

**INFLUENCE OF ASSET MANAGEMENT STRATEGIES ON FINANCIAL
PERFORMANCE OF SACCOS IN IMENTI NORTH SUB-COUNTY, KENYA**

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of the Requirements for the Conferment of the Degree of Masters of Science in
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DECLARATION AND RECOMMENDATION

Declaration

I declare this thesis is my original work that has never been presented in any other university for award of any degree.

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DEDICATION

I dedicate this work to my Mum Hadija Atikiya

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ABSTRACT

The consistency of offering asset management products by Saccos enables them to easily settle their obligations when they fall due. Nevertheless, Kenyan Sacco's have been experiencing low liquidity ratios concerns. The general objective of the study was to examine the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. The specific objectives were to determine the influence of cash flow management strategy, mortgage loan management strategy, treasury bills management strategy and stock control management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. The study used pecking order theory, contingency theory and resource based-view theory. Descriptive research design was adopted to collect data from 7 deposit taking Saccos located in Imenti North Sub-County. Further, the selection of representatives from the entire population was done using simple random sampling method to have 13 accounts department officers, 34 tellers, 28 back-office staff and 36 loans officers hence a total of 111 respondents. Quantitative data inform of closed-ended questionnaires and financial statements was collected and measured using SPSS version 24. The study conducted a pilot study in Unison Sacco located in Isiolo county. Descriptive statistics such as frequency, percentage and mean were analyzed while at the same time inferential statistics line Pearson Coefficients and multiple regression were similarly analyzed. The study found out that there was a positive influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. This was because the p-value was 0.000 hence less than 0.05. Notably, the overall r was 0.779 and r -square was 0.607 with a Durbin Watson value of 1.392. Therefore, asset management strategies had a 60.7% influence on financial performance with a positive correlation. The conclusion made regarding cash flow was that the investment department was still undeveloped in many Saccos therefore limiting on the authorization of incorporation of funds in investment options like capital markets. On mortgage loan, there were high cases of default and inconsistent payment of interest, which was brought about by poor communication and follow-up skills applied by the staff when reminding the clients to pay their dues. On treasury bills, the Saccos had not adequately created awareness to their clients on the opportunities that they could generate from investing in treasury bills. On stock control, the Saccos had not invested resources towards acquiring latest stock management software that would offer real time data on the current inventory. Therefore, the study recommends that on cash flows, the BOM should create policies and provide adequate funds to establish an investment department, if there is none, or strengthen it if in existence. On mortgage loans, the management should introduce communication in-job training whereby the staff equipped with basic etiquette, and negotiation skills. On treasury bills, the marketing managers should ensure that they have developed treasury bills campaigns such as having a sensitization week in the branch. where clients get access to information regarding the T-bills. On stock control, the senior management should allocate funds to purchase various stock management software that would be used within the branches to manage their stock levels.

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ABBREVIATIONS AND ACRONYMS

BOM	Board of Management
CBK	Central Bank of Kenya
CRB	Credit Reference Bureau
FDIC	Federal Deposit Insurance Corporation
NACOSTI	National Commission For Science, Technology & Innovation
SACCO	Savings and Credit Cooperative Society
SASRA	Sacco Societies Regulatory Authority
WCCU	World Council of Credit Unions Inc

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A deposit taking Savings and Credit Cooperative Society [Sacco] is a financial institution established by members who invest their resources through depositing money into a legally established financial pool, and is managed by board of management who issue loans payable with interest as a way of increasing the pool for future investments (Sacco Societies Regulatory Authority [SASRA], 2020). Saccos have greatly contributed to the economy through increasing the financial inclusion to people who would otherwise be considered as unqualified to take any credit facility in the commercial banks due to low income and lack of collateral. These individuals are issued with relatively lower credit facilities that are payable with interest dependent on how fast the loan is repaid. According to Shilimi (2021), the capitalization of these low-income clients creates a significant pool of assets in form of deposits, interest paid after a loan is issued, and interest earned on securities, on which a Sacco could over time maximize to increase its capital base.

