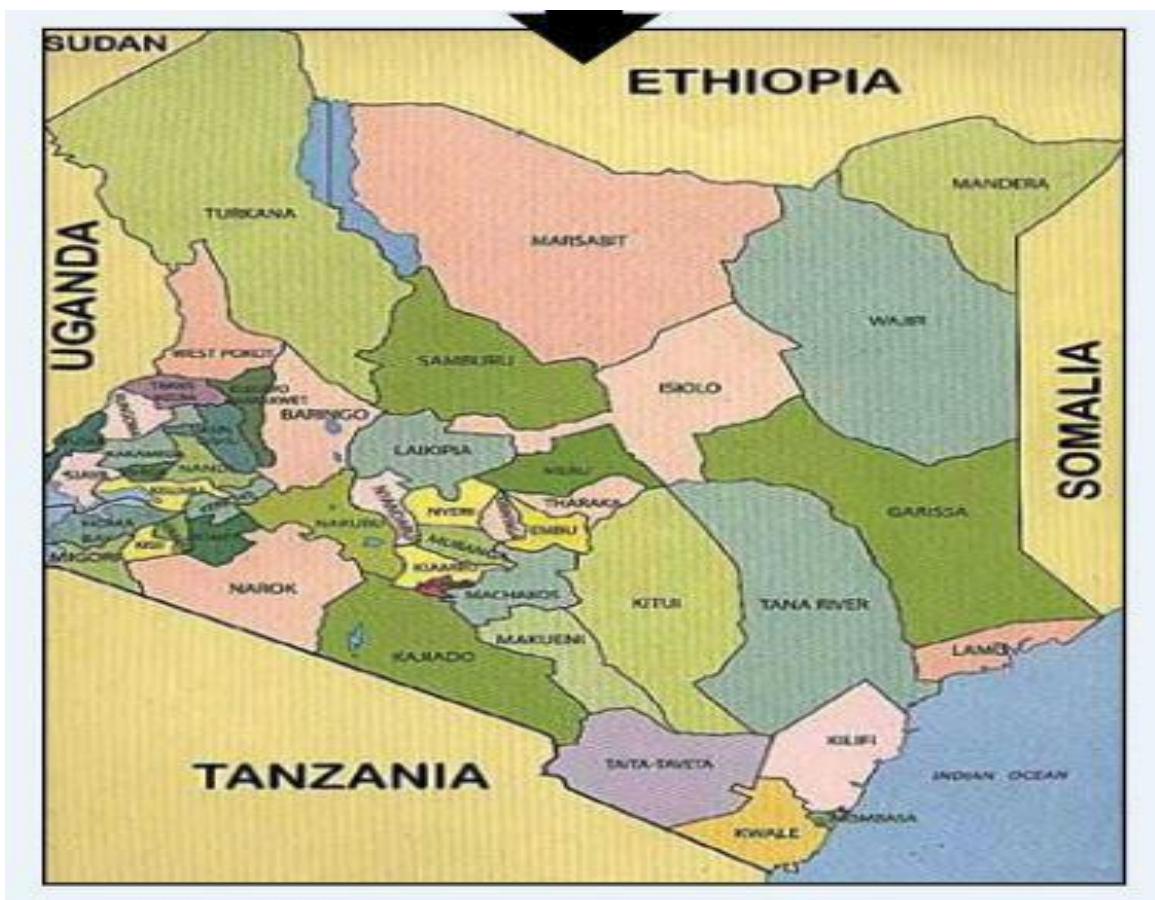


Figure 2: Location of the Study

### 3.5 Target Population

A population is well-defined set of people, services, elements, events, groups of things or households that are being investigated (Neuman, 2010). In this study, the population of interest is the Deposit Taking SACCOs registered as at December, 2016 as these were

the latest available audited accounts then when I was carrying out data collection. There were one hundred and seventy-six (176) registered Deposit Taking SACCOs as at December, 2016. Each Deposit Taking SACCO was therefore considered a unit of analysis. Preliminary analysis indicates that Deposit Taking SACCOs are similar in terms of operations and business training needs and initiatives. The population was therefore considered homogeneous.

### **3.6 Sampling Frame and Sample Size**

Sampling frame is a physical representation of all the elements in the population from which the sample is drawn (Sekaran & Bougie, 2011). Turner (2003) defines a sampling frame as the set of source materials from which the sample is selected. The definition also encompasses the purpose of sampling frames, which is to provide a means for choosing the particular members of the target population that are to be interviewed in the survey. Upagade and Shende (2012) also refer to a sampling frame as a source list containing all names of the universe. Specifying the sample frame is crucial as it itemizes all items in the population from which a sample is obtained for analysis so as to test the research hypotheses. In this study, the sample frame was purposively decided on to include employees in top management positions in the deposit taking SACCOs who are directly involved in financial decisions. These are; chief executive officer, finance manager and internal auditor as the sample frame. Therefore, from each of the 176 Deposit Taking SACCOs, 3 respondents were selected, giving a sample frame of 528.

The researcher applied Krejcie & Morgan (1970) sampling formula proposed for finite population to determine the sample size presented in equation (3.1).

$$s = \frac{X^2 NP(1-P)}{d^2(N-1)+X^2 P(1-P)} \quad (3.1)$$



Where:

$s$  = required sample size

$X^2$  = the Table value of chi-square for 1 degree of freedom at the desired confidence level (= 3.8416)

$N$  = the population size

$P$  = the population proportion (assumed to be 0.50 since this would provide the maximum sample size).

$d$  = the degree of accuracy expressed as a proportion (0.05)

$$s = \frac{3.8416 * 528 * 0.5(1 - 0.5)}{0.05^2(528 - 1) + 3.8416 * 0.5(1 - 0.5)}$$

$$s = \frac{507.0912}{2.2779}$$

$$s=222.6$$

The target respondents were around 223;

In each SACCO, the researcher purposively selected chief executive officer, finance manager and internal auditor from each SACCO involved in the study. To determine the number of SACCOs to involve in the study, the researcher used the formula presented in equation (3.2)

$$\text{Number of SACCOs} = \frac{\text{Sample size}}{\text{Respondents per SACCO}} \quad (3.2)$$

$$\text{Number of SACCOs} = \frac{222.6}{3}$$

$$\text{Number of SACCOs} \approx 74$$

The 74 SACCOs involved in the study was selected through simple random sampling.

The researcher assigned random numbers to the SACCOs and selected 74 numbers

randomly. The random numbers were used to select the 74 SACCOs presented in appendix VI.

### **3.7 Data Collection**

Research data on financial performance was collected for a period of 5 years between 2012 and 2016. Since SASRA was created in 2011, the year 2012 was selected as a base year because the study was intended to assess the influence of trainings by SASRA on financial performance of the Deposit Taking SACCOs.

#### **3.7.1 Research Instrument**

Cresswell (2003) defines collection as a means by which information is obtained from the subject of investigation. The questionnaire to capture primary data was divided into sections representing the various variables to be studied. Structured questionnaires were used to obtain data from the respondents for ease of analysis. The questionnaires consisted of both closed-ended and open-ended questions. A likert scale questionnaire was used and with the help of a trained research assistant, the researcher administered the questionnaire to the Deposit Taking SACCOs. Questionnaires were used to enable the study reach a large group of respondents within a short time and at lower costs. To succeed in getting the expected data, closed and open-ended questions were designed in line with the research objectives. The researcher used drop and pick later method to get the questionnaires to all the targeted population of licensed Deposit Taking SACCOs. Secondary data was gathered from audit reports of the Deposit Taking SACCOs from SASRA databases. Secondary data collection sheet was used to collect secondary data information regarding financial performance of SACCOs.

### **3.7.2 Data Collection Procedures**

The research questionnaires were sent to a random selected sample of 74 licensed Deposit Taking SACCOs (see appendix VI). The intention was to obtain responses from management level staff that are knowledgeable and are directly involved in financial decision making. The study considered C.E.O, finance manager and internal auditor. The researcher applied drop and pick technique in data collection. The researcher maintained a register to follow up on questionnaires issued and questionnaires received to ensure optimum response is achieved. Data on financial performance was collected from audited financial reports of individual Deposit Taking SACCOs from SASRA databases.

### **3.8 Pilot Study**

According to Marczyk, Dematteo and Festinger (2005), pilot test is the start phase of any data gathering of the research process. Pilot test was conducted to detect weaknesses in design and instrumentation and provide alternative data for selection of a probability sample. The pilot test was conducted to assess the clarity, complexity and the validity of the instrument. The researcher conducted content validity on the questionnaire items. Experts in business management and entrepreneurship were consulted and the questionnaire items were revised to capture valid aspects of the research variables. According to Cooper and Schilder (2011), about 10% of the sampled respondents designed as the main data collection should be used in the pilot study. 24 questionnaires were issued to C.E.O, finance manager and internal auditor in the 8 SACCOs (see appendix VII) involved in the pre-test. The SACCOs that were involved in the pilot test were not involved in the actual study.

### **3.9 Validity and Reliability of the Research Instrument**

The study ensured that the research instruments were reliable and were able to collect valid data through reliability and validity analysis. Since regression analysis was used as the main analysis technique, the assumptions of linearity and homoscedasticity, normality and Multicollinearity were tested before the actual analysis. Findings of the analyses are presented in chapter four.

#### **3.9.1 Validity of the Research Instrument**

The validity of the questionnaire was tested and enhanced by giving the questionnaire to 8 Deposit taking SACCOs, based on expert and supervisor's advice, through a pilot study and whose population was not included in the final study. Their views and responses about the questionnaire were used to review and improve the study instruments where appropriate.

#### **3.9.2 Reliability of the Research Instrument**

Mugenda and Mugenda (2003) noted that for reliability and validity to exist in the data, collection techniques must yield information that is not only relevant to the research hypothesis but also correct. Reliability and relevance are a measure of this correctness. Reliability is a measure of the degree a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). It explains that reliability can be seen from two sides (Chaffey, 1994).

The reliability of the questionnaire was tested using Cronchbach's Alpha correlation coefficient with the aid of SPSS software. Cronchbach's alpha coefficient is a measure of internal consistency (Chaffey, 1994). According to George and Mallery (2003), Crochbach Alpha value greater than 0.7 is regarded as satisfactory for reliability assessment. A test is valid if it measures what it is supposed to measure, the degree to

which results obtained from the analysis of the data actually represents the phenomenon under study (Mugenda & Mugenda, 2002). The findings on reliability analysis resulted into all alpha values being greater than 7 as presented in Table 4.5.

### **3.10 Data Analysis**

This section outlines the techniques that were used to analyze data and test the variables. Data analysis refers to examining what has been collected in a study and making deductions and inferences (Kombo, 2006). The responses from the questionnaires administered to the CEO, finance manager and internal auditor of all the Deposit Taking SACCOs were obtained. The questionnaires were coded, sorted, arranged, cleaned and organized in a manner that allowed for analysis. Before actual data analysis, the researcher ran descriptive statistics to diagnose any missing data. There were randomly missing data of less than 5%. Since the distribution of collected data was approximately normal, the researcher computed mean for questionnaires items. The mean value for the research items with missing values were used in cases of missing data. Data on business management training was analyzed using frequency, percentages and chi-square and presented using Tables.

Data on financial performance was analyzed using trend analysis and presented using a graph. The study used correlation and regression analyses to test association between acquired accounting skills, entrepreneurship skills, financial management skills, marketing management skills and strategic leadership skills and financial performance. Multiple regressions analysis was conducted to test the overall relationship. Hypotheses on the individual relationships were tested using t-statistic at  $p < 0.05$ . Hypothesis on the combined relationship was analyzed using  $R^2$  and ANOVA at  $p < 0.05$ . Before inferential analyses, to all ensure all conditions for correlation and regression analyses were met,

preliminary tests were conducted; the study tested linearity and homoscedasticity using a scatter plot of standardized residuals (ZRESID) against standardized predicted (ZPRED) values. Normality condition was tested using normal probability plot while multicollinearity of the predictor variables was tested using diagnosis of tolerance and variance inflation factor (VIF) were used. The multiple regression model applied is presented in the equation IV:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon \quad (3.3)$$

Where;

Y= Financial performance as measured by Return on Investment

$\beta_0$ = Constant

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  are regression coefficients:

$X_1$ = Acquired Accounting Skills.

$X_2$ = Acquired Entrepreneurship Skills

$X_3$ = Acquired Financial Management Skills

$X_4$ = Acquired Marketing Skills.

$X_5$ = Acquired Strategic Leadership Skills

$\varepsilon$ = Error term: difference between the calculated dependent variable value and the actual value.

### 3.10.1 Moderated Multiple Regression Model

The Moderated model is shown model 3.4

$$Y = \beta_0 + \beta_1 x_i + \beta_2 M + \beta_3 x_i M + e_5 \dots\dots\dots(3.4)$$

Where:

Y- Dependent variable (financial performance)

x- Independent variable (aggregate business management training)

$M$ - Hypothesized moderator (SACCO Regulation) of relationship between variables  $X$  and  $Y$ .

$\beta_1$ - Least squares estimates of the intercept

$\beta_2$ - Least squares estimates of the population regression coefficient for  $M$

$\beta_3$  - Coefficient of  $XM$

$e_5$ - Error term

### **3.11 Ethical Considerations**

The researcher obtained authority to collect data from the appropriate authorities before data collection commenced. First a letter was obtained from Institute of Postgraduate Studies of Kabarak University to allow the carrying out of the research. Secondly, a letter from the National Commission for Science, Technology and Innovation (NACOSTI) authorizing the study to be conducted and collection of relevant data was sought. Lastly, authority was sought from the SACCO Society's Regulatory Authority (SASRA) to authorize the researcher to collect data from selected Deposit Taking SACCOs. The Deposit Taking SACCO CEOs, Finance managers and Auditors were informed of the researcher's intention to collect data from their SACCOs and even make arrangements for suitable time to conduct the exercise. The study ensured confidentiality and security of data gathered from the respondents. In this regard, all data to be collected was kept in safe custody. The respondents were not required to write their names on the questionnaire to avoid exposing who gave what information. A letter of request to participate in the study was addressed to the CEOs. This was a show of courtesy to the respondents as well as a mechanism of ensuring informed consent to participate in the study.

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND DISCUSSION**

#### **4.1 Introduction**

The chapter presents data analysis, findings and discussion of the result of the study. The chapter starts with discussion of the response rate and assessment of research instruments. Then the results of descriptive statistics of the profiles of the respondents and organizations are presented. These are followed by results of descriptive statistics of the study variables, correlation analysis, and regression results including a discussion of the results of the study. Finally, the chapter presents tests of hypotheses of the study.

#### **4.2 Response Rate**

The unit of analysis in this study was the Deposit Taking SACCO. Questionnaires were administered through structured questionnaires. A total of 222 questionnaires were sent to the sampled 74 SACCOs, 3 questionnaires to each SACCO, out of which 137 questionnaires were filled and collected for analysis from 61 Deposit Taking SACCOs. This ultimately gave a response rate of 62%. The response rate was considered adequate as indicated by Mugenda and Mugenda (2003), and Bryman and Bell (2007). The high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential respondents (Chief executive officer, Finance manager and internal auditor) of the intended survey, utilization a self-administered questionnaire where the respondents completed and these were picked shortly after. Follow up calls were made to clarify queries and prompt the respondents to fill the questionnaires when questionnaires were not picked immediately. The researcher paid a courtesy call on 20<sup>th</sup> June 2018 to SASRA office to request for permission to obtain the necessary data. Since secondary data collected was from Deposit Taking SACCOs registered by SASRA, this



led to increased reliability since the data from the regulator is audited hence the data was appropriate in making necessary deduction for the research objectives.

### 4.3 Demographic Characteristics of Respondents

The demographic characteristics that were considered in this study were about the respondents' position in the Deposit Taking SACCO, gender, education, duration of operation and type of Deposit Taking SACCOs.

#### 4.3.1: Position of the Respondents

The study gathered data on respondent's position in Deposit Taking SACCO. The distribution of respondents in terms of position was as shown in Table 3.

**Table 3: Position of the Respondents**

	<b>Position</b>	<b>Frequency</b>	<b>Percent</b>
Valid	CEO	47	34.3
	Finance Manager	48	35.0
	Internal Auditor	42	30.7
	<b>Total</b>	<b>137</b>	<b>100.0</b>

From the 222 questionnaires sent to 74 Deposit Taking SACCOs, a total of 137 questionnaires were filled and collected for analysis from 61 Deposit Taking SACCOs thus giving a response rate of 62%. The response pattern was sporadic in the Deposit Taking SACCOs as some of the questionnaires were either filled by the three respondents (CEO, Finance Manager and Internal Auditor) or two or in very few instances one. As presented in Table 3, the response distribution was good in all the three categories of respondents. The data collected was adequate for analysis.

### 4.3.2: Gender of the Respondents

The study was interested in distribution of respondents by gender, from analysis; findings in Table 4 were obtained.

**Table 4: Gender of Respondents**

	<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Valid	Male	89	65.0
	Female	48	35.0
	<b>Total</b>	<b>137</b>	<b>100.0</b>

On gender, 65 % of respondents were males and 35 % were females, an indication that there was a representation from both males and females. This was also in alignment with one third gender rule of the Kenyan constitution and also in terms of good corporate governance policies. It showed that SACCO management was sensitive towards balancing gender of their management. However, based on the findings, there was significant gender disparity amongst the respondents which would be attributed to a previous study by Huani and Kuriyama, 2016, which concluded that women owned and operate approximately one-third of firms in the formal sector of the APEC economy.

### 4.3.3 Education Level

In this study, education level of respondents was considered. Level of education determines respondent's ability to give the sought research data. Distribution of respondents by Education level was as shown in Table 5.

**Table 5: Education Level of Respondents**

<b>Highest Education Attained</b>	<b>Frequency</b>	<b>Percent</b>
Valid Certificate	4	2.9
Diploma	14	10.2
Degree	79	57.7
Master	36	26.3
PhD	4	2.9
<b>Total</b>	<b>137</b>	<b>100.0</b>

Results from Table 5, majority of respondents (86.9 %) had attained at least a bachelor's degree. From the results, it is evident that most of the Deposit Taking SACCOs employed qualified professionals in management positions. It is much easier and reasonable to train such employees on complementary training such as on entrepreneurship and financial management skills. They equally can demonstrate the outcome of such training. These findings support studies by Anderson and McGrath (2012) indicated that in today's constantly fluctuating business environment, education is one of the factors that impact positively on growth of firms and those firms with larger stocks of human capital, in terms of education and (or) training are better placed to adapt their enterprises to such unexpected fluctuations. This shows that academic qualification affects the financial performance of Deposit Taking SACCOs in Kenya.

#### **4.3.4 Duration in Deposit Taking SACCO Operation**

The study sought to establish how long the respondents had served in the SACCOs. The length of service was important in understanding the SACCO's operations and therefore determines the ability of the respondent to provide reliable research data. The Duration of Deposit Taking SACCO Operation of the respondents was as shown in Table 6.

**Table 6: Duration of Service in Deposit Taking SACCOs by Respondents**

	<b>Duration</b>	<b>Frequency</b>	<b>Percent</b>
Valid	1-5 yrs	18	13.1
	6-10 yrs	35	25.5
	11-15 yrs	35	25.5
	16-20 yrs	23	16.8
	above 21 yrs	26	19.0
	<b>Total</b>	<b>137</b>	<b>100.0</b>

Results from Table 6 shows that majority (86.9 %) of the respondents had served in the SACCOs for more than 5 years. It is therefore evident that the respondents have been in the SACCOs for reasonable time and therefore understand the firms and the industry in general. This implies that the data collected can be relied on for analysis and interpretation.

#### **4.4 Reliability Analysis**

Cronbach alpha was computed to determine reliability of the research instruments. The findings indicated that accounting skills had a coefficient of 0.959; Entrepreneurial skills had a coefficient of 0.954; financial management skills 0.940; marketing skills 0.955 and strategic leadership skills 0.958. Table 6 illustrates the reliability analysis.

**Table 7: Test of Reliability**

<b>Research Variable</b>	<b>Reliability Value</b>	<b>Remarks</b>
Accounting skills	0.959	Adequate
Entrepreneurship skills	0.954	Adequate
Financial management skills	0.940	Adequate
Marketing skills	0.955	Adequate
Strategic leadership skills	0.958	Adequate
Overall (all variables)	0.953	Adequate

Own Data, 2018

As shown in Table 7, all the research constructs had alpha coefficients of above 0.7. The overall Cronbach's coefficient was 0.953. Overall, the instrument met the recommended threshold of 0.7 (Nunnally & Bernstein, 1978) and thus was it considered reliable.

#### **4.5 Descriptive Findings on Study Variables**

Each variable and their indicators were analyzed using descriptive statistics. Frequencies and percentages were used to show the distribution of responses for each questionnaire item. Chi-square ( $\chi^2$ ) at  $p=0.05$  was used to measure significance of deviation from expected association of the research items. The higher the value of  $\chi^2$ , the higher the level of association among the items. This section presents and discusses descriptive analysis results of the study variables.

##### **4.5.1 Descriptive Statistics on Accounting Skills**

The study sought to find out the level of accounting skills acquired by respondents as a result of Business Management Training. Respondents were requested to indicate the extent to which they had acquired accounting skills through training from KUSCCO and NITA consultants and how such skills were exhibited in the SACCOs. They were requested to use 5-point Likert-type scale, ranging from 'strongly disagree' (1) to 'strongly agree' (5) to indicate the extent of skills attained. The responses were analyzed using frequencies, percentages and chi-square. The Table 8 presents the results of the analysis. Responses of more than 50% indicate feelings of majority of respondents, values at  $p < 0.05$  confirms statistical significance of responses.

**Table 8: Descriptive Statistics on Accounting Skills**

Statement	SA(%)	A(%)	N(%)	D(%)	SD(%)	$\chi^2$	P-Value
Cost control skills	40(29.2)	78(56.9)	11(8.0)	5(3.6)	3(2.2)	28.444	0.000
Performance evaluation skills	42(30.7)	76(55.5)	12(8.8)	4(2.9)	3(2.2)	42.750	0.000
Tax compliance skills	61(44.5)	52(38.0)	16(11.7)	5(3.6)	3(2.2)	27.468	0.000
Auditing skills	55(40.1)	57(41.6)	19(13.9)	4(2.9)	2(1.5)	30.966	0.000
Financial reporting skills	48(35.0)	71(51.8)	11(8.0)	5(3.6)	2(1.5)	28.732	0.000
Sound reporting skills	48(35.0)	70(51.1)	10(7.3)	5(3.6)	4(2.9)	29.222	0.000
Record keeping skills	48(35.0)	71(51.8)	10(7.3)	5(3.6)	3(2.2)	28.842	0.000
Management accounting skills	45(32.8)	67(48.9)	17(12.4)	6(4.4)	2(1.5)	29.855	0.000

**Key: n= 61, SD= strongly disagree, D=disagree, N=neutral, A=agree, SA=strongly agree**

Source: Research data, 2018

From Table 8 majority of respondents (86.1%;  $\chi^2=28.444$ ,  $P=0.000$ ;  $< 0.001$ ) strongly agreed and agreed that they had acquired adequate cost control skills while 5.8 % gave contrary position. It was evident from the findings that through training from KUSCCO and NITA consultants, SACCOs management team have acquired adequate cost control skills. The findings concur with that of Kiaritha (2015) that system of strong internal controls can only be achieved through staff and management training in cost management skills.

Majority of respondents (86.2%;  $\chi^2=42.750$ ;  $P=0.000$ ;  $< 0.001$ ) agreed and strongly agreed that they had acquired performance evaluation skills with only 5.1 % indicating having not acquired such skills. This implies that training from KUSCCO and NITA

consultants has been instrumental in instilling performance evaluation skills in the SACCO management. The findings are consistent with findings of Olando (2013) which revealed that management must be able to understand performance indicators to give the right position of the Deposit Taking SACCOs.

Majority of respondents (82.5%;  $\chi^2=27.468$ ,  $P=0.000$ ;  $< 0.001$ ) contended that they had acquired adequate tax compliance skills through training from KUSCCO and NITA consultants while only 5.8 % lacked such skills. This implies that majority of the SACCOs are conscious of tax compliance implications and have put in place measures to ensure tax compliance. The results are in agreement with findings of Heitzman and Ogneva (2015) that firms need to adhere to high tax complying standards if they need to earn higher returns.

The statement “to what extent do you agree that you have acquired auditing skills” elicited the following responses; those who agreed and strongly agreed were 81.7 % while those who disagreed represented 4.4 %. This outcome showed that the majority of respondents tended to agree (81.7%;  $\chi^2 = 30.966$ ,  $P=0.000$ ;  $< 0.001$ ). This outcome was consistent with Hutchison and Zain (2009) on the association between internal audit and firm performance and found a critical connection between experience of internal audit quality and firm performance.

Through training from KUSCCO and NITA consultants, management team has been exposed to adequate financial reporting policies (86.8 %;  $\chi^2=28.732$ ,  $P=0.000$ ;  $< 0.001$ ). Similarly, management team has acquired sound financial reporting skills (86.1%;  $\chi^2 =29.222$ ,  $P=0.000$ ;  $< 0.001$ ). These findings were consistent with findings of Drexler (2012) who reported that training reduces the number of errors in reporting and Berge,

Oppedal, Bjorvatn and Tungoden (2011), reported that training enhances audits and checks in the books of accounts.

Majority of respondents (86.8 %;  $\chi^2 = 28.842$ ,  $P=0.000$ ;  $< 0.001$ ) agreed and strongly agreed to have acquired record keeping skills. Only 3% indicated contrary position. This implies that there was adequate training on record keeping by the SACCOs. This in line with findings of Botha (2006) that entrepreneurship training in record keeping leads to improvement in certain performance outcomes including annual sales, number of employees, number of customers and market expansion.

As evidenced by high percentage, (81.7 %;  $\chi^2 = 29.855$ ,  $P=0.000$ ;  $< 0.001$ ), majority of respondents agreed and strongly agreed of having acquired management accounting skill with only 5.6 % lacking such skills. These findings indicate that the SACCOs are keen on management accounting skills. It is recognized that management accounting practices are important to the success of the organization (Horngren *et al.*, 2009).

Undertaking performance evaluation skills (86.2%;  $\chi^2 = 45.75$ ;  $P=0.000$ ;  $< 0.001$ ) was the most significant while tax compliance skills (82.5%;  $\chi^2 = 27.468$ ,  $P=0.000$ ;  $< 0.001$ ) showed the least association to the accounting skills.

Through the open-ended section, the overriding theme on the opinion about the appropriateness of business management training on accounting skills elicited responses as they put it:

*“It helps develop the skills to perform external and internal analyses for companies and to evaluate the dynamics of competition”*

*“In an environment that is constantly evolving, studying Business and Financial Management gives you an understanding of the challenges faced, as well as the skills and knowledge to work in a high-level business or managerial career.”*



The response on how the accounting skills training received have influenced how you undertake your work elicited:

*“Training programs led to effectiveness and efficiency as well as confidence in operations, leading to significant improvement in financial performance of Deposit Taking SACCOs”.*

The overriding theme from the way they have influenced the business or the business environment as a result of accounting skills acquired elicited:

*“They have helped build ethical values, professionalism and integrity in all business undertakings”.*

These findings are in line with Barnabas, 2011 who stated that a system of strong internal control can help to ensure that the goals and objectives of an organization will be met, that it will achieve long term targets and maintain reliable financial and managerial reporting. The findings are also consistent with those by Mckillop and Wilson (2015) who averred that financial performance was positively correlated with operating costs. This reveals that any positive change in management of operating costs led to improved financial performance. One can justifiably say that Deposit Taking SACCOs should endeavor to minimize their operational costs, grow their surplus and build their institutional capital. In addition, staff training on financial management enhances financial reporting skills giving true position of the business especially to the management, shareholders, directors and other stakeholders (Felipe, Juan, & Nenito, 2016).

#### **4.5.2 Descriptive Statistics on Entrepreneurship Skills**

The study sought to establish the extent to which respondents had acquired entrepreneurship skills as a result of Business Management Training by KUSCCO and other NITA accredited consultants and how such skills were evident in their firms. Using

a 5-point Likert-type scale, ranging from ‘strongly disagree’ (1) to ‘strongly agree’ (5), the respondents were requested to give their opinion on the extent entrepreneurship of skills acquired. The responses were analyzed using frequencies and percentages. The Table 9 presents the results of the analysis.

**Table 9: Descriptive Statistics on Entrepreneurship Skills**

Statement	SA(%)	A(%)	N (%)	D(%)	SD(%)	$\chi^2$	P-Value
Getting hold of business opportunity	31(22.6)	85(62.0)	15(10.9)	4(2.9)	2(1.5)	32.848	0.001
Ability to nurture entrepreneurship skills	35(25.5)	80(64.0)	14(10.2)	4(4.4)	2(1.5)	43.893	0.004
Ability to nurture creativity and Innovation skills	44(32.1)	64(46.7)	20(14.6)	7(5.1)	2(1.5)	30.525	0.002
Ability to nurture adaptability skills	32(23.3)	72(52.6)	24(17.5)	7(5.1)	2(1.5)	27.290	0.002
Business plan writing skills	40(29.2)	65(47.4)	21(15.3)	8(5.8)	3(2.2)	38.942	0.001
Persistence skills	29(21.2)	69(50.4)	28(20.4)	8(5.8)	2(2.2)	33.718	0.001
Inner locus of control skills	31(22.6)	66(48.2)	31(22.6)	5(3.6)	4(2.9)	36.167	0.002
Risk taking skills	49(38.5)	65(47.4)	17(12.4)	2(1.5)	4(2.9)	36.678	0.001

**Key: n= 61, SD= strongly disagree, D=disagree, N=neutral, A=agree, SA=strongly agree**

Source: Research data, 2018

From the scores in Table 9 (84.6 %;  $\chi^2=32.848$ ,  $P=0.000$ ;  $< 0.001$ ), majority of respondents expressed confidence that they had acquired the ability to get hold of business opportunity proactively. Only 4.4% had no such skills. This is in line with findings of empirical analysis conducted by Nieuwenhuizen and Kroon (2002) showing that there is a strong relationship between the success of a business and entrepreneurial success factors such as creativity and innovation, financial management, willingness to

take risks, knowledge of competitors and business planning. Consequently, a training programme must focus on these entrepreneurial success factors.

It is evident from the findings (89.5%;  $\chi^2 = 43.893$ ,  $P=0.000$ ;  $< 0.001$ ) that management teams in most SACCOs have acquired the ability to nurture entrepreneurship skills while those who lacked such skills represented 5.9%; These findings were consistent with findings of Volkmann *et al.* (2009), Shane (2010) and Von Graevenitza, Harhoffa and Weber (2010) entrepreneurship program participants show improvement in certain multiple performance outcomes, including annual sales, number of employees, number of customers and market expansion.

Majority of respondents (78.9%;  $\chi^2 = 30.525$ ,  $P=0.000$ ;  $< 0.001$ ) agreed and strongly agreed that through entrepreneurship training, they had acquired creativity and innovation skills, while those who had not acquired such skills were only 6.5%. A research by Gupta and Sabastian (2017) revealed that a strong focus on innovations helps a firm in entering new markets, strengthens hold on existing ones and creates new possibilities. Dess and Lumpkin (2011) argued that innovation has a unique and distinct relationship with firm growth.

Through the training, majority of respondents have acquired adaptability skills (76.6%;  $\chi^2 = 27.290$ ,  $P=0.000$ ;  $< 0.001$ ) while those who lacked such skills were only 6.5%. Similarly, training from KUSCCO and NITA consultants had instilled business plan writing skills as evidenced by high percentage of agreement and strong agreement (75.9%;  $\chi^2 = 38.942$ ,  $P=0.000$ ;  $< 0.001$ ) while those who lacked the skills were 8.2%. According to Gicheru, Migwi and M'Imanyara (2011), SACCOs must have business plans which are backed by financial ability in order attract and sustain funds. Such training have also enhanced persistence among SACCO management teams as evidenced

by high percentage of agreement and strong agreement (71.6 %;  $\chi^2 = 33.718$ ,  $P=0.000$ ;  $< 0.001$ ) while those who disagreed were 6.6%. The findings corroborate with those of Labuschagne, Nieuwenhuizen and Kroon (2001) who identified persistence as key determinant of success of Small and Medium Entrepreneurs in South Africa, stating that training of entrepreneurs should focus on the development of these skills and abilities identified as success factors of entrepreneurs.

It was evident that respondents had acquired inner locus of control skills as shown by high percentage of agreement and strong agreement (70.8 %;  $\chi^2 = 36.167$ ,  $P=0.000$ ;  $< 0.001$ ) while those who disagreed were 8.2%. This result is in line with Nieuwenhuizen and Kroon (2002) who attested that there is a strong relationship between the success of a business and entrepreneurial success factors. Such factors include creativity and innovation, financial management, willingness to take risks, knowledge of competitors and business planning. Similarly, such trainings had led to improved risk taking skills as evidenced by majority of respondents who agreed and strongly agreed (85.9 %;  $\chi^2 = 36.678$ ,  $P=0.000$ ;  $< 0.001$ ). These findings concur with findings of a research by Liopis Granero, Mesa and Alegre (2013) that firm managers' willingness to take risks enhances innovation performance, which culminates in the growth of a firm. However, the findings of a meta-analysis by Rauch *et al.* (2005) showed that the contribution of risk taking to firm performance is smaller than that of other entrepreneurial orientation dimensions. Naldi *et al.* (2007) also found a negative relationship between risk taking behavior and performance of Swedish Small and Medium Enterprises.

Nurturing entrepreneurship skills ( $\chi^2 = 43.893$ ,  $P=0.000 < 0.001$ ) was the most significant acquired skill while adaptability skills ( $\chi^2 = 27.290$ ,  $P=0.000 < 0.001$ ) showed the least acquired skill as a result of business management training. The findings corroborate with

those of Labuschagne, Nieuwenhuizen and Kroon (2001) who identified the primary factors that contribute to the success of Small and Medium entrepreneurs in South Africa, stating that training of entrepreneurs should focus on the development of these skills and abilities identified as success factors of entrepreneurs (divided into factors directly related to personal characteristics, and those factors directly related to functional management skills).

Through the open-ended section, the overriding theme on the opinion about the effect of business management training on entrepreneurship skills elicited:

*“Not only are managers responsible for ensuring the smooth running and profitability of a business, they are also responsible for guaranteeing that employees’ skills are utilized to meet the same goals. Each manager has their own style and the range of management skills is vast, but there are a few key areas that all managers should aim to both understand and demonstrate: Problem solving, Communication, Innovation, Professionalism and Motivation.”*

On how the entrepreneurship skills training received have influenced how they undertake their work:

*“Entrepreneurial skills training put great emphasis on opportunity recognition, improving cognitive abilities on the entrepreneur’s creativity, and critical thinking hence an increased business growth”.*

*“Entrepreneurial skills training and education plays a key role in stimulating entrepreneurship and business growth.”*

*“Entrepreneurial education and training have a lot to do with developing positive attitudes, creativity and flexibility that will help them to cope with dynamic market changes. Therefore, it’s not just about imparting skills and knowledge”.*

*“Entrepreneurship skills training are a key factor in enhancing growth and competitiveness of Deposit Taking SACCOs in Kenya.”*

The overriding theme from “in what ways have you influenced the business or the business environment as a result of entrepreneurship skills acquired” elicited:

*“It has opened up fresh avenues for the expansion of new entrepreneurial operations. We have come forward with new ideas and with new ventures when we find environment suitable to our enterprises.”*

*“Knowledge about changing environment enables our Deposit Taking SACCOs to adopt a dynamic approach and maintain harmony of business operations with the environment”*

#### **4.5.3 Descriptive Statistics on Financial Management Skills**

Regarding acquired financial management skills, respondents were asked to indicate the extent to which they had acquired financial management skills as a result of Business Management Training by KUSCCO and other NITA accredited consultants and how such skills were exhibited in their firms. Each item had a 5-point Likert-type scale, ranging from ‘strongly disagree’ (1) to ‘strongly agree’ (5). The responses were analyzed using frequencies and percentages. The Table 10 presents the results of the analysis.