Therefore, as a result, the Saccos have established a stable capital base which could increase its lending scope to vast regions still considering these low-income clients. Notably, Kinyenze and Ondabu (2023) indicated that expansion of Saccos has improved the economy through offering job opportunities to qualified citizens and improving the livelihoods of citizens whereby once they invest the loan in profitable ventures, they gain profits to expand their businesses (Flores-Chia & Mougenot, 2022). Further, the Saccos have also brought

about social cohesion by bringing people together whereby some type of credit facility is only applicable to a group of people with the clear financial objective in a registered group and have regularly saved in the Sacco for a certain period of time. Therefore, Brampton (2022) advised that for the growth to continue being experienced, the Saccos keep on managing their current assets amicably as a way of monitoring their expenditure and at the same time increasing their revenue streams.

1.1.1 Asset Management

Asset management is the process of administration of resources that can be converted to cash in short-term periods when a financial obligation arises in a Sacco (Deloitte, 2020). The various types of asset management include cash flow management strategy, mortgage loan management, treasury bills management, and stock control. Cash flow management strategy is a process where a Sacco representative at any capacity is able to gather money and plan on its expenditure carefully to minimize wastages from various institutional operations such as investments, customer deposits, and interest payments (Mafuno, 2021; Muli et al., 2022). Mortgage loan management is the ability to assess borrowers with the intention of issuing house loan facility to qualified ones as per the policy and monitoring them to ensure they pay in the required time (Karanja & Munene, 2019).

Management of mortgage loan borrowers involves understanding who they are, what they intend to do with the loan, how and when they intend to repay back a loan with interest. Stock control strategy is the ability to sustain stock, audit its use, manage ordering of materials and equipment to be used in the operations of the Sacco (Kinyenze & Ondabu, 2023; Koech et al., 2021). Treasury bills management strategy is the administration of high

yield short-term investment options that a Sacco offers to its clients which can be easily be converted to cash within a period of one year (Deloitte, 2020).

Various credit unions/ Saccos have made several notable strides towards improving their asset management structures. In American states such as Florida and New York, the credit unions/Saccos have introduced electronic funds transfers; same day cheque clearing process; and application of tax reliefs to reduce expenses on taxes (World Council of Credit Unions Inc [WCCU], 2019). In European nations such as Denmark, England and France, there have been increased client-staff relations whereby they keep informing the clients to deposit funds when they notice the accounts have stayed long without transacting (Institute for Government, 2018). In Asian nations such as China there has been development of policies that discourages overdrawing current accounts; reduced turn-around time for savings account approval (Brampton, 2022).

In developing nations such as in South Africa, Saccos are partnering with banks whereby they issue clients ATM cards that can withdraw cash in the bank's ATMs (Sharma, 2021). Other Saccos in Nigeria, have liaised with government agencies such as police department to offer security during auctioning of defaulter's property (Majumder & Habib, 2022). There has also been increased marketing operations to create awareness of the Sacco's products such as accounts, loans and securities particularly in interior regions of rural settlements in a nation such as Rwanda. Additionally, in Kenyan Saccos, there has been risk management assessment which is done by qualified personnel and on frequent basis; Further, the local Saccos have linked debtor's systems with the main stream financial

systems such as Credit Reference Bureau [CRB] to examine the credit history of new clients for effective decision making on lending (Koech et al., 2021).

These developments made have in one way or the other improved the financial performance of the Sacco. That notwithstanding, there is still some issues that have been facing the performance irrespective of the development made.

1.1.2 Financial Performance

Financial Performance is defined as the measure on how best a Sacco is able to maximally use its resources to increase its income level within the desired parameters set by the management, so as to be in a good standing of paying any debt incurred from operations (Mamun, 2021). In this study, financial performance was measured through total assets, total deposits, gross loans, and total income. Notably, an ideal Sacco whose financial performance is commendable should be able to not only have high margins of revenue after tax but be able to comfortably pay its expenses through its assets. Saccos have tried putting effort towards improving their financial performance from time to time. This is because it is more like the key assessment parameter as far as the ability of the Sacco to remain a going concern. However, there Sacco's performances have experienced shortcomings related to asset management globally, regionally and locally.

Globally, credit unions/ Saccos nations like America have previously been engulfed with late payments of loans and decreased customer deposits due to poor fund drive methods to attract more funds in states like Arizona (Federal Deposit Insurance Corporation [FDIC], 2019). In Nevada, there have been increased staff expenditure due to poor cash budgeting. In European nations like Spain, credit unions have faced such as increased bad debts due to

issuing loans without collaterals (Hull, 2018). In Greece there has been lack of clear policies on payment plan of treasury bills hence discouraging potential clients; poor borrower screening due to lack of training on credit assessment methods; and tough competition on interest paid on treasury bills like money market by mainstream banks as compared to fixed deposit interests in Saccos (Ahmad et al., 2023; Bank of England, 2019). In Asian nations such as Peru, there have been poor grasp of ICT management on borrower's database (Flores-Chia & Mougenot, 2022). In Northern Korea, there are unclear tendering processes whereby there are no clear requirements and award criteria and lack of qualified staff to manage inventories within the Sacco.

In African nations like Nigeria, there are poor stock tracking methods which have been causing low stock hence paralyzing the operations of the Sacco (Kinyenze & Ondabu, 2023). In Ghanaian Saccos there have been poor portfolio management of borrowers by loan officer due to low motivation to deliver. In South Africa, Saccos are facing low public awareness on various loan products, securities products and types of deposit accounts available (Shilimi, 2021). In Congo, Saccos have experienced excessive institutional politics whereby the appointment and job termination of senior management, and other staff is based on tribalism, favoritisms and acquaintances instead of experience and academic qualifications. In East African nations like Tanzania, the asset quality of the Saccos has been weakening while in Uganda, there has been fraud and corruption by the credit union/Sacco officers (Kamchape, 2020).

In Kenya, Saccos have battled with system failures and downtimes hence demotivating the clients to use various e-payment channels when depositing funds in their Sacco accounts;

increased customer complaints due to poor tracking on loans whereby the interests are increased or period required to repay the loans (Karanja & Munene, 2019). Additionally, there has also been increased loan defaults and low liquidity concerns (Mafuno, 2021).

1.1.3 Saving and Credit Cooperative Organizations in Kenya

According to Sacco Societies Regulatory Authority (SASRA, 2023), there are one hundred and seventy-five Kenyan Saccos registered to operate within 537 branches countrywide. These Saccos have experienced issues related to financial performance to a point that in 2019, three Saccos' licenses were not renewed due to poor management and registration of consistence low performance. Apart from that it was also gathered that the dormant members increased by 79.55% to 1,372, 575 in 2020 as compared to 764, 472 in 2019 (SASRA, 2020). Notably in the same two years active members increased by 9.42% to 4,097,617 in 2020 from 3,744,844 in 2019 (SASRA, 2020). Therefore, what this information indicates is that, Saccos are experiencing a paralysis in their operations due to increased dormant clients. These clients are not making any deposits to activate their accounts nor repaying any loans. This is a very serious problem based on the fact that the Saccos have to maintain their databases, and pay monthly charges to regulators which is an added expenditure.

1.2 Statement of the Problem

Saccos are supposed to offer different financial services based on the market demands to their clients. To be in a position of offering these services, they need to have a robust current assets structure that is well managed by qualified staff. The consistency in asset

management will eventually enable the Sacco to easily settle their obligations when they fall due. In the long-run, it would lead to improved net profits since they do not have to incur extra unnecessary expenses such as paying interests on costly loans to sort out their obligations.

Nevertheless, Kenyan Sacco's have been experiencing low liquidity ratios concerns. The financial institutions have been unable to consistently maintain the 15% monthly legal cashflow ratios, therefore relying on costly bank loans to bail them out (SASRA, 2020). It is rather unfortunate that the liquidity ratios in Saccos declined from 54.10% in 2017 to 52.68% in 2019. The liquidity concern is a problem because according to SASRA (2020), 6(34%) Saccos out of 175 that are authorized to accept deposits, were not able to maintain the 15% threshold hence putting the entire client deposits at risk of bankruptcy. This issue has continued to persist and there are few if not any viable solutions of having reliable asset management systems such as cash flow, mortgage loan, treasury bills and stock control management systems, that could be used to pay short-term cash obligations at a cheaper cost (SASRA, 2020).

Over time, the failure to provide a solution on low liquidity among the Saccos, has resulted to customers initiating incidences of enormous transfer of their money from the Sacco to mainstream bank hence debilitating the Sacco financial systems. If this trend continues, there may be instances where clients have to get a portion of their deposits or entirely lose them as a result of Saccos becoming completely bankrupt and have to follow the legal way of refunding deposits. Past studies like Ikayo (2022) and Muli et al. (2022) explored various

asset management aspects such as cash and Stock control strategy but did look at mortgage loan management.