**Table 10: Descriptive Statistics on Financial Management Skills**

Statement	SA(%)	A(%)	N(%)	D(%)	SD(%)	$\chi^2$	P-Value
Credit administration policies	54(39.4)	73(53.3)	6(4.4)	4(2.9)	-	40.250	0.000
Internal financial control systems.	64(47.7)	62(45.3)	8(5.8)	3(2.2)	-	30.720	0.000
Financial directions on investment decision skills	57(41.6)	68(49.6)	9(6.6)	3(2.2)	-	31.401	0.000
Fraud and other financial risk management skills	53(38.7)	70(51.1)	11(8.0)	3(2.2)	-	32.087	0.000
Budgeting skills	49(35.8)	67(48.9)	14(10.2)	6(4.4)	1(0.7)	35.748	0.000
Credit and debt management skills	41(29.9)	77(56.2)	15(10.9)	4(2.9)	-	49.622	0.000
Evaluation skills when deciding on sources of funds	55(40.1)	56(40.9)	21(15.3)	4(2.9)	1(0.7)	34.760	0.000

**Key: n= 61, SD= strongly disagree, D=disagree, N=neutral, A=agree, SA=strongly agree**

Source: Research data, 2018

The scores in Table 10 (92.7 %;  $\chi^2=40.250$ ,  $P=0.000<0.001$ ), majority of respondents agreed and strongly agreed that through the training; they had comprehended credit administration policy while those who were in disagreement and strongly disagree were 2.9 %. There is therefore enhanced ability to adhere to credit administration policy in the Deposit Taking SACCOs. According, to Ondieki (2011), major challenges inherent in the cooperative movement in Kenya included: poor governance, limited transparency in management of cooperatives, weak capital base and infrastructure weakness. The same findings were reported by Karim, Mardhotillah and Samadi (2019), that leadership or governance of a CFI determines to a large extent how the CFI responds to regulatory

issues and how it operates within the regulatory framework. This requires that the BOD file personal information return with the regulators.

There is enhanced ability to adhere to internal financial control in the SACCOs as evidenced by high percentage of agreement and strong agreement (93%;  $\chi^2=30.720$ ;  $P=0.000<0.001$ ). The study results are in agreement with Kiragu and Okibo (2014) that internal financial control is paramount in any organization and that such control can be achieved through among other initiatives, training. The respondents were confident on offering sound financial directions as evidenced by majority of respondents (91.2 %;  $\chi^2=31.401$ ,  $P=0.000<0.001$ ) who strongly agreed and agreed with the research item. These findings are consisted with with findings of Kinyua (2013) that through training, SACCOs acquire better financial management practices as showed by the six indicators. Their signs of growth are indicated by positive change in the levels of profitability, turnover and capital. Better financial management practices have resulted to better performance of the SACCOs.

The training has enhanced the ability to counter fraud and financial risks as evidenced by majority of respondents who agreed and strongly agreed (89.8 %;  $\chi^2=32.087$ ,  $P=0.000<0.001$ ).The respondents had equally acquired budgeting skills as evidenced by high percentage of agreement and strong agreement (84.7 %;  $\chi^2=35.748$ ,  $P= 0.000$ ;  $<0.001$ ). Fraud free accounting practices are important to the success of the organization (Horn gren, Datar, Foste, Rajan, & Ittner, 2009). Similarly, according to Drury (2004), budgeting skills is an important tool for forecasting and controlling activities within an organization and for allocating the entity's resources so as to achieve its objectives and goals.



Management training has enhanced credit management skills in the Deposit Taking SACCOs as evidenced by majority of the respondents who strongly agreed and agreed (86.1%;  $\chi^2=49.622$ ,  $P=0.000$  ;< 0.001) with the research item. This is in line with findings of Jared (2013) that financial organizations must invest in staff development to build internal credit management skills. Majority of the respondent's (81 %;  $\chi^2=34.760$ ,  $P=0.000$ ; <0.001) agreed and strongly agreed that through the training, they are able to make careful evaluation when deciding the sources of funds while those who disagreed represented 3.6%. Findings of Ondieki (2011) are in line with findings in his study on financial organizations that they must invest in financial analysis and evaluation skills and tools if it has to achieve sustainable performance.

Adoption of better credit management skills ( $\chi^2=49.622$ ,  $P=0.000$  ;< 0.001) was the most significant acquired skills while adherence to internal financial control policy ( $\chi^2=30.401$ ,  $P=0.000$  ;< 0.001) showed the least acquired skills as a result of business management training.

The qualitative findings on the opinion about the effect of business management training on financial management skills elicited:

*“Skills in financial management is critical for putting your plan into practice. Effective administration, compliance and cash flow management are just the starting point. Financial skills let you track and measure performances, identify problem areas and new opportunities, and minimize risks”.*

The statement on how the financial management skills training received have influenced how you undertake your work elicited the following response:

*“I am able to delegate some of the tasks involved – to employees or outside experts, but there is also need to be always looking ahead, ensuring that your*

*business continues to develop the financial capabilities it will need to achieve its full potential”*

Lastly, the statement “in what ways have you influenced the business or the business environment as a result of financial management skills acquired”, elicited the following response:

*“My financial management skill has always continually evolved as the business grows and circumstances change”.*

#### **4.5.4 Descriptive Statistics on Marketing Skills**

Respondents were asked to indicate the extent to which they had acquired marketing skills as a result of Business Management Training by KUSCCO and other NITA accredited consultants and how such skills were evident in the SACCOs. Each item had a 5-point likert-type scale, ranging from ‘strongly disagree’ (1) to ‘strongly agree’ (5). The responses were analyzed using frequencies and percentages. The Table 11 presents the results of the analysis.

**Table 11: Descriptive Statistics on Marketing Skills**

<b>Statement</b>	<b>SA(%)</b>	<b>A(%)</b>	<b>N(%)</b>	<b>D(%)</b>	<b>SD(%)</b>	<b><math>\chi^2</math></b>	<b>P-Value</b>
Visibility to clients skills	39(28.5)	79(57.7)	17(12.4)	-	-	35.088	0.000
Customer differentiated services skills	56(40.9)	68(49.6)	11(8.0)	2(1.5)	-	34.453	0.000
Product/ service innovation skills	49(35.8)	61(44.5)	24(17.5)	3(2.2)	-	38.770	0.000
Customer service skills	56(40.9)	64(46.7)	14(10.2)	3(2.2)	-	32.162	0.000
Advertising skills	25(18.2)	75(54.7)	34(24.8)	1(1.6)	-	32.861	0.000
Market research and development skills	33(24.1)	74(54.0)	27(19.7)	3(2.2)	-	40.311	0.000
Product pricing skills	39(28.5)	66(48.2)	30(21.9)	2(1.5)	-	35.248	0.000
Product Promotion skills	31(22.6)	72(52.6)	30(21.9)	4(2.9)	-	33.914	0.000

Key: n= 61, SD= strongly disagree, D=disagree, N=neutral, A=agree, SA=strongly agree

Source: Research data, 2018

The scores in Table 11 showed the reactions of respondents on the effect of Business Management Training on acquisition of Marketing Skills on performance of Deposit Taking SACCOs. Majority of respondents (86.2%,  $\chi^2= 35.088$ ,  $P=0.000;<0.001$ ) strongly agreed and agreed to have acquired marketing skills through the training. This implied that constant visibility to clients had been acquired as a result of business management training. Marketing skills training encourages business owners to put themselves “in someone else shoes” and look beyond their own context, inducing more open-minded inquiring about market information from multiple sources (Shoemaker, 2000). Developing broader perspectives on customers, competitors, distributors and suppliers (via marketing training) can also lead to greater external focus and attention to

a wider set of activities and opportunities happening at the periphery of the firm (Chattopadhyay, Glick & Huber, 2001).

The findings reveal that majority of respondents have acquired the ability to offer different services as evidenced by findings; (80.3 %;  $\chi^2 = 34.453, P=0.000; < 0.001$ ). A related study was carried out whose goal was to determine the influence of a firm's functional capabilities and diversification approaches on overall financial performance (Nath, Nachiappan, & Ramanathan, 2010). The results indicated that marketing capability is the fundamental determinant for superior financial performance and also that market-driven firms are likely to have much better business performance than a firm focusing entirely on operational capabilities.

Management training has led to better ability to offer innovative products as evidenced by majority of respondents who strongly agreed and agreed as shown by findings (91.2 %;  $\chi^2 = 38.770, P=0.000 ; < 0.001$ ) while those who were in disagreement were 1.6%. These findings are in line with findings of study by Rust, Moorman and Dickson (2002) that innovation and market adaptability is achievable through staff empowerment and development. The SACCOs have improved on customer service as a result of customer service skills acquired through staff training. This is evidenced by majority of respondents who agreed and strongly agreed as indicated by findings (87.6 %;  $\chi^2 = 32.162, P=0.000 ; < 0.001$ ). Marketing capabilities such as market sensing, partner linking, customer capabilities, functional capabilities, networking capabilities are products of staff training and development (Mitrega *et al.*, 2011). Such capabilities can either be used to form a marketing strategy that would lead to superior performance or may be of tactical or operational use, thus contributing to the value chain.

Through training, majority of the respondents have acquired advertising skills as evidenced by findings (72.9 %;  $\chi^2=32.861$ ,  $P=0.000$  ;< 0.001), evidenced by majority of respondents who agreed and strongly agreed while only 1.6% lacked such skills. The findings agree with findings of Shoemaker (2000) who noted that marketing skills training encourages business owners to put themselves “in someone else shoes” and look beyond their own context, inducing more open-minded inquiring about market information from multiple sources. Similarly, majority of respondents have acquired market research and development skills as evidenced by high level of strong agreement and agreement with research item (78.1%;  $\chi^2=40.311$ ,  $P=0.000$  ;< 0.001). Market research and development skills, new product/service development, research and development of new innovations, building competitive advantage, and creating new markets are acquired as a result of business management training (Raju & Lonial, 2002).

The respondents possess adequate product pricing skills as evidenced by high percentage of agreement and strong agreement (76.7 %;  $\chi^2 =35.248$ ,  $P=0.000$  ;< 0.001) while only 1.5% disagreed. The findings concur with that of Viswanathan Rosa and Ruth (2010), who observed that customer targeting approaches, product line choice and pricing are achievable through deliberate learning efforts. The training had similarly led to advanced promotion skills as evidenced by high level of agreement and strong agreement with research item (75.2 %;  $\chi^2=33.914$ ,  $P=0.000$  ;<0.001) while only 2.9 % gave contrary opinion. Bruhn, Karlan and Schoar (2010) concur with this assertion by revealing that, some utilization activities can be viewed, like changing sales staff incentives, expanding a retail channel or building new products from existing materials and certain allocation activities like planning how to adjust product lines, evaluating sources of competitive differentiation, or determining when to target different customer segments with promotions, as being more focused on growth as a channel to increase profits.

The objective on ability to offer market research and development skills as evidenced by findings ( $\chi^2=40.311$ ,  $P=0.000$ ;  $<0.001$ ) was the most significant acquired skill while excellent customer service skills and promotion skills, shown through the results; ( $\chi^2=32.162$ ,  $P=0.000$ ;  $<0.001$  &  $\chi^2=43.655$ ,  $P=0.000$ ;  $<0.001$ ) showed that it was the least acquired skill as a result of business management training.

The qualitative findings on the opinion about the effect of business management training on acquisition of marketing skills elicited:

*“A marketing leadership development program should align your skills with the challenges of competing successfully in a market environment that has dramatically changed in recent years.”*

The statement on how the marketing skills training received have influenced how you undertake your work elicited:

*“We have facilitated receiving feedback: Ability to work in a team: Remaining level-headed”*

Lastly in on what ways have you influenced the business or the business environment as a result of marketing skills acquired elicited:

*“We have improved on content creation, building distribution channels, identifying target consumers, pricing strategy, developing marketing plans, overseeing online campaigns, organizing research and meeting with clients”*

#### **4.5.5 Descriptive Statistics on Strategic Leadership Skills**

The study sought to find out the extent to which the respondents had acquired strategic leadership skills as a result of BMT by KUSCCO and other NITA accredited consultants and how the skills were exhibited in the SACCOs. Using a 5-point Likert-type scale, ranging from ‘strongly disagree’ (1) to ‘strongly agree’ (5). The respondents gauged

themselves based on the research items. The responses were analyzed using frequencies and percentages. The Table 12 presents the results of the analysis.

**Table 12: Descriptive Statistics on Strategic Leadership Skills**

Statement	SA(%)	A(%)	N(%)	D(%)	SD(%)	$\chi^2$	P-Value
Ability to give strategic direction as relates to Planning, organizing and execution skills	53(38.7)	66(48.2)	16(11.7)	2(1.5)	-	34.709	0.000
Proactive strategic skills	49(35.8)	68(49.6)	18(13.1)	2(1.5)	-	70.690	0.000
Restructuring, re-engineering and re-branding skills	42(30.7)	63(46.0)	25(18.2)	6(4.4)	1(0.7)	80.575	0.000
Ethical and Professional skills	53(38.7)	72(52.6)	9(6.6)	3(2.2)	-	40.499	0.000
Strategic human resource management skills	44(32.1)	64(46.7)	23(16.8)	5(3.6)	1(0.7)	51.471	0.000
Succession planning skills	43(31.4)	58(42.3)	32(23.4)	4(2.9)	-	56.539	0.000
Leadership skills	48(35.0)	70(51.1)	17(12.4)	2(1.5)	-	40.728	0.000
Globalization and change managements	55(40.1)	57(41.6)	20(14.6)	5(3.6)	-	45.091	0.000

**Key: n= 61, SD= strongly disagree, D=disagree, N=neutral, A=agree, SA=strongly agree**

Source: Research data, 2018

The scores in Table 12 showed the reactions of respondents to the effect of Business Management Training on acquisition of strategic leadership skills on performance of Deposit Taking SACCOs. The findings, (86.9%  $\chi^2=34,709$ , P= 0.000;<0.001) reveal that management team, through the training; have acquired planning, organizing and execution skills. Only 1.5% lacked such skills. Leadership training leads to enhanced communication, environmental screening and decision making capacity which translates to better management decision and consequently, better financial performance (Mahadevan &

Yap, 2019). Leadership training enhances adoption of the various leadership styles such as transformational leadership and transactional leadership styles. These can be applicable based on the management environment (Louise, Andersen, Bøllingtoft, Eriksen, & Holten, 2014).

The ability to give directions on planning, organizing and execution are acquired as a result of business management training (Muogbo, 2013). The respondents had acquired proactive strategic practices and skills as evidenced by high level number of respondents who agreed and strongly agreed (85.4%,  $\chi^2=70.690$ ,  $P=0.000<0.001$ ) while those who disagreed represented 1.5%. The findings concur with those of study by Dess (2008), that management team must be constantly trained on strategic and proactive leadership skills if they have to create and implement a creative vision. Such skills are also required for formulation of organizations' overall strategy and directions which is critical in shaping the organizational performance in general (Blair & Rivera, 1992).

The training was instrumental in instilling restructuring, re-engineering and re-branding skills among the management staff. This is evidenced by high number of respondents who strongly agreed and agreed with the research items (76.7 %;  $\chi^2 =80.575$ ,  $P=0.000$ ;  $<0.001$ ). This is supported by Muigai (2013) who revealed that the introduction of re-engineered ownership principles through involvement and training in cooperatives reduces apathy among members to make long-term investments. Respondents had acquired ethical and professional skills through training as evidenced by findings (91.3 %,  $\chi^2=40.499$ ,  $P=0.000$ ;  $<0.001$ ) while 12.2 % gave contrary position. These study findings concur with that of Tay & Demerg (2011) who reported that the central figure in professional management such as high competency, flexibility, ability to take risks, aggressiveness and the ability to implement plans and team leadership are acquired



through training and development. Similarly, staff training enhances leadership capacity to adopt strategies responsive to changes in the management environment (Darmadi, 2013).

The training had equipped management staff with strategic human resource skills as evidenced by high percentage of respondents who agreed and strongly agreed (78.8%;  $\chi^2=51.471$ ,  $P=0.000$ ;  $<0.001$ ) while those who disagreed represented 4.3 %. The results of the study concur with those of Ondieki *et al.* (2011) that advanced human resource capacity is crucial in Sacco's management and is achievable through staff development and training. Similarly, training can instill systematic succession skills as evidenced by high agreement rate of (73.7 %,  $\chi^2=56.539$ ,  $P=0.000$ ;  $<0.001$ ). Systematic succession management skills are acquired as a result of business management training (Banning, 2013). The training had equally equipped the respondents with outstanding leadership skills (86.7 %;  $\chi^2 =40.728$ ,  $P=0.000$ ;  $<0.001$ ) with only 1.5% disagreement. Study by Boal and Hooijberg (2001) established that management training play critical role in development of leadership, communication and interpersonal skills, which are critical in leaders delivering results beyond expectations through people.

As a result of staff training, the respondents are able to adapt to globalization and change management skills as evidenced by high level of agreement and strong agreement (81.7%;  $\chi^2=45.091$ ,  $P=0.000$ ;  $<0.001$ ) while those who disagreed represented 3.6%. The findings concur with those of research by James, Grace, Patrick and Oluwatobilola (2015) which indicated that management must be prepared through development to manage changes that come with globalization. Leadership training widens scope and exposes managers to new management tools and approaches which are critical in realizing the overall goal of the organization (Asamoah, 2017).

The statement on ethical and professional skills ( $\chi^2=80.575$ ,  $P=0.000$ ;  $<0.001$ ) was the most significant acquired skills while systematic ability to give directions skills ( $\chi^2=34.709$ ,  $P=0.000$ ;  $<0.001$ ) showed the least acquired skills as a result of business management training.