Locally studies such as Agong and Otinga (2020) discovered that there were risks related to credit arising from defaults and undiversifiable loan products, and loan operations related crimes but their study was on microfinance institutions. Further, Nyawira (2019) examined management of debtors' techniques related to extension of credit, control and monitoring of debt and policies related to debt collection in financial institutions. Notably, Nyawira (2019) failed to incorporate and indicate various internal control measures in place to curb extension of credit. Additionally, Muhindo and Rwakihembo (2021) found out that Stock control strategy was a key determiner of performance. Nevertheless, it was established that organizations struggled a lot with maintaining stock levels as required and high costs. Therefore, the resultant gaps provided a justifiable basis to examine the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya.

1.3 General Objective

The general objective of the study was to examine the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya.

1.4 Specific Objectives

- i. To determine the influence of cash flow management strategy on financial performance of Saccos in Imenti North Sub-County, Kenya.

- ii. To evaluate the influence of mortgage loan management strategy on financial performance of Saccos in Imenti North Sub-County, Kenya.
- iii. To investigate the influence of treasury bills management strategy on financial performance of Saccos in Imenti North Sub-County, Kenya.
- iv. To establish the influence of stock control management strategy on financial performance of Saccos in Imenti North Sub-County, Kenya.

1.5 Research Hypothesis

H₀1: Cash flow management strategy had no statistically significant influence on financial performance of Saccos in Imenti North Sub-County, Kenya.

H₀2: Mortgage loan management strategy had no statistically significant influence on financial performance of Saccos in Imenti North Sub-County, Kenya.

H₀3: Treasury bills management strategy had no statistically significant influence on financial performance of Saccos in Imenti North Sub-County, Kenya.

H₀4: Stock control management strategy had no statistically significant influence on financial performance of Saccos in Imenti North Sub-County, Kenya.

1.6 Significance of the Study

The findings would be key to Sacco management since they would get to understand on how various assets that could be managed using different techniques to maximize on liquidity of the institutions. They would also get to understand the repercussions of too much debt with high interests on the financial performance.

The study would also benefit greatly the various Sacco regulators such as SASRA since they would understand the extent of how low liquidity had affected the daily operations of the Sacco. Therefore, SASRA would have a basis of fast tracking the proposed creation of the central liquidity and shared technology platform, which could be used as alternative from borrowing costly bank loans.

The Sacco clients such as the ones who deposit their money regularly would understand the various measures the Saccos had taken to reduce to much liquidity concerns. Additionally, the findings of the study could be used by potential clients as key assessment parameters before deciding to join a Sacco to avoid losing money. The Sacco debtors would also get awareness on the repercussions of late payment or default to the Sacco. This would act as an eye opener for consistence payment till the credit facility extended is completed.

The findings would be relevant to the general public since it would create awareness for them to understand how Saccos work, various challenges facing them and the solutions that could be applied to solve the problems. The information could be relevant in ensuring that they make investment decisions particularly in treasury bills to boost performance and as well as get paid interest.

Future researchers would also use the findings of the study as a stepping stone towards suggesting for more solutions or expanding the study to other regions out of Imenti-North Sub County, Meru County in bid of solving Kenyan Saccos liquidity problems. Additionally, this study would add new knowledge in the field of finance once the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya, is established.

1.7 Scope of the Study

The study examined the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. The study covered various current asset related to cash flow, mortgage-loans, treasury bills, and stock control management strategies. The various respondents included accounts department staff, tellers, back-office staff and loans officers who will be issued with closed-ended questionnaires. The study also collected secondary data from balance sheets and profit and loss statements of the Saccos for 2021 and 2022 particularly post covid-19 period.

1.8 Limitations of the Study

The study was limited since some of the financial reports of Saccos were unaudited thereby raising uncertainty issue especially on gaps in some years. Nevertheless, the study liaised with the Sacco management by requesting for access of authentic records through an authorization letter. This avoided any gaps on stock quantities, cashflow and accurate mortgage debtors' value and as well as the money market securities details.

1.9 Assumptions of the Study

The study worked on an assumption that the various Saccos had active asset management operations such as cash flows, mortgage loan, treasury bills, and stock control management, that were run by qualified staff. Additionally, the study also assumed that the respondents would be truthful particularly in revealing the actual issues they had been facing as they manage assets.

1.10 Operational Definition of Terms

Asset Management

Asset management is the process of administration of resources that can be converted to cash in short-term periods when a financial obligation arises in a Sacco (Deloitte, 2020).