The qualitative finding on the opinion about the effect of business management training on acquired strategic leadership skills elicited:

*“Entrepreneurs require all sorts of skills to get their businesses off the ground – tenacity, imagination, drive and a strong work ethic.”*

On stating how the strategic leadership skills training received have influenced how you undertake your work the overriding theme centered on:

*“Developing leaders, asking for advice, leading by example, delegation, spotting and retaining the best talent, communication and having a strategic vision”*

Lastly on “In what ways have you influenced the business or the business environment as a result of strategic leadership skills acquired”, the response was:

*“The ability to lead by example while communicating, mobilizing, sharing and delegating”*

The findings concur with those in Pearce and Robinson (2011) who argues that strategic leadership challenge is to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implement strategies intended to position the organization to succeed in a vastly different future. Leaders help their companies embrace change by setting forth strategic intent. They continue to state that the aim of strategic leadership is to develop an environment in which employees forecast the organization’s needs in context of their own job so that they are able to efficiently execute their duties and achieve pre-determined goals. The

research study therefore, justifies the indicators used to measure strategic leadership on performance of Deposit Taking SACCOs in Kenya as indicated in the findings.

#### **4.5.6 Descriptive Statistics on SASRA Regulations**

The study sought to describe the extent to which the Deposit Taking SACCOs were in compliance with SASRA regulations. Using a 5-point Likert-type scale, ranging from ‘strongly disagree’ (1) to ‘strongly agree’ (5), respondents gave their opinion on the level of compliance with the SASRA regulations. The responses were analyzed using mean scores and standard deviations. The responses were analyzed using frequencies and percentages. The Table 13 presents the results of the analysis.

**Table 13: Descriptive Statistics on SASRA Regulations**

Statement	SA(%)	A(%)	N(%)	D(%)	SD(%)	$\chi^2$	P-Value
Board of directors' structure and composition is in line with SASRA regulations	60(43.8)	47(34.3)	25(18.2)	5(3.7)	-	41.764	0.000
All board members meet minimum relevant professional qualification for appointment (KSCE or '0' level)	49(35.8)	43(31.4)	37(27.0)	6(4.4)	2(1.5)	65.170	0.000
All board operations supervised by external body	53(38.7)	50(36.5)	23(16.8)	9(6.6)	2(1.5)	74.073	0.000
Board members are accountable while undertaking Deposit Taking SACCO activities	60(43.8)	60(43.8)	13(9.5)	4(2.9)	-	72.607	0.000
There is separation of power between staff and board operations	61(44.6)	53(38.7)	16(11.7)	5(3.6)	2(1.5)	60.011	0.000
Corporate governance is observed	53(38.7)	60(43)	19(13.9)	5(3.6)	-	51.142	0.000
Adherence to code of conduct by Board of Directors	60(43.8)	55(42.6)	16(11.7)	2(2.2)	1(0.7)	44.289	0.000
8. Board members are frequently trained on SACCO management	53(38.7)	66(48.2)	16(11.7)	2(1.5)	-	60.279	0.000

**Key: n= 61, SD= strongly disagree, D=disagree, N=neutral, A=agree, SA=strongly agree**

Source: Research data, 2018

The scores in Table 13 showed the opinions of respondents on SACCO's adherence to SASRA regulations. It was evident that quality of board of directors is up to date as indicated strongly agreed and agreed (78.1%,  $\chi^2=41.764$ ,  $P=0.000$ ;  $<0.001$ ). Only 3.7 %

disagreed. These findings are consistent with those of a study by Ingley, Vander, Carol and Walt (2008) who asserted that to gain the trust and respect of the executive and the CEO; boards need to possess the necessary depth and breadth understanding of relevant regulations. Board members in Deposit Taking SACCOs possess relevant professional qualifications, as evidenced by high number of respondents who agreed and strongly agreed (67.2 %,  $\chi^2=65.170$ ,  $P=0.000$  ; $<0.001$ ) while those who disagreed represented 5.9 %.

It was evident that board operations are supervised by external body as indicated by majority of respondents who strongly agreed and agreed with research items (75.2%,  $\chi^2=74.073$ ,  $P=0.000$ ; $<0.001$ ) while those who were in disagreement were with 8.1 %. Darmadi (2013) indicated that oversight in management enhances performance of management and in return, the organization. Board members are accountable in undertaking SACCO activities, as indicated by high number of respondents who strongly agreed were (87.6%;  $\chi^2=72.607$ ,  $P=0.000$ ; $<0.001$ ) while those who disagreed represented 2.9%. The findings concur with the assertion by Taylor (2003) who revealed that high profile corporate must uphold high levels of accountability, transparency and good corporate governance. They must be held accountable and responsible for growth, performance and results.

Corporate governance is observed in the Deposit Taking SACCOs as indicated by majority of respondents who strongly agreed and agreed (83.3%,  $\chi^2=51.142$ ,  $P=0.000$ ; $<0.001$ ) with only 5.1 % disagreeing. Donaldson (2014) argued that governance structure of any firm affects its ability to respond to external factors that have some bearing on financial performance. Therefore, well governed firms perform better compared to poorly governed firms. Good governance will generate investor goodwill and

confidence. The SACCOs adhere to code of conduct as evidenced by high level of agreement(82.5%,  $\chi^2=44.289$ ,  $P=0.000$ ;  $<0.001$ ) while those who disagreed represented 3.6 %. Board members are frequently trained indicated by high level of agreement (82.6 %,  $\chi^2= 60.279$ ,  $P=0.000$ ;  $<0.001$ ) while those who disagreed represented 2.9 %. Ujunwa (2012) found that, good Corporate Governance practices are helpful to resolve the conflicts involved in the separation of ownership and control in SACCOs all over the world. Organizations with high level of corporate governance show better financial performance as compared to those with poor governance structure.

The objective on board members are accountable in undertaking SACCO activities ( $\chi^2=72.607$ ,  $P=0.000$ ;  $<0.001$ ) was the most significant while Board members have relevant professional qualification (  $\chi^2=65.170$ ,  $P=0.000$ ;  $<0.001$ ) showed the least association to SASRA regulations. These results indicate that the respondents agreed that compliance to SASRA regulations was significant moderating factor influencing business management training and financial performance of Deposit Taking SACCOs. The findings of this study are consistent with Wu (2013) who showed that board training has a significant positive impact on the accounting-based measures of ROE and no significant effect on the market-based measures of stock returns.

The discussion is in concurrence with a study by Waiganjo, Wainyoike and Koitaba (2015) who on their research on the effect of SASRA regulations on SACCOs financial performance in Nairobi County Kenya, revealed that the quality of the Board of Directors was an important aspect in improving the SACCOs financial performance as per SASRA regulations, although compared to other variables, it was weaker. Their findings further revealed that SACCO staff competence as required by SASRA regulations had a strong influence on the financial performance of the SACCOs in the

area. This study also found that corporate governance had a significant effect on SASRA regulations and SACCOs' financial performance and hence emphasized corporate governance in order to strengthen the operations of SACCOs.

The qualitative findings on the contribution of SASRA to the financial performance of Deposit Taking SACCOs elicited:

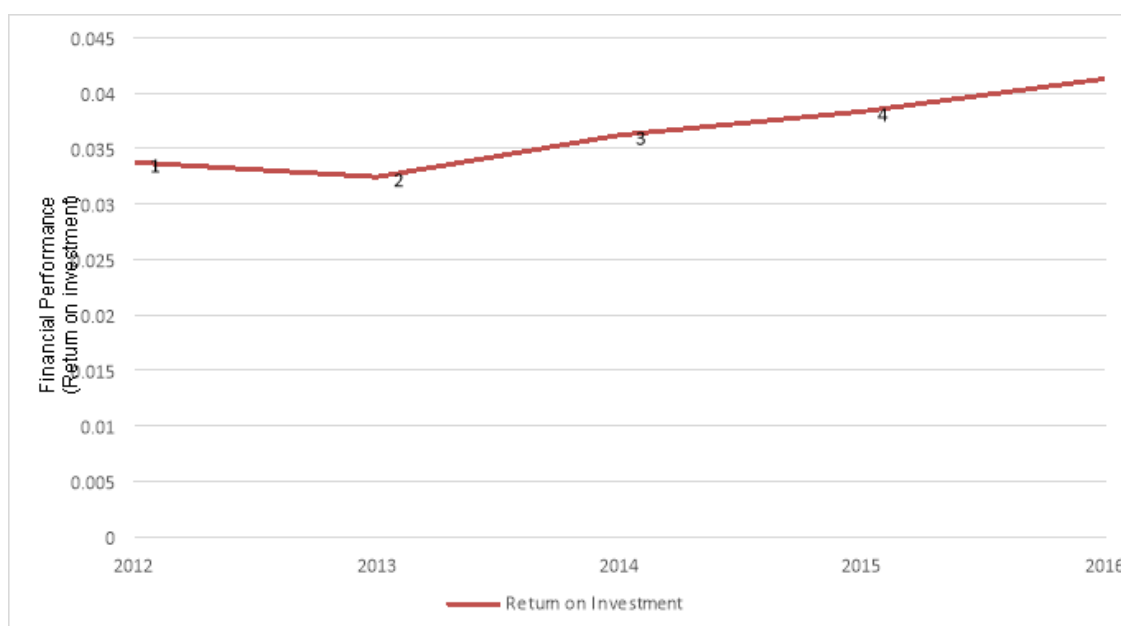
*“Co-operative enterprises are generally incorporated for specific purposes and objectives. SASRA provides legal, regulatory and supervisory framework for Deposit Taking SACCOs which assists them be effective and efficient entities leading to increased financial performance.”*

The last qualitative findings on the role of SASRA on regulation of Deposit Taking SACCOs in Kenya elicited:

*“SASRA provides the legal, regulatory and supervisory framework mechanisms for the prudential regulations of Deposit Taking SACCOs in Kenya and in line with international best practices of financial regulation and supervision of Deposit Taking SACCOs.”*

#### **4.5.7 Financial Performance of Deposit Taking SACCOs**

The researcher sought to analyze the trend analysis of financial performance of Deposit Taking SACCOs in Kenya for the 2012-2016 periods. Data from the regulatory body showed that return on investment was increasing in comparison over the five years from the year 2012 to 2016. This may have resulted from a review of management role in controlling operating expenditures and ensuring that profit is on the increase. This was appraised and need to continue in future since it will result to strengthening membership and capital base hence Deposit Taking SACCOs will play a greater role in contributing to the Country's economic growth.



**Figure 3: Financial Performance (Return on Investment) between 2012 and 2016**

Source: Author (2018)

Figure 3 presents Return on Investment for the individual Deposit Taking SACCOs between 2012 and 2016. There is slight reduction on return on investment in 2013, followed by a steady increase. This could be attributed to favorable economic policies that the government has put in place since 2013 after Kenyan elections on-wards and relatively stable economic environment during the period.

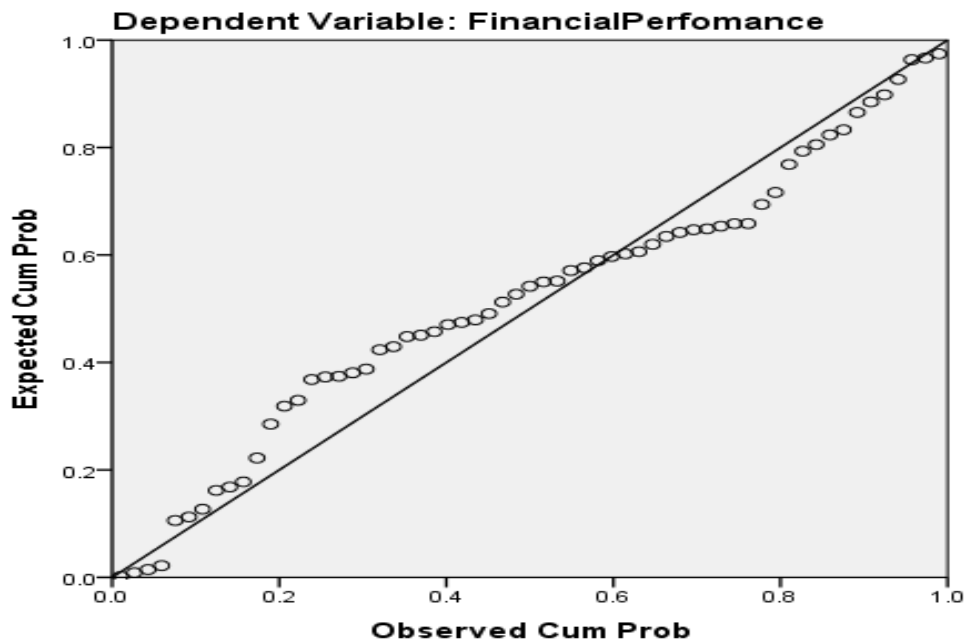
#### 4.6 Preliminary Analysis

Before inferential analysis; correlation and regression analysis to be conducted, normality, linearity and multicollinearity and homoscedasticity assumptions must be satisfied. To establish that the data met the preliminary conditions, the researcher conducted normality test, linearity test, homoscedasticity test and multicollinearity tests. The findings are as presented in this section.



#### 4.6.1 Test for Normality

To test for normality, the normal probability plot was used; and the plotted data values were compared with the diagonal. Figure 4 shows the results of the test for normality.



**Figure 4: Normal Probability Plot**

As shown in Figure 4, the line representing the actual data distribution is a straight line following the diagonal indicating normal distribution of the data. Hence the survey data met the normality assumption.

#### 4.6.2 Linearity Test

Deviation from linearity was used to test for linearity. The results from the analysis were as presented in Table 14. Value of deviation from linearity greater than 0.05 indicates linearity dependence of the variables.

**Table 14: ANOVA Table**

			<b>F</b>	<b>Sig.</b>
Return on Investment * Business Training	Between Groups	(Combined)	1.429	.263
		Linearity	53.538	.000
		Deviation from Linearity	1.008	.542
Within Groups				

From table 14 above, the value of deviation from linearity of 0.542 > 0.05 indicates that there exists a linear relationship between business training and return on investment.

#### 4.7 Correlation Analysis

Correlation coefficients measure the strength of association between two variables. It measures the extent of association between independent variable and dependent variable. a significant correlation does not necessarily indicate causality but rather a common linkage in a sequence of events. Thus, the study analyzed the relationships that are inherent among the independent and dependent variables as well as among the independent variables/ factors. The results regarding this were summarized and presented in Table 15.

**Table 15: Correlation Matrix of Business Management Training on Financial Performance**

<b>Variables</b>		<b>Financial Performance (Return on Investment)</b>
Accounting Skills	Pearson Correlation	.403**
	Sig. (2-tailed)	.000
	N	137
Entrepreneurship Skills	Pearson Correlation	.309**
	Sig. (2-tailed)	.000
	N	137
Financial Management Skills	Pearson Correlation	.420**
	Sig. (2-tailed)	.000
	N	137
Marketing Skills	Pearson Correlation	.444**
	Sig. (2-tailed)	.000
	N	137
Strategic Leadership Skills	Pearson Correlation	.563**
	Sig. (2-tailed)	.000
	N	137

Source: Research data, 2018

Based on the results in Table 15, the correlation coefficient,  $r = 0.403$  at  $p=0.000<0.05$  indicate significant positive association between Acquired Accounting Skills and Financial Performance. This implies that acquired accounting skills enhance financial performance of DT SACCOs. This supports the argument by Gore (2000) that acquired Accounting Skills of SACCO's is the strong basis for enhancing Financial Performance. Besides cost control, evaluation skills, tax compliance, financial reporting policies and record keeping skills significantly contributes in improving the performance of the SACCOs.

The correlation coefficient ( $r$ ) between acquired Entrepreneurship Skills and Financial Performance was found to be 0.309 at  $p=0.000<0.05$ . These results indicate significant positive relationship between acquired entrepreneurship skills and financial performance. The findings indicate that financial performance of DT-SACCOs can be enhanced through entrepreneurship training. This supports the argument by Boso, Cadogan and Story (2013) who explored the relationship between acquired entrepreneurship skills and financial performance effectiveness with reference to SACCO performance. Barney (1986) observed that there was positive relationship between entrepreneurship skills and organizational performance. Schein (1992) emphasize that understanding the entrepreneurship skills is fundamental to what goes on in the SACCO.

The correlation coefficient,  $r=0.420$  at  $p=0.000<0.05$  indicate that there was a significant positive correlation between acquired financial management skills and financial performance. Samad (2013) concur that there is relationship between acquired financial management skills and financial performance. The findings show that enhancing financial management skill enhances financial performance of DT- SACCOs. Templeton *et al.* (2002) stresses that financial management is knowledge acquisition, information

distribution, information interpretation and organizational memory that consciously or subconsciously influence on the positive or organizational performance. Financial training enhances financial management decisions which in return enhance soundness in forging the organizational strategic direction. Organizations are more likely to succeed if they are able to visualize the future and make adequate financial plans to take advantage of future opportunities.

There is a significant positive relationship between acquired marketing skills and financial performance of Deposit taking SACCOs in Kenya as indicated by correlation coefficient of  $r=0.444$  and  $p=0.000<0.05$ . The findings indicate that training on marketing skills can be used as an initiative to improve financial performance of DT-SACCOs. These results are consistent with past findings which found a positive relationship between training and financial performance (Aragon & Valle, 2013). The results also support the findings of Percival, Cozzarin and Formanek (2013) showed that marketing training has a positive effect on productivity in 12 out of 14 manufacturing companies examined in Canada.