Cash Flow Management Strategy

Cash flow management strategy is a process where a Sacco representative at any capacity is able to gather money and plan on its expenditure carefully to minimize wastages from various institutional operations such as investments, customer deposits, and interest payments (Mafuno, 2021; Muli et al., 2022).

Financial Performance

Financial Performance is the measure on how best a Sacco is able to maximally use its resources to increase its income level within the desired parameters from the management so as to be in a good standing of paying any debt from operations (CCSC, 2021).

Mortgage Loan Management

A mortgage loan management is the ability to assess borrowers with the intention of issuing house loan facility to qualified ones as per the policy and monitoring them to ensure they pay in the required time (Karanja & Munene, 2019).

Sacco

A Savings and Credit Cooperative Society [Sacco] is a financial institution established by members who invest their resources into a legally established financial pool that is managed

by board of management who then issue loans payable with interest as a way of increasing the pool for future investments (SASRA, 2020).

Stock Control

A stock control strategy is the ability to sustain stock, audit its use, manage ordering of materials and equipment to be used in the operations of the Sacco (Kinyenze & Ondabu, 2023; Koech et al., 2021).

Treasury bills Management Strategy

A treasury bills management strategy is the administration of high yield short-term investment options that a Sacco offers to its clients which can be easily be converted to cash within a period of one year (Deloitte, 2020).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter indicates the past studies regarding the influence of asset management on financial performance. It provides three theoretical reviews to support the variables and later on literature review. The conceptual and operational framework concludes the chapter.

2.2 Theoretical Review

The study had three theories which were pecking order theory, contingency theory and resource based-view theory. Pecking order theory explained cash flow management and treasury bills management strategies. Contingency theory explained mortgage loan management strategy, while resource based-view theory explained stock control management strategy.

2.2.1 Pecking Order Theory

Pecking order theory was developed by Myers & Mailuf (1984) and it explained the Cash flow management and treasury bills management strategies. The theory states that funding of operations and projects in an organization, begins from utilizing internal sources followed by external sources such as use of reserved earnings and then debt respectively if need be. Therefore, from the perspective of Myers & Mailuf (1984) it was emphasized the need to finance something within the scope of an organization is highly dependent of the availability of both internal and external resources.

Therefore, pecking order theory explained cash flow management strategy because as Saccos were competitively conducting their operations, the management team needed to be mindful of their cash flows. Notably, it was always advisable to always begin by capitalizing on the internal resources they had to fund their operational activities and projects. Therefore, the Saccos had the options to ensure they maintained strict and updated records on any inflow of cash. Further, for Saccos to maximally utilize internal resources, the policies on liquidity were followed to the letter such as not spending cash at source and having budgets.

Additionally, pecking order theory was used to guide treasury bills management strategy because for the Sacco to become a going concern, they maximized on investment operations that involved securities. It was always the desire of any financial institution to grow through expanding their income sources such as venturing into treasury bills like money market. This involved on the one hand, investing various cash surpluses into employment of investment staff and computerizing the investment operations for purposes of acting as intermediaries between the clients and trading houses.

On the other hand, it meant ensuring that expenses incurred in the operations of the Sacco were immediately paid so that they did not accumulate over time. When Saccos were able to pay their obligations without strain, they not only attracted deposit and loan clients but also clients interested in making investments. Therefore, it was vital for Sacco management develop clear strategies that guided them on increasing the streams of income so as to improve on internal funding rather than always borrowing to pay for reoccurring expenditures.

Pecking order theory was criticized by Guizani (2020) that it was not practical and biased in high profitable firms since due to their vast size of capital structure, they hardly utilized debt unlike the firms where their profit was not high. Nevertheless, this reproach did not affect the study since the study was mainly focused on how Saccos maximized use of internal resources rather than external debt.

2.2.2 Contingency Theory

Contingency theory was developed by Vroom and Yetton (1978) and it explained mortgage loan management strategy. It states that there is no guaranteed way that an organization could operate by for success. It all depends with how they contingently maximize of decision making, resource optimization and management capacity. Therefore, this theory mainly indicated that as long as there were people running an institution, their decision and utility of resources determined a lot the output they got hence no sure way to go about it. On the one hand, they utilized required resources and made upright decision but the output was affected by external constraints beyond their powers. On the other hand, they were faced with resistance and demotivated staff who would otherwise be a stumbling block towards attaining the desired goals.