The correlation coefficient between acquired strategic leadership skills and financial performance was found to be  $r=0.563$  at  $p=0.000<0.05$ . These results indicated there was a highly significant linear correlation between the two variables (Strategic leadership skills and financial performance). This implies that the relationship between the two variables is very close. This supports the argument by Lory (2003) who examines the nature of the relationship between Strategic leadership skills and financial performance. The results of the findings indicated that Strategic leadership style of immediate supervisors was significantly related to organizational performance. The current models of organizational performance and change suggests that leadership and performance are

central explanatory constructs (Schein, 1992). In competitive edge, it requires development of more flexible, high involvement work cultures and in the creation of a new kind of leadership that can provide continuity in the midst of ongoing innovation and adaptation that enhance performance (Vandenberg *et al*, 1999). These findings also agree with findings of Neelam, Khan, Jan and Hashim (2014) in their study on the impact of training and development on employees’ performance and productivity. The findings of the study showed that there was significant relationship between leadership training and employee performance. Leadership training enhances environmental analysis capacity, decision making capacity and management strategy formulation. These capabilities are critical in creating a sustainable competitive advantage.

#### **4.8 Regression Analysis**

Regression analysis was used to test the relationship between the business management skills and financial performance of Deposit Taking SACCOs in Kenya. The findings were as presented in section 4.8.1.

##### **4.8.1 Acquired Accounting Skills and Financial Performance**

The first objective of the study was to assess the effect of acquired accounting skills on financial performance of Deposit Taking SACCOs in Kenya. Regression analysis was conducted to establish the relationship between the variables. The findings were are presented in Tables 16-18.

**Table 16: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.403 <sup>a</sup>	.163	.156	.59367

a. Predictors: (Constant), Accounting Skills

Source: Research data, 2018

From Table 16, adjusted R squared of 0.156 indicates that 15.6% of the variances in financial performance of Deposit Taking SACCOs are explained by the variances in acquired accounting skills in the linear model. The other variances, 84.4% could be attributed to other factors.

**Table 17: ANOVA Table**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.241	1	9.241	26.220	.000 <sup>b</sup>
	Residual	47.580	135	.352		
	<b>Total</b>	<b>56.821</b>	<b>136</b>			

a. Dependent Variable: Return on Investment

b. Predictors: (Constant), Accounting Skills

The results in Table 17;  $F=26.220$ ;  $p=0.000$  ( $<0.05$ ) reveal that Acquired Accounting Skills is statistically significant in explaining financial performance of Deposit Taking SACCOs in Kenya. The findings therefore reveal that Acquired Accounting Skills is significant determinant of financial performance of Deposit Taking SACCOs in Kenya.

**Table 18: Regression Coefficient – Acquired Accounting Skills and Financial Performance**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.661	.298		8.915	.000
	Accounting Skills	.365	.071	.403	5.121	.000

a. Dependent Variable: Return on Investment

From Table 18,  $t=5.121$ ;  $p=0.000$  ( $<0.05$ ) indicates that the model is significant. Acquired Accounting Skills is evidenced as significant determinant of financial performance of Deposit Taking SACCOs in Kenya.

#### 4.8.2 Acquired Entrepreneurship Skills and Financial Performance

The second objective of the study was to examine the effect of acquired entrepreneurship skills on financial performance of Deposit Taking SACCOs in Kenya. Regression analysis was thus conducted to test the effect. The findings were as presented in Tables 19-21.

**Table 19: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.309 <sup>a</sup>	.096	.089	.61696

a. Predictors: (Constant), Entrepreneurship Skills

From Table 19, adjusted R squared of 0.089 indicates that 8.9% of the variances in financial performance of Deposit Taking SACCOs are explained by the variances in acquired entrepreneurship skills. The other variances, 91.1 % could be explained by other factors not in the model. NOVA was used to test the significance of the model. The model was as presented in Table 20.

**Table 20: ANOVA Table**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.435	1	5.435	14.277	.000 <sup>b</sup>
	Residual	51.386	135	.381		
	<b>Total</b>	<b>56.821</b>	<b>136</b>			

a. Dependent Variable: Return on Investment

b. Predictors: (Constant), Entrepreneurship Skills

The results in Table 20; F=14.277 and p=0.000 (<0.05) reveal that the model is significant. Acquired Entrepreneurship Skills is therefore a significant determinant of financial performance of Deposit Taking SACCOs.

**Table 21: Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.379	.215		15.700	.000
	Entrepreneurship Skills	.195	.052	.309	3.779	.000

a. Dependent Variable: Return on Investment

From Table 21,  $t=3.779$  and  $p=0.00$  ( $<0.05$ ) indicates that entrepreneurship skills is significant determinant of financial performance of SACCOs in Kenya.

#### 4.8.3. Acquired Financial Management Skills and Financial Performance

The third objective of the study was to determine the effect of acquired financial management skills on financial performance of Deposit Taking SACCOs in Kenya. Regression analysis was thus conducted to empirically determine whether accounting skills was a significant determinant of financial performance. The findings were as presented in Tables 22-24.

**Table 22: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.420 <sup>a</sup>	.177	.171	.58869

a. Predictors: (Constant), Financial Management Skills

From Table 22, adjusted R squared of 0.171 indicates that 17.1% of the variances in financial performance of Deposit Taking SACCOs are explained by the variances in acquired financial management skills. The other variances could be explained by other factors not in the model. ANOVA was used to test for significance of results. Table 23 displays the findings.



**Table 23: ANOVA Table**

Model		Sum Squares	of Df	Mean Square	F	Sig.
1	Regression	10.036	1	10.036	28.958	.000 <sup>b</sup>
	Residual	46.785	135	.347		
	<b>Total</b>	<b>56.821</b>	<b>136</b>			

a. Dependent Variable: Return on Investment

b. Predictors: (Constant), Financial Management Skills

The results in Table 23;  $F = 28.958$  and  $p = 0.000$  ( $< 0.05$ ) indicates that the model was significant. It was evident from the findings that acquired financial management skills are significant determinant of financial performance of deposit taking SACCOs.

**Table 24: Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.116	.384		5.504	.000
	Financial Management Skills	.484	.090	.420	5.381	.000

a. Dependent Variable: Return on Investment

Results from Table 24,  $t = 5.381$  and  $p = 0.000$  ( $< 0.05$ ) reveal that Financial Management Skills is statistically significant in explaining financial performance of SACCOs in Kenya.

#### 4.8.4 Acquired Marketing Skills and Financial Performance

The fourth objective of the study was to analyze the effect of acquired marketing skills on financial performance of Deposit Taking SACCOs in Kenya. Regression analysis was thus conducted to empirically determine whether marketing skills was a significant determinant of financial performance. The findings were as presented in Tables 25-27.

**Table 25: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.444 <sup>a</sup>	.197	.191	.58124

a. Predictors: (Constant), Marketing Skills

Regression results in Table 25; adjusted R square of 0.191 indicates that 19.1% of the variances in financial performance of Deposit Taking SACCOs are explained by the variances in marketing skills. The other 80.9% of the variances could be explained by other factors not in the model. ANOVA was used to test for significance of the model.

**Table 26: ANOVA Table**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.212	1	11.212	33.187	.000 <sup>b</sup>
	Residual	45.609	135	.338		
	<b>Total</b>	<b>56.821</b>	<b>136</b>			

a. Dependent Variable: Return on Investment

b. Predictors: (Constant), Marketing Skills

The results in Table 26 ; F=33.187 and p=0.000 (<0.05) reveal that acquired marketing skills has statistically significant in explaining financial performance of Deposit Taking SACCOs in Kenya.

**Table 27: Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.029	.374		5.420	.000
	Marketing Skills	.523	.091	.444	5.761	.000

a. Dependent Variable: Return on Investment

From Table 27, t=5.761 and p=0.000 (<0.05) indicates that marketing skills is significant determinant of financial performance of Deposit Taking SACCOs in Kenya.

#### 4.8.5 Acquired Strategic Leadership Skills and Financial Performance

The fifth objective of the study was to determine the effect of acquired strategic leadership skills on financial performance of Deposit Taking SACCOs in Kenya. Regression analysis was conducted to empirically determine whether strategic leadership skills were a significant determinant of financial performance. Findings were as presented in Tables 28-30.

**Table 28: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.563 <sup>a</sup>	.317	.312	.53632

Regression results in Table 28; adjusted R squared =0.312 indicates that 31.2% of the variances in financial performance of Deposit Taking SACCOs are explained by the variances in strategic leadership skills.

ANOVA was used to test for statistical significance of the model. The findings were as presented in Table 29.

**Table 29: ANOVA Table**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.990	1	17.990	62.543	.000 <sup>b</sup>
	Residual	38.831	135	.288		
	<b>Total</b>	<b>56.821</b>	<b>136</b>			

a. Dependent Variable: Return on Investment

b. Predictors: (Constant), Strategic Leadership Skills

The results in Table 29; F=62.543 and p=0.000(<0.05) reveal that acquired strategic leadership skills is statistically significant in explaining financial performance of Deposit Taking SACCOs in Kenya. These results indicate that strategic leadership skill is significant determinant of financial performance.

**Table 30: Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.618	.326		4.968	.000
	Strategic Leadership Skills	.614	.078	.563	7.908	.000

a. Dependent Variable: Return on Investment

From Table 30,  $t=7.908$  and  $p=0.000(<0.05)$  reveal that acquired strategic leadership skills is statistically significant in explaining financial performance of Deposit Taking SACCOs in Kenya.

#### 4.8.6 Business Management Training on Financial Performance of Deposit Taking SACCOs (Overall Model)

The study conducted a multiple regression analysis to determine the combined effect of business management training skills on financial performance. Five independent factors: acquired accounting skills, acquired entrepreneurship skills, acquired financial management skills, acquired marketing skills and acquired strategic leadership skills were regressed against financial performance. Research findings were as presented in Tables; 31-33.

**Table 31: Regression Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.598 <sup>a</sup>	.358	.333	.52774

a. Predictors: (Constant), Strategic Leadership Skills, Entrepreneurship Skills, Marketing Skills, Financial Management Skills, Accounting Skills

From Table 31 on result of multiple regressions, adjusted R-square of 0.333 indicates that the five independent variables (Accounting skills, Entrepreneurship skills, financial management skills, marketing skills and Strategic leadership skills) that were studied

explain only 33.3% of the changes in financial performance. The other factors not studied in this research contribute to 66.7 % of the financial performance.

ANOVA was used to test for significance of the overall model. Findings were as presented in Table 32.

**Table 32: ANOVA Table**

<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1 Regression	20.336	5	4.067	14.604	.000 <sup>b</sup>
Residual	36.485	131	.279		
<b>Total</b>	<b>56.821</b>	<b>136</b>			

a. Dependent Variable: Return on Investment

b. Predictors: (Constant), Strategic Leadership Skills, Entrepreneurship Skills, Marketing Skills, Financial Management Skills, Accounting Skills

From the results in Table 32,  $F=14.604$  and  $p=0.00 (< 0.05)$  indicate that the explanatory power of the five factors is significant (ideal for making a conclusion on the population's parameter). It is therefore concluded that business management training is significant determinant of financial performance. This implies that there is a significant relationship between the independent variables; acquired accounting skills, acquired entrepreneurship skills, acquired financial management skills, acquired marketing skills and acquired strategic management skills and financial performance of Deposit Taking SACCOs.

**Table 33: Table of Coefficients**

Model	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	2.326	.355		6.547	.000
Accounting Skills	.288	.137	.245	2.095	.038
Entrepreneurship Skills	.168	.084	.212	1.997	.048
Financial Management Skills	.244	.094	.207	2.584	.011
Marketing Skills	.213	.103	.181	2.061	.041
Strategic Leadership Skills	.452	.107	.414	4.228	.000

a. Dependent Variable: Return on Investment

In Table 33 Unstandardized coefficients was adopted to predict the difference in the Financial Performance in Y per unit change in Business management training in X. It indicates the prediction equation as presented in equation xi. The standard error was (3.55), being an estimate of the standard deviation of the coefficient, is a random variable with a mean of zero and which captured the variables that could not be quantified. If a coefficient is large compared to its standard error, then it is different from 0.

According to the findings, the variables that were significant (values less than 0.5) included acquired accounting skills, acquired entrepreneurship skills, acquired financial management skills, acquired marketing skills and acquired strategic leadership skills. Taking all the factors in the model constant, financial performance (ROI) of Deposit Taking SACCOs in Kenya was 2.326. The data findings analyzed also shows that taking all other explanatory variables at zero, unit increase in acquired accounting skills will lead to a 0.288 increase in financial performance of Deposit Taking SACCOs in Kenya; a unit increase in acquired entrepreneurship skills will lead to a 0.168 increase in financial performance of Deposit Taking SACCOs in Kenya.

A unit increase in acquired financial management skills will lead to a 0.244 increase in financial performance of Deposit Taking SACCOs in Kenya. A unit increase in acquired marketing skills will lead to a 0.213 increase in financial performance of Deposit Taking SACCOs in Kenya. A unit increase in acquired strategic leadership skills will lead to a 0.452 increase in financial performance of Deposit Taking SACCOs in Kenya.

#### **4.9 Hypotheses Testing**

This section presents analysis and results of the tests of hypotheses using inferential statistics. Relationship between individual business management training constructs and financial performance were conducted using regression analysis. Regression analysis was used to test the hypotheses, using t-statistic at 0.05 significance level. The results on in Table 34 were used to test the hypotheses;

##### **4.9.1 Acquired Accounting Skills and Financial Performance**

The first hypothesis was; *H0<sub>1</sub>: Acquired Accounting skills have no statistically significant effect on financial performance of Deposit Taking SACCOs in Kenya.* Regression results in Table 31;  $\beta = 0.288$ ;  $t = 2.095$ ;  $p = 0.038$  ( $< 0.05$ ) implies that accounting skills have significant effect on financial performance. The first hypothesis was therefore rejected and conclusion made that the acquired Accounting Skills has statistically significant effect on financial performance of Deposit Taking SACCOs.

##### **4.9.2 Acquired Entrepreneurship Skills and Financial Performance**

The second hypothesis was; *H0<sub>2</sub>: Acquired Entrepreneurship skills have no statistically significant effect on financial performance of Deposit Taking SACCOs in Kenya.* The findings in Table 33;  $\beta = 0.168$ ;  $t = 1.997$ ;  $p = 0.048$  ( $< 0.05$ ) implies that entrepreneurship skills have statistically significant effect on Financial Performance. The second

hypothesis was therefore rejected and conclusion made that acquired entrepreneurship skills have statistically significant effect on financial performance.

#### **4.9.3 Acquired Financial Management Skills and Financial Performance**

The third hypothesis was; *H0<sub>3</sub>: Acquired financial management skills have no statistically significant effect on financial performance of Deposit Taking SACCOs in Kenya.* The findings in Table 33;  $\beta = 0.244$ ;  $t = 2.584$ ;  $p = 0.011 (< 0.05)$  implies that financial management skills have significant effect on financial performance. The third hypothesis was therefore rejected and conclusion made that acquired Financial Management Skills have statistically significant effect on Financial Performance.

#### **4.9.4 Acquired Marketing Skills and Financial Performance**

The fourth hypothesis was; *H0<sub>4</sub>: Acquired marketing skills have no statistically significant effect on financial performance of Deposit Taking SACCOs in Kenya.* The findings in Table 33 ;  $\beta = 0.213$ ;  $t = 2.061$ ;  $p = .041 (< 0.05)$  indicates that marketing skills have significant effect on financial performance. The fourth hypothesis was therefore rejected and conclusion was made that acquired marketing skills do not have significant effect on financial performance.

#### **4.9.5 Acquired Strategic Leadership Skills and Financial Performance**

The fifth hypothesis was; *H0<sub>5</sub>: Acquired Strategic Leadership skills have no statistically significant effect on financial performance of Deposit Taking SACCOs in Kenya.* The results in Table 33;  $\beta = 0.452$ ;  $t = 4.228$ ;  $p = 0.000 (< 0.05)$  implies that Leadership Skills have statistically significant effect on Financial Performance. The fourth hypothesis was therefore rejected and conclusion made that acquired Strategic Leadership Skills have statistically significant effect on Financial Performance.



#### 4.9.6 Moderating effect of SASRA regulation on the relationship between business management training and financial performance.

The last hypothesis was; *H0<sub>6</sub>: SASRA regulations have no statistically significant moderating effect on the relationship between business management training and financial performance of Deposit Taking SACCOs.* The findings were as presented in Tables 34-36

**Table 34: Model Summary of the Moderation effect of SASRA Regulations on relationship between Business Management Training and Financial Performance**

Model	R	Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.622 <sup>a</sup>	.387	.376	.51999	.387	37.210	1	59	.000
2	1.000 <sup>b</sup>	1.000	1.000	.00000	.613	.	1	58	.

From Table 34, adjusted R Square Change value of 0.376 shows, that addition of SASRA regulations to the model leads to 37.6 % increase in variation of financial performance. Sig. F Change value of 0.000 (< 0.05) indicates that the increase is statistically significant.

**Table 35: ANOVA Table**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	10.061	1	10.061	37.210	.000 <sup>b</sup>
1 Residual	15.953	59	.270		
<b>Total</b>	<b>26.014</b>	<b>60</b>			
Regression	26.014	2	13.007	24.346	.000 <sup>c</sup>
2 Residual	41.010	58	.294		
<b>Total</b>	<b>67.024</b>	<b>60</b>			

a. Dependent Variable: Return on Investment

b. Predictors: (Constant), Business Management Training

c. Predictors: (Constant), Business Management Training, SASRA Regulations

ANOVA Table 35 shows that the model is statistically significant at  $F=24.346$  and  $p=0.000$  ( $<0.05$ ). The last hypothesis was therefore rejected and conclusion made that SASRA Regulations have statistically significant moderating effect on the relationship between Business Management Training and Financial Performance.

#### **4.10 Summary of the Test of Hypotheses**

Test of hypotheses began by testing the main effect of business management training variables (Acquired accounting skills, entrepreneurship skills, financial management skills, marketing skills and strategic leadership skills) on financial performance of Deposit Taking SACCOs. Finally, the study tested the moderating effect of SASRA regulations on the relationship between business management training and financial performance of Deposit Taking SACCOs in Kenya. In summary, six (6) of the hypotheses ( $H_{01}$ ,  $H_{02}$ ,  $H_{03}$ ,  $H_{04}$ ,  $H_{05}$ ,  $H_{06}$ ) were rejected. Summary of the results of tests of hypotheses are presented in Table 36.

**Table 36: Summary of Results of Tests of Hypothesis and Related Objectives**

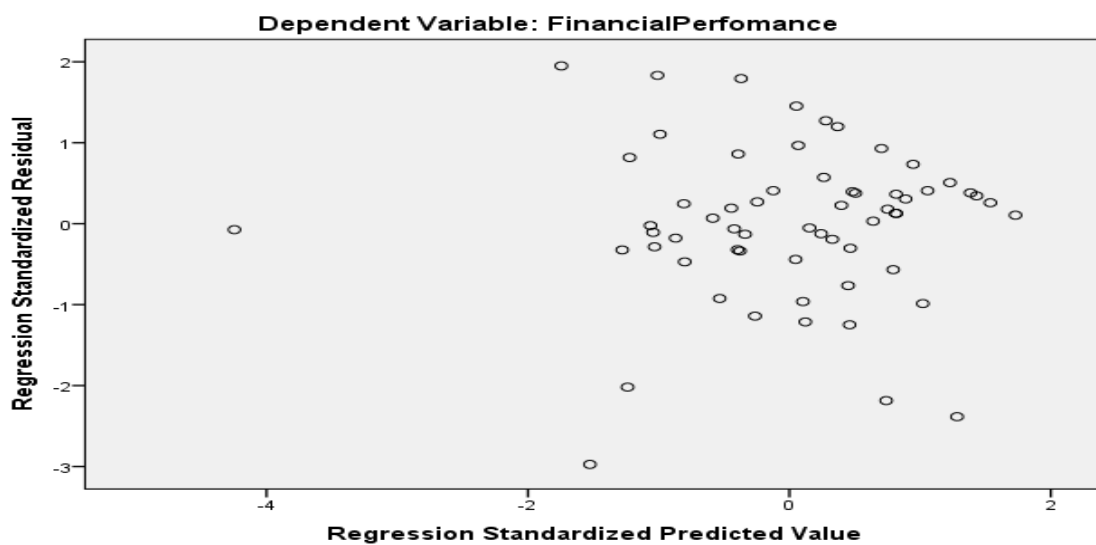
<b>Objectives</b>	<b>Hypothesis</b>	<b>Result</b>	<b>Decision</b>
<b>Objective 1</b> To evaluate the effect of acquired accounting skills on financial performance of Deposit Taking SACCOs	H <sub>01</sub> : Acquired Accounting skills have no statistically significant effect on financial performance of Deposit Taking SACCOs	$\beta = 0.228$ $t = 2.095$ $p = 0.038$	Rejected
<b>Objective 2</b> To examine the effect of acquired entrepreneurship skills on financial performance of Deposit Taking SACCOs	H <sub>02</sub> : Acquired Entrepreneurship skills have no statistically significant effect on financial performance of Deposit Taking SACCOs	$\beta = 0.168$ $t = 1.997$ $p = 0.048$	Rejected
<b>Objective 3</b> To determine the effect of acquired financial management skills on financial performance of Deposit Taking SACCOs	H <sub>03</sub> : There is no statistically significant effect of acquired financial management skills on financial performance of Deposit Taking SACCOs	$\beta = 0.244$ $t = 2.584$ $p = 0.011$	Rejected
<b>Objective 4</b> To analyze the effect of acquired marketing skills on financial performance of Deposit Taking SACCOs	H <sub>04</sub> : There is no statistically significant effect of acquired marketing skills on financial performance of Deposit Taking SACCOs	$\beta = 0.213$ $t = 2.061$ $p = 0.041$	Rejected
<b>Objective 5</b> To determine the effect of acquired Strategic Leadership skills on financial performance of Deposit Taking SACCOs	H <sub>05</sub> : There is no statistically significant effect of acquired Strategic Leadership skills on financial performance of Deposit Taking SACCOs	$B = 0.452$ $t = 4.228$ $p = 0.000$	Rejected
<b>Objective 6</b> To find out the moderating effect of SASRA regulation on the relationship between business management training and financial performance of Deposit Taking SACCOs	H <sub>06</sub> : There is no statistically significant moderating effect of SASRA regulation on the relationship between business management training and financial performance of Deposit Taking SACCOs.	Change in $R^2$ -positive $F = 24.346$ $p = 0.000$ ( $< 0.05$ ).	Rejected

#### 4.11 Post-estimation Diagnostic Test

In this study, the researcher conducted homoscedasticity and multicollinearity tests. The findings were as presented in Figure 5 and Table 36.

##### 4.11.1 Homoscedasticity Tests

To test for homoscedasticity, a scatter plot of standardized residuals (ZRESID) against standardized predicted (ZPRED) values was used. Figure 4.2 shows the graph for the data.



**Figure 5: Scatter plot of ZRESID against ZPRED**

From figure 4.3 data points are randomly and evenly dispersed around zero. The graph does not funnel out and there is no sort of curve in the graph. This pattern indicates that the assumption of homoscedasticity is therefore met.

##### 4.11.2 Multicollinearity Test

A situation in which there is a high degree of association between the independent variables is said to be a problem of Multicollinearity. Multicollinearity can also be solved by deleting one of the highly correlated variables. Heteroscedasticity means that previous error terms are influencing the other error terms and this violates the statistical

assumption that the error terms have a constant variance. To test for Multicollinearity of the predictor variables in this study, the diagnosis of tolerance and variance inflation factor (VIF) were used. The researcher therefore proceeded with regression analysis. The results of the analysis were presented in the preceding Table 37.

**Table 37: Multicollinearity Test**

<b>Collinearity Statistics</b>		
	<b>Tolerance</b>	<b>VIF</b>
Accounting skills	.572	1.748
Entrepreneurship skills	.739	1.353
Financial management skills	.606	1.650
Marketing skills	.687	1.455
Strategic leadership skills	.636	1.572

From Table 37, tolerance values of greater than 0.1 and VIF values of less than 5 for all items indicates that there is no problem of Multicollinearity among the research items. The Variance inflation factor (VIF) was checked in all the analysis and it ranged from 1.4 to 1.7 which is not a concern according to Myers (2010) who indicated that a VIF greater than 10 is a cause of concern. The basic assumption is that the error terms for different observations are uncorrelated.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarized the findings of the study. Data was interpreted and the results of the findings were correlated with both empirical and theoretical literature available. The conclusions relate directly to the specific research objectives. The recommendations were deduced from the discussions of the findings and conclusions.

#### **5.2 Summary of the Study**

This study examined the effect of business management training on financial performance of Deposit Taking SACCOs. The data for the study was gathered both from primary and secondary sources, analyzed and interpreted and the results were summarized as per the research objectives. The research purpose was to establish the effect of business management training on financial performance of Deposit Taking SACCOs in Kenya. The data for the study was collected from 74 Deposit Taking SACCOs. The study adopted descriptive, correlation and regression analyses at  $p=0.05$  to test the relationship between Acquired Accounting Skills, Acquired Entrepreneurship Skills, Acquired Financial Management Skills, Acquired Marketing Skills, Acquired Strategic Leadership Skills and Financial Performance. The findings revealed that the Deposit Taking SACCOs to a great extent receive business management training by KUSCCO and other NITA accredited consultants.

##### **5.2.1: Acquired Accounting Skills and Financial Performance**

The first research objective was to evaluate the effect of acquired accounting skills on financial performance of Deposit Taking SACCOs in Kenya. Various analytical methods were used to arrive at the findings. These methods included descriptive statistics,

correlation analysis and regression analysis. The findings indicated that acquired accounting skills have high effect on financial performance of Deposit Taking SACCOs in Kenya. This was arrived at because there were adequate cost control skills, performance evaluation skills and tax compliance skills were rated high. Auditing skills, development of financial reporting policy and sound reporting skills were rated fairly. Further, adherence to record keeping skills and management accounting skills were rated highly.

This study's first hypothesis was that acquired accounting skills have no statistically significant effect on financial performance of Deposit Taking SACCOs in Kenya. The results revealed that accounting skills was statistically significant in explaining Financial Performance of Deposit taking SACCOs in Kenya. This implied that the null hypothesis that accounting skills does not influence financial performance of Deposit Taking SACCOs failed to be accepted and the alternative hypothesis failed to be rejected

### **5.2.2 Acquired Entrepreneurship Skills and Financial Performance**

The second research objective was to examine the effect of acquired entrepreneurship skills on financial performance of Deposit Taking SACCOs in Kenya. Various analytical methods were used to arrive at the findings. These methods included descriptive statistics, correlation analysis and regression analysis.

The second hypothesis was that acquired entrepreneurship skills have a none statistically significant effect on financial performance of Deposit Taking SACCOs in Kenya. The results revealed that acquired entrepreneurship skills were statistically significant in explaining Financial Performance of Deposit Taking SACCOs in Kenya. This was arrived at because; taking business opportunity proactively, nurturing entrepreneurship skills, creativity and innovation skills, and adaptability skills were rated highly as skills

acquired through BMT. Business plan writing skills, persistence skills, locus of control skills and risk-taking skills were also rated fairly. This implied that the null hypothesis that acquired entrepreneurship skills does not influence financial performance of Deposit Taking SACCOs failed to be accepted and the alternative hypothesis failed to be rejected.

### **5.2.3 Acquired Financial Management Skills and Financial Performance**

The third research objective was to determine the effect of acquired financial management on financial performance of the Deposit Taking SACCOs in Kenya. Various analytical methods were used to arrive at the findings. These methods included descriptive statistics, correlation and regression analysis. The findings indicated that there was a significant relationship between financial management and financial performance of Deposit Taking SACCOs in Kenya. This was arrived at because; adherence to credit administration policy, internal financial control policy, sound investment decision skills and careful evaluation on source of funds were rated fairly. Further, countering financial risk and adapting better credit management was rated fairly. The third hypothesis was that acquired financial management skills have no statistically significant effect on financial performance of Deposit Taking SACCOs in Kenya. The results revealed that acquired financial management skills were statistically significant in explaining Financial Performance of Deposit Taking SACCOs in Kenya. This implied that the null hypothesis that acquired financial management skills do not influence financial performance of Deposit Taking SACCOs failed to be accepted and the alternative hypothesis failed to be rejected.



#### **5.2.4 Acquired Marketing Skills and Financial Performance**

The fourth research objective was to analyze effect of acquired marketing skills on financial performance of Deposit Taking SACCOs in Kenya. Various analytical methods were used to arrive at the findings. These methods included descriptive statistics, correlation analysis and regression analysis. The findings indicated that acquired marketing skills contributed to improved financial performance of Deposit Taking SACCOs in Kenya. This was due to; ability to offer differentiated services, market research and development skills, promotion skills and product pricing skills being rated highly. Other skills rated fairly included; being constantly visible to clients, offering innovative services, excellent customer services and advertising skills.

The fourth hypothesis was: there is no statistically significant effect of acquired marketing skills on financial performance of Deposit Taking SACCOs in Kenya. The results revealed that acquired marketing skills were statistically significant in explaining Financial Performance of Deposit Taking SACCOs in Kenya. This implied that the null hypothesis that acquired marketing skills does not influence financial performance of Deposit Taking SACCOs failed to be accepted and the alternative hypothesis failed to be rejected.

#### **5.2.5 Acquired Strategic Leadership Skills and Financial Performance**

The fifth research objective was to determine the effect of acquired strategic leadership skills on financial performance of Deposit Taking SACCOs in Kenya. Various analytical methods were used to arrive at the findings. These methods included descriptive statistics, correlation analysis and regression analysis. The findings indicated that there are policies in place to ensure strategic leadership of Deposit Taking SACCOs and had a great contribution towards financial performance of Deposit Taking SACCOs in Kenya.

This observation was arrived at since data showed that offering strategic direction was high, adopting proactive strategic practices and skills and that implementation of ethical and professional skills in the institution was high. In addition, application of restructuring, re-engineering and re-branding skills across the institutions was high, human resource management skills and outstanding leadership skills were rated fairly. Ability to adapt to current globalization and change management was also rated fairly.

The fifth hypothesis was that there is no statistically significant effect of strategic leadership skills on financial performance of Deposit Taking SACCOs in Kenya. The results revealed that strategic leadership skills were statistically significant in explaining Financial Performance of Deposit Taking SACCOs in Kenya. This implied that the null hypothesis that strategic leadership skills does not influence financial performance of Deposit Taking SACCOs failed to be accepted and the alternative hypothesis failed to be rejected.

#### **5.2.6 Moderating Effect of SASRA on Business Management Training and Financial Performance**

The study sought to establish the moderating effect of SASRA on Business Management Training and financial performance of Deposit Taking SACCOs in Kenya. Descriptive statistic, regression analysis and ANOVA were conducted. The results revealed that with the addition of SASRA regulations, there was an increase in financial performance. This observation was arrived at since data showed that quality of board of directors was up to date, adopting proactive strategic practices and skills and that implementation of ethical and professional skills in the institution was high. In addition, application of strict adherence to code of conduct across the institutions was high, training on Deposit Taking SACCO management skills and supervision by an external body were rated fairly.

Ability to observe separation of power between staff and board operations was also rated fairly. The last hypothesis was therefore rejected and conclusion made that SASRA regulations have statistically significant moderating effect on the relationship between Business Management Training and Financial Performance .

### **5.3 Conclusions**

Conclusions were arrived at on the influence of independent variables (acquired accounting skills, entrepreneurship skills, financial management skills, marketing skills and strategic leadership skills), influence of moderating variable (SACCO regulation), on dependent variable of financial performance of Deposit Taking SACCOs in Kenya, based on the findings of the study.

#### **5.3.1 Acquired Accounting Skills and Financial Performance**

The study concludes that acquired accounting skills affect financial performance of Deposit Taking SACCOs. It can further be concluded that when holding other factors constant, acquired accounting skills was found to have a positive and significant relationship with financial performance. This implied that accounting skills training was statistically significant in explaining financial performance of Deposit Taking SACCOs. The researcher studied the following parameters namely: cost control skills, performance evaluation skills, tax compliance skills, auditing skills, developing financial reporting and sound reporting policy. Management accounting skills as well as record keeping skills were also studied. The researcher found that Deposit Taking SACCOs need to address the parameters critically to ensure that there is training within the institutions to ensure optimal financial performance since they have a great role on the achievement of the Vision 2030 and is a great contributor of the financial sector in the Kenyan economy.

### **5.3.2 Acquired Entrepreneurship Skills and Financial Performance**

The study sought to establish the extent which acquired entrepreneurship skills affect financial performance of Deposit Taking SACCOs. The study concludes that there was need for effective entrepreneurship skills training in Deposit Taking SACCOs to ensure improved financial performance. The researcher studied the following parameters namely: getting hold of business opportunity with pro-activeness, nurturing entrepreneurship skills, creativity and innovation skills, adaptability skills, persistence skills, business plan writing skills, inner locus of control skills and risk-taking skills.

It can be concluded from this study that there exists a positive and significant relationship between acquired entrepreneurship skills and financial performance. This implies that managing entrepreneurship training was statistically significant in explaining the financial performance of Deposit Taking SACCOs in Kenya.

### **5.3.3 Acquired Financial Management and Financial Performance**

The study sought to establish the extent to which acquired financial management skills influence the financial performance of Deposit Taking SACCOs in Kenya. It was possible to conclude from the study findings that those good and effective financial policies led to increased financial performance of Deposit Taking SACCOs in Kenya. It was possible to infer, holding other factors constant, financial management was found to have a positive and significant relationship with financial performance. The researcher studied the following parameters; budgeting skills, capital structure skills, credit and debt management skills, investment decision skills, as well as fraud and risk management skills. The study shows that financial management skills were statistically significant in explaining financial performance of Deposit Taking SACCOs in Kenya.

#### **5.3.4 Acquired Marketing Skills and Financial Performance**

The study concluded that there were effective marketing skills training resulting in increased financial performance of Deposit Taking SACCOs in Kenya. The parameters studied included the following namely: visibility to clients, offering differentiated services, innovation, excellent customers' services, advertising, market research and promotion skills. It was possible to infer that the relationship between acquired marketing skills and financial performance is positive and significant. The study shows that managing marketing skills was statistically significant in explaining financial performance of Deposit Taking SACCOs in Kenya.

#### **5.3.5 Acquired Strategic Leadership and Financial Performance**

The study concludes that acquired strategic leadership skills affect financial performance of Deposit Taking SACCOs. It can further be concluded that when holding other factors constant, acquired strategic leadership skills was found to have a positive and significant relationship with financial performance. The parameters studied included; planning, organizing and execution skills, proactive approach skills, re-engineering, re-branding and restructuring skills, ethical and professional skills, human resource, leadership and succession planning skills, and globalization and change management skills. This implied that acquired strategic leadership skills training is significant determinant of financial performance of Deposit Taking SACCOs. The researcher found that Deposit Taking SACCOs need to address the strategic leadership parameters critically to ensure that there is business management training within the institutions for optimal financial performance. The training in strategic leadership skills will greatly contribute towards the achievement of the Vision 2030 as it is a major contributor of the financial sector in the Kenyan economy.

### **5.3.6 Financial Performance of Deposit Taking SACCOs**

It was possible to conclude from the study findings that there was improved and increased financial performance of Deposit Taking SACCOs across the years. The performance indicators had all increased in number and growth. This implies that the employees and members of the Deposit Taking SACCOs had embraced the idea of joining SACCOs and using their products fully.

### **5.4 Recommendations of the Study**

This study was based on theory of internal control, psychological entrepreneurship theory, financial stewardship theory, resource-based theory and porter's theory of competitive advantage to evaluate the effect of acquired accounting skills on financial performance; to examine the effect of acquired entrepreneurship skills on financial performance; to determine the effect of acquired financial management skills on financial performance; to analyze the effect of acquired marketing skills on financial performance; to determine the effect of acquired Strategic Leadership skills on financial performance of Deposit Taking SACCOs; to find out the moderating effect of SASRA regulation on the relationship between business management training and financial performance of Deposit Taking SACCOs; to determine the effect of the independent variables: acquired accounting skills, entrepreneurship skills, financial management skills, marketing skills and strategic leadership skills on financial performance of Deposit Taking SACCOs. The findings of the study conducted in Deposit Taking SACCOs in Kenya have various implications for management policy and practice as explained in section 5.4.1.