Contingency theory was used to explain mortgage loan management strategy since any operation that involved interaction between two or more thinking people, there would be agreements and disagreements at some point. When managing the credit factor, the Saccos came up with the most suitable policy structure ever developed and became extra cautious on how much credit they allowed to be borrowed. However, scenarios of borrowers paying late or simply defaulting could not be controlled. This was because, a debtor would make

up his or her mind not to pay back and what the Sacco would do was take-up the borrower's collateral. However, Saccos were not in the business of auctioning the property of their borrowers but rather extend credit. Therefore, it was vital to note that in as much as Saccos had developed all risk management aspects about debtors' such as their appraisal, monitoring of payments, internal control measures and debt collection policies, it was still a risky venture to lend shareholder's wealth.

Contingency theory was criticized by Mitchell et al. (2017) that it lacked flexibility in the sense that when a situation became unbearable because of both the internal and external challenges, the leader was supposed to be changed. This weakness did not affect the study since the study was focused in a problem of mortgage loan management which had been cited by authoritative reports such as SASRA (2020) as a problem to all Saccos in Kenya. Therefore, it was hard for all Saccos to make a decision to change their leaders due to hard economic times brought about by covid-19 pandemic that was beyond their control.

2.2.3 Resource Based View Theory

Resource-based view theory was developed by Wernerfelt (1984) and it explained stock control management strategy. It states that the value that an organization possesses is highly dependent on the internal resources at its exposure and that could easily help it attain the desired objectives. These internal resources were categorized by Wernerfelt (1984) as tangible and non-tangible. The non-tangible resources were the skills and competencies of the staff working for that organization. The tangible resources were any physical assets that could be used to generate income.

Therefore, in relation to the study, resource-based view theory explained stock control management strategy in the sense that the inventories that it had were amicably used to improve its performance. These inventories were in relation to stock that was ordered to aid the staff in delivering their organizational targets. The stock in question which related to furniture, stationery, brochures, banners, roll-ups and other stock which enabled the organization attract new clients or sensitize the old ones into new products or services offered in the Sacco. This resulted to more clients increasing their deposits, paying outstanding credit and opening of other new accounts. Therefore, this resulted to new business and that meant an increment in organizational current assets.

The theory was faulted by Priem and Butler (2001) that it did not really explain how resources added value to an organization particularly when sold. This criticism did not affect the study since the resources such as stock in a Sacco were not sold directly to the market but used in ensuring that public awareness was effectively made so that customers could increase their deposits and also get other services offered by the Sacco.

2.3 Financial Performance of Sacco

The aspect of performance of Saccos has attracted the attention of different authors such as Goodluck and Lebitso (2019) who conducted an analysis of the elements that brought about financial performance on Maseru district's twenty-three Saccos in Lesotho. The research design used was cross-sectional approach on a population of four thousand eight hundred and sampled three hundred and sixty-nine registered member participants. The sampling formular used was the one Yamane (1967) suggested and selected randomly. Therefore,

Goodluck and Lebitso (2019) found out that high performance was attained when assets grew; savings and deposit increased; and growth in loans whereby there were issued and repaid on time and assets grew. Notably, the study found out that the ratio of shareholder's wealth and fixed assets to total asset was performing poorly. However, the study did not ascertain how current asset affected financial performance of the Saccos. Additionally, the study did not conduct a pilot test which could have been relevant since they were using both questionnaires and report analysis.

Further, Renatus (2019) assessed the elements that affected Dar es Salaam's Sacco performance that was related to finances. Ten Saccos were selected whereby interviews and questionnaires were used to collect data from fifty respondents. Additionally, the study also conducted Sacco document review. According to Renatus (2019), the various financial performance metrics assessed included repay of loans, interest rate charged on loans, registration of new members, turn-around time for loans and default rate of loans. The major findings of the study were that payment systems in place and long timelines used when processing loans discouraged members from repaying loans, which otherwise had a negative influence on performance. Notably, Renatus (2019) pointed that interest rate had no influence on performance of Saccos but had not considered how the interest rate charged were affected by various government policies, which could have an effect on performance.

Additionally, Mwangudza et al. (2020) examined how financial performance of Kenyan Saccos that collected deposit were affected by management of liquidity. The study selected eighteen Saccos by census method, classified as teachers deposit taking Sacco by SASRA whose records of 2017 were analyzed. The study found out that position of cashflows,

deposits made by clients and cash reserves had an insignificance influence on performance. However, the results were only from teachers Saccos and not any other Saccos such as agricultural affiliated ones. Additionally, the study could have used primary data collection methods to gather information from teacher member' respondents so as to get broader view on how cash flow management strategy affected performance.

Additionally, Kyenze and Aluoch (2022) conducted a study on how financial performance of Nairobi Saccos were influenced by practices of financial management. The study considered forty-one Saccos selected using census method and registered by SASRA whose financial records ranging from 2015 to 2019 were used. The study revealed that fixed assets, cash assets and financial investments practices had a positive influence on performance. These results contradicted Mwangudza et al. (2020) who found out a negative influence of cash reserves on performance of deposit taking Saccos. Notably, Kyenze and Aluoch (2022) established that Saccos did not manage their cashflows using Cash flow management strategy technique such as cash budget. Therefore, since the study was conducted in Nairobi County, there is need to expand the findings to other counties such as Imenti North sub-county in Meru County.

2.4 Cash flow Management Strategy and Financial Performance

Cash flow management strategy is a process where a Sacco representative at any capacity is able to gather money and plan on its expenditure carefully to minimize wastages from various institutional operations such as investments, customer deposits, and interest payments (Mafuno, 2021; Muli et al., 2022; WCCU, 2019). The cash flow management

strategy methods that were explored in the study included liquidity policies, budgets, cash inflow and outflow recording, expenses payments and cash surplus investment (WCCU, 2019). Liquidity policies are any regulations put into place to guide on how to ensure that the Sacco is able to sort out bills when they arise (Kinyenze & Ondabu, 2023).

This relates to the cash levels that a specific department hold at any given time. Budgets are prepared before cash is spent to ensure that there is clarity on how much, where and for what purpose that the Saccos funds will be spent. Recording of cash inflows and outflow is part of book keeping where any money that is received and spent are clearly indicated in an accounting manner as per the accounting standards (Deloitte, 2020). Further payment of expenses is also a cash flow management strategy technique since being at a capacity to pay bills is one of the areas that most of financial institutions struggle a lot. The ability to pay expenses is a technique that when handled well leads to a debt free institution. Further, when excess cash is invested in further investment options as a means of increasing revenue channels is a management technique that helps Saccos avoid costs incurred due to withheld cash value due to inflation (Agong & Otinga, 2020). Studies have debated on the relevance that cash flow management strategy have towards improving financial performance.

A study by Fidelity National Information Services Inc [FNIS] (2019) documented on the transformational plan it had on its digital payments in the nation of Philippines. The report reveals that due to its vision of having financial inclusion in the most interior parts, it introduced several digital payments to facilitate improvement of cash collection. FNIS (2019) reported that it had converted its fifty-percent of its retail payments to e-payments. The report provided brief history on how cash collection methods were being used by clients

as follows. Between 1980's-90s ATM was introduced, 2000-2010, online banking was introduced and between 2010-2015, there was consolidation of Bancnet and Megalink operations.

In terms of growth, ATM access points had grown by 499 to 21,777 in 2019, as compared to 2018 which was 2.3% growth; POS terminals had declined by 24,159 to 79,693 in 2019 as compared to 2018, which was -26% decline; Credit cards had declined by 400,000 to 9 million in 2019 which was -4.2%. In relation to transactions, there was an increase of 395.2 billion transaction to 1485.3 billion in 2019 as compared to 2018, which was an increase of 36%. This indicated that clients were shifting to online transactions. To counter that, FNIS (2019) revealed that the institution used InstaPay, EFT credit ACH, EFT Credit Automated Clearing House (ACH), and Multiple batch net settlement (MBNS) of PESONet transfers.

Further, Ali et al. (2020) expounded on how Nigeria's Saccos performance was influenced by management techniques of cash. The study used annual reports from the Saccos dated from 2014-2018. The study found out that investing cash to total asset had no influence on performance while cash to total asset had a negative influence. According to Ali et al. (2020), Nigeria's Saccos had put less emphasis on how cash reserves were maintained leading to frequent illiquidity. There is therefore need to expand the study to Kenya to assess the Cash flow management strategy used in bid of improving performance of Saccos.