#### **5.4.1 Acquired Accounting Skills and Financial Performance**

This study sought to find the effect of acquired accounting skills on financial performance of Deposit Taking SACCOs in Kenya. The study found that acquired accounting skills have a positive effect on financial performance of Deposit Taking SACCOs in Kenya. This supports the arguments of internal control theory. The study recommends a plan and other coordinated means and ways by the enterprise to keep safe its assets, check the coherency and reliability of data, to increase its effectiveness and to ensure the settled management politics. This system of strong internal controls can be achieved through staff and management training in accounting skills. The study recommends that management should put tighter internal controls system for business accounts management. This can be done after rigorous training in accounting skills.

#### **5.4.2 Acquired Entrepreneurship Skills and Financial Performance**

This study sought to establish the effect of acquired entrepreneurship skills on financial performance of deposit taking SACCOs in Kenya. This supports the arguments of psychological entrepreneurship theory. These theories emphasize personal characteristics that define entrepreneurship. Need for achievement, locus of control and personality traits have been found to be associated with entrepreneurial inclination. The study therefore recommends managers to be hired having an entrepreneurial inclination and with further training should exhibit evidence of high achievement motivation to manage the Deposit Taking SACCOs to realize impressive financial returns.

#### **5.4.3 Acquired Financial Management Skills and Financial Performance**

This study sought to find out the effect of acquired financial management skills on financial performance of Deposit Taking SACCOs in Kenya. The study found that acquired financial management skills have a positive effect on financial performance of

Deposit Taking SACCOs in Kenya. This supports the arguments of financial stewardship theory. The theory was therefore relevant to the study as it gave an indication on the need to train managers in relevant Financial Management Skills to create wealth, maximize shareholders interest, conduct themselves appropriately, make and protect profits and bring resources to the Deposit Taking SACCOs. This study recommends that there is need to ensure that the set Deposit Taking SACCOs objectives such as value maximization is attained, which is complimented by the Deposit Taking SACCOs vision. It also involves the effective and intellectual aspect of the Steward which can be instilled with education and training.

#### **5.4.4 Acquired Marketing Skills and Financial Performance**

This study sought to find the effect of acquired marketing skills on financial performance of Deposit Taking SACCOs in Kenya. The study found that acquired marketing skills have a positive effect on financial performance of Deposit Taking SACCOs in Kenya. This supports the arguments of resource-based theory. The relevance of resource-based theory to the study was that Marketing skills training of Deposit Taking SACCO Managers will enable them identify the key resources and drivers of financial performance and value of their Deposit Taking SACCOs. This theory brought into light why Deposit Taking SACCO Managers should focus on both human and financial resources to penetrate the market.

#### **5.4.5 Acquired Strategic Leadership Skills and Financial Performance**

This study sought to evaluate the effect of acquired strategic leadership skills on financial performance of Deposit Taking SACCOs in Kenya. The study found that acquired strategic leadership skills have a positive effect on financial performance of Deposit Taking SACCOs in Kenya. This supports the arguments of Porter's competitive



forces theory. In the recommended competitive forces model, five industry level forces; entry barriers, threat of substitution, bargaining power of buyers, bargaining power of suppliers and rivalry among industry or sub-segment of an industry need to be addressed. Advocates of this theory therefore claim that Deposit Taking SACCO managers can use this strategy to defend themselves against competitive forces.

### **5.5 Areas for Further Research**

This study contributes to the understanding of the effect of business management training on financial performance of Deposit Taking SACCOs. However, further research is necessary to address some of the limitations of this study and extend this stream of research. The study considered only the effect of business management training on financial performance of Deposit Taking SACCOs, whereas there would be non- financial indicators of performance. The study should be replicated in others sectors and other countries. Such replication could further determine whether the result of this study can be generalized to other sectors or countries with different contextual conditions. This will enhance understanding of the relationship between business management training and financial performance in different contexts.

The respondents of this study were chief executive officer, finance manager and internal auditor of each sampled Deposit Taking SACCO. To minimize the effect of triple respondents' bias, future research can use many more respondents including middle and lower level managers. Future studies may consider inclusion of other organizational variables which may influence the relationship between business management training and financial performance either as moderating or mediating variables. These variables may include organizational resources, technology, age and size.

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## APPENDICES

### Appendix I: Letter of Introduction

**Dear Respondent,**

I am Ezra K. Ronoh, a PhD student of Kabarak University doing a research in Kenya in order to determine the “*Effect of Business Management Training on Financial Performance of Deposit Taking SACCOs in Kenya*”. You have been selected together with others to participate in this research. The data will be used for academic purposes only and will be treated ethically and with utmost confidentiality. The respondents will not be required to write their names on the questionnaire.

PhD Researcher.

Ezra K. Ronoh

## Appendix II: Questionnaire

### Section A: Demographics:

1. **Position held in the organization**

C.E.O ( )

Finance manager ( )

Internal auditor ( )

2. **Gender** Male ( ) Female ( )

3. **Age**.....(years)

4. **Highest level of education**

Certificate ( )

Diploma ( )

Degree ( )

Masters ( )

PhD ( )

5. **Length of service in the SACCO**

1 – 5 years ( )

6 – 10 years ( )

11 – 15 years ( )

16 – 20 years ( )

Above 21 years ( )

6. **Duration of SACCO operation in the industry**.....(years)

**Section B:**

**a) Acquired Accounting Skills**

For each statement, kindly respond by ticking (√) the appropriate spaces and filling the spaces provided that best describes your response.

To what extent do you agree that you have acquired the following Accounting skills as a result of Business Management Training by KUSCCO or other accredited NITA consultants?

Key: SD- Strongly Disagree, D-Disagree, N-Neutral, A- Agree, SA- Strongly Agree

Constructs	SD	D	N	A	SA
1. Cost control skills					
2. Performance evaluation skills					
3. Tax compliance skills					
4. Auditing skills					
5. Financial reporting skills					
6. Sound reporting skills					
7. Record keeping skills					
8. Management accounting skills.					

9. What is your opinion about the effect of business management training on accounting skills?.....

.....  
 .....

10. State how the accounting skills training received have influenced how you undertake your?.....

.....  
 .....

11. In what way have you influenced the business or the business environment as a result of accounting skills acquired .....

.....  
 .....

**b) Entrepreneurship Skills**

To what extent do you agree that you have acquired the following entrepreneurship skills as a result of Business Management Training by KUSCCO or other NITA accredited consultants? Use a tick (√) to indicate your preferred choice.

Key: SD- Strongly Disagree, D-Disagree, N-Neutral, A- Agree, SA- Strongly Agree

Constructs	SD	D	N	A	SA
1. Getting hold of Business opportunity skills					
2. Ability to nurture entrepreneurship skills					
3. Ability to nurture creativity and Innovation skills					
4. Ability to nurture adaptability skills					
5. Business plan writing skills					
6. Persistence skills					
7. Inner locus of control skills					
8. Risk taking skills					

9. What is your opinion about the effect of business management training on entrepreneurship skills? .....

.....

.....

10. State how the entrepreneurship skills training received have influenced how you undertake your work.....

.....

.....

11. In what ways have you influenced the business or the business environment as a result of entrepreneurship skills acquired?

**c) Acquired Financial Management Skills**

To what extent do you agree that you have acquired the following financial management skills as a result of Business Management Training by KUSCCO and other NITA accredited consultants? Use a tick (√) to indicate your preferred choice.

Key: SD- Strongly Disagree, D-Disagree, N-Neutral, A- Agree, SA- Strongly Agree

Constructs	SD	D	N	A	SA
1. Credit administration policies					
2. Internal financial control systems.					
3. Financial directions on investment decision skills					
4. Fraud and other financial risk management skills					
5. Budgeting skills					
6. Credit and debt management skills					
7. Evaluation skills when deciding on sources of funds					

8. What is your opinion about the effects of business management training on acquisition of financial management skills? .....

.....  
 .....

9. State how the financial management skills training received have influenced how you undertake your work.....

.....  
 .....

10. In what ways have you influenced the business or the business environment as a result of financial management skills acquired?.....

.....  
 .....

**d) Acquired Marketing Skills**

To what extent do you agree that you have acquired the following Marketing Skills as a result of Business Management Training offered by KUSCCO or other NITA accredited consultants? Use a tick (✓) to indicate your preferred choice.

Key: SD- Strongly Disagree, D-Disagree, N-Neutral, A- Agree, SA- Strongly Agree

<b>Construct</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
1. Visibility to client’s skills					
2. Customer differentiated services skills					
3. Product/ service innovation skills					
4. Customer service skills					
5. Advertising skills					
6. Market research and development skills					
7. Product/pricing skills					
8. Product promotion skills					

9. What is your opinion about the effect of business management training on acquisition of marketing skills?.....  
 .....  
 .....

10. State how the marketing skills training received have influenced how you undertake your work.....  
 .....  
 .....

11. In what ways have you influenced the business or the business environment as a result of marketing skills acquired?.....  
 .....  
 .....



**e) Acquired Strategic Leadership Skills**

To what extent do you agree that you have acquired the following Strategic Leadership Skills as a result of Business Management Training offered by KUSSCO and other NITA accredited consultants? Use a tick (√) to indicate your preferred choice.

Key: SD- Strongly Disagree, D-Disagree, N-Neutral, A- Agree, SA- Strongly Agree

Constructs	SD	D	N	A	SA
1. Ability to give strategic direction as relates to Planning, organizing and execution skills					
2. Proactive strategic skills					
3. Restructuring, re-engineering and re-branding skills					
4. Ethical and professional skills					
5. Strategic human resource management skills					
6. Succession planning skills					
7. Leadership skills					
8. Globalization and change managements					

9. What is your opinion about the effect of business management training on acquisition of strategic leadership skills? .....

.....

.....

10. State how the strategic leadership skills training received have influenced how you undertake your work .....

.....

.....

11. In what ways have you influenced the business or the business environment as a result of strategic leadership skills acquired?.....

.....

.....

**F) SASRA Regulations**

This sub section has statements related to Deposit Taking -SACCO regulations. Use the terms Strongly Disagree, Disagree, Agree and Strongly Agree on the extent in which you agree with the following statements on compliance of the SACCO with SASRA regulations; Use a tick (√) to indicate your preferred choice.

Key: SD- Strongly Disagree, D-Disagree, N-Neutral, A- Agree, SA- Strongly Agree

Construct	SD	D	N	A	SA
1. Board of directors structure and composition is in line with SASRA regulations					
2. All board members meet minimum relevant professional qualification for appointment(KSCE or '0' level)					
3. All board operations are supervised by an external body					
4. Board members are accountable while undertaking Deposit Taking SACCO activities					
5. There is a separation of power between staff and board functions					
6. Corporate governance is observed					
7. Strict adherence to code of conduct by Board of Directors					
8. Board members are frequently trained on SACCO management annually					

9. What is your opinion on the role of SASRA on regulation of Deposit Taking SACCOS in Kenya? .....

.....  
 .....

10. State in your opinion the contribution of SASRA to the financial performance of Deposit Taking SACCOs.....

.....  
 .....

**Appendix III: List of Licensed Deposit Taking Sacco's as at 31<sup>st</sup> December, 2016**

No.	Name of Society	Postal Address
1.	2nk Sacco Society Ltd	P.O. Box 12196-10100 Nyeri
2.	Afya Sacco Society Ltd	P.O. Box 11607 – 00400, Nairobi.
3.	Agro-Chem Sacco Society Ltd	P.O. Box 94-40107, Muhoroni.
4.	All Churches Sacco Society Ltd	P.O. Box 2036-01000, Thika.
5.	Ardhi Sacco Society Ltd	P.O. Box 28782-00200, Nairobi.
6.	Asili Sacco Society Ltd	P.O. Box 49064 – 00100, Nairobi.
7.	Bandari Sacco Society Ltd	P.O. Box 95011 – 80104, Mombasa.
8.	Baraka Sacco Society Ltd	P.O. Box 1548 – 10101, Karatina.
9.	Baraton University Sacco Society Ltd	P.O. Box 2500-30100, Eldoret.
10.	Biashara Sacco Society Ltd	P.O. Box 1895 – 10100, Nyeri.
11.	Bingwa Sacco Society Ltd	P.O. Box 434 – 10300, Kerugoya.
12.	Boresha Sacco Society Ltd	P.O. Box 80–20103, Eldama Ravine.
13.	Capital Sacco Society Ltd	P.O. Box 1479-60200, Meru.
14.	Centenary Sacco Society Ltd	P.O. Box 1207 – 60200, Meru.
15.	Chai Sacco Society Ltd	P.O. Box 47815 – 00100, Nairobi.
16.	Chuna Sacco Society Ltd	P.O. Box 30197 – 00100, Nairobi.
17.	Cosmopolitan Sacco Society Ltd	P.O. Box 1931 – 20100, Nakuru.
18.	County Sacco Society Ltd	P.O. Box 21 – 60103, Runyenjes.
19.	Daima Sacco Society Ltd	P.O. Box 2032 – 60100, Embu.
20.	Dhabiti Sacco Society Ltd	P.O. Box 353 – 60600, Maua.
21.	Dimkes Sacco Society Ltd	P.O. Box 886 – 00900, Kiambu.
22.	Dumisha Sacco Society Ltd	P.O. Box 84-20600, Mararal.
23.	Egerton Sacco Society Ltd	P.O. Box 178 – 20115, Egerton.
24.	Elgon Teachers Sacco Society Ltd	P.O. Box 27-50203, Kapsokwony.
25.	Elimu Sacco Society Ltd	P.O. Box 10073-00100, Nairobi.
26.	Enea Sacco Society Ltd	P.O. Box 1836 – 10101, Karatina.
27.	Faridi Sacco Society Ltd	P.O. Box 448-50400, Busia.
28.	Fariji Sacco Society Ltd	P.O. Box 58–00216, Githunguri.
29.	Fortune Sacco Society Ltd	P.O. Box 559 – 10300, Kerugoya.
30.	Fundilima Sacco Society Ltd	P.O. Box 62000 – 00200, Nairobi.
31.	Gastameco Sacco Society Ltd	P.O. Box 189-60101, Manyatta.
32.	Githunguri Dairy & Community Sacco Society Ltd	P.O. Box 896–00216, Githunguri.
33.	Goodway Sacco Society Ltd	P.O. Box 626-10300, Kerugoya.
34.	Gusii Mwalimu Sacco Society Ltd	P.O. Box 1335 – 40200, Kisii.
35.	Harambee Sacco Society Ltd	P.O. Box 47815 – 00100, Nairobi.
36.	Hazina Sacco Society Ltd	P.O. Box 59877 – 00200, Nairobi.
37.	Ig Sacco Society Ltd	P.O. Box 1150 – 50100, Kakamega.
38.	Ilkisonko Sacco Society Ltd	P.O. Box 91-00209, Loitokitok.
39.	Imarika Sacco Society Ltd	P.O. Box 712 – 80108, Kilifi.
40.	Imarisha Sacco Society Ltd	P.O. Box 682 – 20200, Kericho.
41.	Imenti Sacco Society Ltd	P.O. Box 3192 – 60200, Meru.

No.	Name of Society	Postal Address
42.	Jacaranda Sacco Society Ltd	P.O. Box 176744-00232, Ruiru
43.	Jamii Sacco Society Ltd	P.O. Box 57929 – 00200, Nairobi.
44.	Jitegemee Sacco Society Ltd	P.O. Box 86937-80100, Mombasa.
45.	Jumuika Sacco Society Ltd	P.O. Box 14-40112, Awasi.
46.	Kaimosi Sacco Society Ltd	P.O. Box 153-50305, Sirwa.
47.	Kathera Rural Sacco Society Ltd	P.O. Box 251-60202, Nkubu.
48.	Kenpipe Sacco Society Ltd	P.O. Box 314 – 00507, Nairobi.
49.	Kenversity Sacco Society Ltd	P.O. Box 10263 – 00100, Nairobi.
50.	Kenya Achievas Sacco Society Ltd	P.O. Box 3080-40200, Kisii.
51.	Kenya Bankers Sacco Society Ltd	P.O. Box 73236 – 00200, Nairobi.
52.	Kenya Cannery Sacco Society Ltd	P.O. Box 1124 – 01000, Thika.
53.	Kenya Highlands Sacco Society Ltd	P.O. Box 2085 – 002000, Kericho.
54.	Kenya Midland Sacco Society Ltd	P.O. Box 287-20400, Bomet.
55.	Kenya Police Sacco Society Ltd	P.O. Box 51042 – 00200, Nairobi.
56.	Joinas Sacco Society Ltd	P.O. Box 669 – 00219, Karuri.
57.	Kimbilio Daima Sacco Society Ltd	P.O. Box 81-20225, Kimulot.
58.	Kingdom Sacco Society Ltd	P.O. Box 8017 – 00300, Nairobi.
59.	Kipsigis Edis Sacco Society Ltd	P.O. Box 228-20400, Bomet.
60.	Kite Sacco Society Ltd	P.O. Box 2073 – 40100, Kisumu.
61.	Kitui Teachers Sacco Society Ltd	P.O. Box 254 – 90200, Kitui.
62.	Kmfri Sacco Society Ltd	P.O. Box 80862, 80100 Mombasa.
63.	Kolenge Tea Sacco Society Ltd	P.O. Box 291-30301, Nandi Hills.
64.	Konoin Sacco Society Ltd	P.O. Box 83 –20403, Mogogosiek.
65.	Koru Sacco Society Ltd	P.O. Box Private Bag-40100,Koru
66.	Kwale Teachers Sacco Society Ltd	P.O. Box 123-80403, Kwale.
67.	Kwetu Sacco Society Ltd	P.O. Box 818-90100, Machakos.
68.	K-Unity Sacco Society Ltd	P.O. Box 268 – 00900, Kiambu.
69.	Lamu Teachers Sacco Society Ltd	P.O. Box 110-80500, Lamu.
70.	Lainisha Sacco Society Ltd	P.O. Box 272-10303, Wang'uru.
71.	Lengo Sacco Society Ltd	P.O. Box 1005 – 80200, Malindi.
72.	Mafanikio Sacco Society Ltd	P.O. Box 86515-80100, Mombasa.
73.	Magadi Sacco Society Ltd	P.O. Box 13 – 00205, Magadi.
74.	Magereza Sacco Society Ltd	P.O. Box 53131 – 00200, Nairobi.
75.	Maisha Bora Sacco Society Ltd	P.O. Box 30062 – 00100, Nairobi.
76.	Marsabit Teachers Sacco Society Ltd	P.O. Box 90 – 60500, Marsabit.
77.	Mentor Sacco Society Ltd	P.O. Box 789 – 10200, Murang'a.
78.	Metropolitan National Sacco Society Ltd	P.O. Box 871 – 00900, Kiambu.
79.	Miliki Sacco Society Ltd	P.O. Box 43582 – 10100, Nairobi
80.	Mmh Sacco Society Ltd	P.O. Box 469 – 60600, Maua.
81.	Mombasa Port Sacco Society Ltd	P.O. Box 95372–80104, Mombasa.
82.	Mudete Tea Growers Sacco Society Ltd	P.O. Box 221 – 41053, Khayega.
83.	Ollin Sacco Society Ltd	P.O. Box 83-10300, Kerugoya.
84.	Murata Sacco Society Ltd	P.O. Box 816 – 10200, Murang'a.
85.	Mwalimu National Sacco Society Ltd	P.O. Box 62641 – 00200, Nairobi.

No.	Name of Society	Postal Address
86.	Mwietheri Sacco Society Ltd	P.O. Box 2445-060100, Embu.
87.	Mwingi Mwalimu Sacco Society Ltd	P.O. Box 489-90400, Mwingi.
88.	Muki Sacco Society Ltd	P.O. Box 398-20318, North Kinangop
89.	Mwito Sacco Society Ltd	P.O. Box 56763 – 00200, Nairobi.
90.	Nacico Sacco Society Ltd	P.O. Box 34525 – 00100, Nairobi.
91.	Nafaka Sacco Society Ltd	P.O. Box 30586 – 00100, Nairobi.
92.	Nandi Farmers Sacco Society Ltd	P.O. Box 333-30301, Nandi Hills
93.	Nanyuki Equator Sacco Society Ltd	P.O. Box 1098-Cx10400, Nanyuki
94.	Narok Teachers Sacco Society Ltd	P.O. Box 158 – 20500, Narok.
95.	Nassefu Sacco Society Ltd	P.O. Box 43338 – 00100, Nairobi.
96.	Nation Sacco Society Ltd	P.O. Box 22022 – 00400, Nairobi.
97.	Nawiri Sacco Society Ltd	P.O. Box 400-16100, Embu.
98.	Ndege Chai Sacco Society Ltd	P.O. Box 857 – 20200, Kericho.
99.	Ndosha Sacco Society Ltd	P.O. Box 532–60401, Chogoria– Maara.
100.	Ng'arisha Sacco Society Ltd	P.O. Box 1199 – 50200, Bungoma.
101.	Noble Sacco Society Ltd	P.O. Box 3466 – 30100, Eldoret.
102.	Nrs Sacco Society Ltd	P.O. Box 575-00902, Kikuyu.
103.	Nufaika Sacco Society Ltd	P.O. Box 735-10300, Kerugoya.
104.	Nyahururu Umoja Sacco Society Ltd	P.O. Box 2183-20300, Nyahururu.
105.	Nyala Vision Sacco Society Ltd	P.O. Box 27-20306, Ndaragwa.
106.	Nyambene Arimi Sacco Society Ltd	P.O. Box 493 – 60600, Maua.
107.	Nyati Sacco Society Ltd	P.O. Box 7601 – 00200, Nairobi
108.	New Forties Sacco Society Ltd	P.O. Box 1939 – 10100, Nyeri.
109.	Orient Sacco Society Ltd	P.O. Box 1842 – 01000, Thika.
110.	Patnas Sacco Society Ltd	P.O. Box 601-20210, Litein.
111.	Prime Time Sacco	P.O. Box 512 – 30700, Iten
112.	Puan Sacco Society Ltd	P.O. Box 404-20500, Narok.
113.	Qwetu Sacco Society Ltd	P.O. Box 1186-80304, Wundanyi
114.	Rachuonyo Teachers Sacco Society Ltd	P.O. Box 147-40332, Kosele.
115.	Safaricom Sacco Society Ltd	P.O. Box 66827 – 00800, Nairobi.
116.	Sheria Sacco Society Ltd	P.O. Box 34390 – 00100, Nairobi.
117.	Shirika Sacco Society Ltd	P.O. Box 43429-00100, Nairobi.
118.	Simba Chai Sacco Society Ltd	P.O. Box 977 – 20200, Kericho.
119.	Siraji Sacco Society Ltd	P.O. Box Private Bag, Timau.
120.	Skyline Sacco Society Ltd	P.O. Box 660 – 20103, Eldama Ravine.
121.	Smart Champions Sacco Society Ltd	P.O. Box 64-60205, Githingo
122.	Smart Life Sacco Society Ltd	P.O. Box 118-30705, Kapsowar.
123.	Solution Sacco Society Ltd	P.O. Box 1694 – 60200, Meru.
124.	Sotico Sacco Society Ltd	P.O. Box 959 – 20406, Sotik.
125.	Southern Star Sacco Society Ltd	P.O. Box 514-60400, Chuka.
126.	Shoppers Sacco Society Ltd	P.O. Box 16 – 00507, Nairobi.
127.	Stake Kenya Sacco Society Ltd	P.O. Box 208 – 40413, Kehancha.
128.	Stima Sacco Society Ltd	P.O. Box 75629 – 00100, Nairobi.

No.	Name of Society	Postal Address
129.	Sukari Sacco Society Ltd	P.O. Box 841-50102, Mumias
130.	Suba Teachers Sacco Society Ltd	P.O. Box 237-40305, Mbita.
131.	Supa Sacco Society Ltd	P.O. Box 271 – 20600, Maralal.
132.	Tai Sacco Society Ltd	P.O. Box 718 –00216, Githunguri.
133.	Taifa Sacco Society Ltd	P.O. Box 1649 – 10100, Nyeri.
134.	Taraji Sacco Society Ltd	P.O. Box 605 – 40600, Siaya.
135.	Tembo Sacco Society Ltd	P.O. Box 91–00618, Ruaraka Nairobi.
136.	Tenhos Sacco Society Ltd	P.O. Box 391 – 20400, Bomet.
137.	Thamani Sacco Society Ltd	P.O. Box 467 – 60400, Chuka.
138.	Transco unties Sacco Society Ltd	P.O. Box 2965-30200, Kitale.
139.	Trans Nation Sacco Society Ltd	P.O. Box 15 – 60400, Chuka.
140.	Times U Sacco Society Ltd	P.O. Box 310 – 60202, Nkubu.
141.	Tower Sacco Society Ltd	P.O. Box 259 – 20303, Ol'kalou.
142.	Trans- Elite County Sacco Society Ltd	P.O. Box 547-30300, Kapsabet.
143.	Ufanisi Sacco Society Ltd	P.O. Box 2973-00200, Nairobi.
144.	Uchongaji Sacco Society Ltd	P.O. Box 92503-80102, Mombasa.
145.	Ukristo Na Ufanisi Wa Angalicana Sacco Society Ltd	P.O. Box 872-00605, Nairobi.
146.	Ukulima Saco Society Ltd	P.O. Box 44071 – 00100, Nairobi.
147.	Unaitas Sacco Society Ltd	P.O. Box 38791– 00100, Nairobi.
148.	Uni-County Sacco Society Ltd	P.O. Box 10132-20100, Nakuru.
149.	United Nations Sacco Society Ltd	P.O. Box 30552 – 00100, Nairobi.
150.	Unison Sacco Society Ltd	P.O. Box 414-10400, Nanyuki.
151.	Universal Traders Sacco Society Ltd	P.O. Box 2119– 90100, Machakos.
152.	Vihiga County Farmers Sacco Society Ltd	P.O. Box 309-50317, Chavakali.
153.	Vision Point Sacco Society Ltd	P.O. Box 42 – 40502, Nyansiongo.
154.	Vision Africa Sacco Society Ltd	P.O. Box 18263-20100, Nakuru.
155.	Wakenya Pamoja Sacco Society Ltd	P.O. Box 829 – 40200, Kisii.
156.	Wakulima Commercial Sacco Society Ltd	P.O. Box 232 – 10103, Mukurweni.
157.	Wanaanga Sacco Society Ltd	P.O. Box 34680 – 00501, Nairobi.
158.	Wananchi Sacco Society Ltd	P.O. Box 910 – 10106, Othaya.
159.	Wanandegge Sacco Society Ltd	P.O. Box 19074 -00501, Nairobi.
160.	Washa Sacco Society Ltd	P.O. Box 83256–80100, Mombasa.
161.	Waumini Sacco Society Ltd	P.O. Box 66121 – 00800, Nairobi.
162.	Wevarsity Sacco Society Ltd	P.O. Box 873-50100, Kakamega
163.	Winas Sacco Society Ltd	P.O. Box 696 – 60100, Embu.
164.	Yetu Sacco Society Ltd	P.O. Box 511 – 60202, Nkubu.

**Appendix IV: Restricted Licenses for the Period Ending 30<sup>th</sup> June 2016**

<b>No.</b>	<b>Name Of Society</b>	<b>Postal Address</b>
1.	Airports Sacco Society Ltd	P.O. Box 19001-00501, Nairobi
2.	Ainabkoi Sacco Society Ltd	P.O. Box 120, Ainabkoi
3.	Eco-Pillar Sacco Society Ltd	P.O. Box 48 – 30600, Kapenguria
4.	Good Faith Sacco Society Ltd	P.O. Box 224 – 00222, Uplands
5.	Comoco Sacco Society Ltd	P.O. Box 30135 – 00100, Nairobi
6.	Telepost Sacco Society Ltd	P.O. Box 49557 – 00100, Nairobi
7.	Nandi Hekima Sacco Society Ltd	P.O. Box 211 -30300, Kapsabet
8.	Nitunze Sacco Society Ltd	P.O. Box 295 – 50102, Mumias
9.	Transnational Times Sacco Society Ltd	P.O. Box 2274 – 30200, Kitale
10.	Moi University Sacco Society Ltd	P.O. Box 23 – 30107, Moi University
11.	Nyamira Sacco Society Ltd	P.O. Box 633 – 40500, Nyamira
12.	Banana Hill Sacco Society Ltd	P.O. Box 333 – 00219, Karuri

### Appendix V: Analysis of Dependent and Independent Variables

Type of variable	Data Collection Method	Type of Scale	Variable Name	Type of Analysis	Indicator	Level of Analysis
Dependent Variable	Datasheets	Ratio	Financial Performance	Quantitative	Return on investment	Descriptive and Inferential statistics
Independent Variable	Questionnaire	Interval & Nominal	Business Management Skills	Qualitative & Quantitative	Acquired accounting skills Acquired entrepreneurship skills Acquired financial skills Acquired marketing skills Acquired strategic Leadership skills	Descriptive and Inferential statistics



### Appendix VI: List of Sampled SACCOs

<b>No.</b>	<b>Name</b>	<b>County</b>
1.	Mwalimu National Sacco	Nairobi
2.	Stima Sacco	Nairobi
3.	Harambee Sacco	Nairobi
4.	Kenya Police Sacco	Nairobi
5.	Afya Sacco	Nairobi
6.	UN-Sacco	Nairobi
7.	UNITAS	Nairobi
8.	Ukulima	Nairobi
9.	Kenya Bankers	Nairobi
10.	Hazina	Nairobi
11.	Sheria	Nairobi
12.	Magereza	Nairobi
13.	Safaricom	Nairobi
14.	Waumini	Nairobi
15.	Nacico	Nairobi
16.	Jamii	Nairobi
17.	Ufanisi	Nairobi
18.	Miliki	Nairobi
19.	Taqwa	Nairobi
20.	Metropolitant National	Kiambu
21.	K-Unity	Kiambu
22.	Fariji Sacco	Kiambu
23.	All Churches sacco	Kiambu
24.	Good Faith	Kiambu
25.	Jacaranda Sacco	Kiambu
26.	Bandari Sacco	Mombasa
27.	Mombasa Port	Mombasa
28.	Washa Sacco	Mombasa
29.	Uchongaji Sacco	Mombasa
30.	Cosmopolitant	Nakuru
31.	UNI-County	Nakuru
32.	Nandi Farmers	Nandi
33.	Kolenge	Nandi
34.	Univesity of E/A-Baraton	UasinGishu
35.	Ainabkoi Sacco	UasinGishu
36.	Imarisha Sacco	Kericho
37.	Agrochem Sacco	Kisumu
38.	Koru sacco	Kisumu
39.	Kwetu Sacco	Machakos
40.	BiasharaTosha	Embu
41.	Winassacco	Embu
42.	Tower Teachers	Kirinyaga
43.	Ollin Sacco	Kirinyaga
44.	Nufaika Sacco	Kirinyaga

45	Goodway Sacco	Kirinyaga
46	Mwietheri Sacco	Kirinyaga
47	Kenya Midland	Bomet County
48	Sotico	Bomet County
49	KipsigisEdis	Bomet County
50	New Forties	Nyeri County
51	Bingwa Sacco	Nyeri County
52	Enea Sacco	Nyeri County
53	Solution Sacco	Meru County
54	Smart Champion Sacco	Meru County
55	Kathera Rural	Meru County
56	Rachuonyo Sacco	Homabay County
57	Suba Sacco	Homabay County
58	Kaimosi Sacco	Vihiga County
59	Vihiga County Sacco	Vihiga County
60	Mentor Sacco	Muranga County
61	AmicaSaccoo	Muranga County
62	Trans-Nation Sacco	Tharaka- Nithi County
63	Kitui Teachers Sacco	Kitui County
64	GusiiMwalimu	Kisii County
65	Imarika	Kilifi County
66	Victas	Nyandarua County
67	Trans Counties	Trans-Nzoia County
68	Lengo Sacco	Kilifi County
69	Ilkisonko Sacco	Kajiado County
70	Nanyuki Equator	Laikipia County
71	Stake Sacco	Migori County
72	Invest and Grow(IG)	Kakamega County
73	Elgon Teachers	Bungoma County
74	Boresha Sacco	Baringo County

**Appendix VII: List of SACCOs used in Pilot Testing**

<b>No.</b>	<b>SACCO</b>	<b>County</b>
1.	Elimu Sacco	Nairobi
2.	Simba Chai Sacco	Kericho
3.	Kite Sacco	Kisumu
4.	Noble Sacco	Uasin-Gishu
5.	County Sacco	Embu
6.	Nafaka Sacco	Nairobi
7.	Universal Traders Sacco	Machakos
8.	Vision Afrika	Nakuru

### Appendix VIII: Table of Sample Determination

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

## Appendix IX: University Research Authorization Letter



### INSTITUTE OF POST GRADUATE STUDIES

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KABARAK, KENYA  
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Tel: 0773265999  
Fax: 254-51-343012  
[www.kabarak.ac.ke](http://www.kabarak.ac.ke)

14<sup>th</sup> May, 2018

Ministry of Higher Education Science and Technology,  
National Council for Science, Technology & Innovation,  
P.O. Box 30623 – 00100.

Dear Sir/Madam,

#### **RE: RESEARCH BY RONO E. KIPCHIRCHIR-GDB/M/0948/09/10**

The above named is a student at Kabarak University taking PHD Degree in Business Administration. He is carrying out research entitled “*Effects of Business Management Training on Financial Performance of Deposit taking SACCOs in Kenya*”

The information obtained in the course of this research will be used for academic purposes only and will be treated with utmost confidentiality.

Please provide the necessary assistance.

Thank you.



**Dr. Betty Tikoko**  
**DIRECTOR - (POST GRADUATE STUDIES)**

#### **Kabarak University Moral Code**

*As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord. (1 Peter 3:15)*



## Appendix X: NACOSTI Research Authorization Letter



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
When replying please quote

NACOSTI, Upper Kabete  
Off Waiyaki Way  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/41280/23070**

Date: **20<sup>th</sup> June, 2018**

Ezra K. Ronoh  
Kabarak University  
Private Bag - 20157  
**KABARAK.**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on *“Effect of business management training on financial performance of deposit taking SACCOs in Kenya”* I am pleased to inform you that you have been authorized to undertake research in **all Counties** for the period ending **20<sup>th</sup> June, 2019**.

You are advised to report to **the County Commissioners and the County Directors of Education, all Counties** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

  
**BONIFACE WANYAMA**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioners  
All Counties.

The County Directors of Education  
All Counties.

*Approved*  




## Appendix VIII: NACOSTI Research Permit

**THIS IS TO CERTIFY THAT:**

**MR. EZRA K. RONOH**  
**of KABARAK UNIVERSITY, 0-20100**  
**Kabarak, has been permitted to conduct**  
**research in All Counties**

**on the topic: EFFECT OF BUSINESS**  
**MANAGEMENT TRAINING ON FINANCIAL**  
**PERFORMANCE OF DEPOSIT TAKING**  
**SACCOS IN KENYA**

**for the period ending:**  
**20th June, 2019**

  
**Applicant's**  
**Signature**

**Permit No : NACOSTI/P/18/41280/23070**  
**Date Of Issue : 20th June, 2018**  
**Fee Received :Ksh 2000**



  
**Director General**  
**National Commission for Science,**  
**Technology & Innovation**

### CONDITIONS

1. The License is valid for the proposed research, research site specified period.
2. Both the Licence and any rights thereunder are non-transferable.
3. Upon request of the Commission, the Licensee shall submit a progress report.
4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.
5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.
6. This Licence does not give authority to transfer research materials.
7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.
8. The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.



**REPUBLIC OF KENYA**



**National Commission for Science**  
**Technology and Innovation**

**RESEARCH CLEARANCE**  
**PERMIT**

**Serial No.A 19043**

**CONDITIONS: see back pag**