Additionally, Kakaire (2019) explored how Uganda's Sacco performance was influenced by management techniques of cash. The main cash aspects were cash planning, budgets, and control. The study adopted cross-sectional design to collect data from forty members of Saccos. The respondents were interviewed and administered questionnaires and there was

also use of report analysis. As per the findings by Kakaire (2019), Saccos ensured that used control of cash as a measure against improper use, misappropriation and theft. All the three aspects (planning, budgets and control), had a positive influence on financial performance of Saccos. Notably, Kakaire (2019) did not assess other Cash flow management strategy methods such as expenses payments and cash surplus investment

Notably, Githaiga (2022) explored how 443 MFIs in one hundred and eight nations obtained sustainable financial capacity through diversifying their revenues. The study used five-year period secondary data panel of 2013-2018 from mix market catalogue of the world bank and used modern portfolio theory. The various diversification methods of revenue used were related to having loan products, current accounts, savings accounts, and mortgages. In addition, the various ways used to manage revenue included having diverse options of making payments such as online bank transfers, ATM banking, and mobile banking. According to Githaiga (2022), there was a positive influence between diversification of revenue and sustainability of the MFIs. That notwithstanding, Githaiga (2022) did not assess agency banking as part of managing revenue resources.

In Hargeisa-Somaliland, Consults and Abdi (2022) conducted a study on how financial institutions' performance was affected by management of cash. The study used descriptive research design to collect data on a population of a hundred and twelve staff of the institutions with a return rate of ninety five percent (106). The Cash flow management strategy methods were discovered to be poor such that they declined the performance. The main aspects considered to conclude that Cash flow management strategy was poor were disbursement, debtors and cash collection techniques. Under cash collection, Consults and

Abdi (2022) complained that there were few methods of receiving cash whereby in-person deposit was recommended due to frequent system errors on e-payments. This led to late repayment and high default rate since most clients were sparsely populated over vast region.

In Cameroon, Nso (2018) was concerned in ascertaining how the profitability of financial institutions was affected by techniques used in management of cash. The various methods of Cash flow management strategy examined related to concentration banking, lock-box systems, e-funds transfers, and slow payment disbursement. Case study design was adopted to collect data from thirty staff sampled by convenient method. Additionally, the study used questionnaires and interview data collection methods. The study found out that appropriate Cash flow management strategy methods such as e-fund transfers improved profitability. That notwithstanding, Nso (2018) failed to present the findings of the qualitative methods. Additionally, the study did not conduct a pre-test on the instruments.

2.5 Mortgage loan Management Strategy and Financial Performance

Mortgage loan management strategy is the ability to assess borrowers with the intention of issuing housing loan facility to qualified ones as per the policy and monitoring them to ensure they pay in the required time (Karanja & Munene, 2019). The mortgage loan management strategies considered in the study included debtor appraisal, debt monitoring, bad debt mitigation, internal control measures and debt collection policy (FDIC , 2019). Debtor appraisal is the process of evaluating a potential borrower in regards to their credit history and ability to pay the intended credit (Njenga & Jagongo, 2019).

Debt monitoring in the process of close observation of payment patterns of the loans issued to debtors (Agaba et al., 2023). Bad debt mitigation is ensuring that any non-performing loans are financially cautioned to minimize further portfolio maintenance expenses (Olweny, 2019). Internal control measures are the processes and procedures put into place to reduce any cases of fraud within the scope of the Sacco (FDIC , 2019). Debt collection policy includes the regulations put into place to ensure that the accurate monthly, quarterly, semi-annually and annual payments are made and in correct channels (Agaba et al., 2023). Studies have debated on the relevance that mortgage loan management have towards improving financial performance.

A report by European Investment Bank [EIB] (2022) assessed how firms were coping with changing financial aspects in tough economic period. The report pointed that seventy percent of the financial institutions had incorporated women gender funding to enable them expand their businesses. This was because six out of ten banks surveyed, revealed that the outstanding credit facilities given to women were unlikely to be defaulted or installments paid late. Further on, when comparing between rural borrowers and urban borrowers, EIB (2022) indicated that in as much as the loan facilities dispensed to urban dwellers was more as compared to rural dwellers, rural dwellers were highly unlikely to default as compared to urban dwellers. This was mainly because the rural dwellers took credit facilities to fund foreseeable business ventures that would generate profits unlike the urban dwellers who took loan to fund their lifestyles. Therefore, most financial institutions opted to offer more credit to rural dwellers as a debt management system. In relation to representations, EIB (2022) revealed that credit markets in Central and East Africa were undeveloped with 11% and 23% annual growth rate in 2021.

Further, Agaba et al. (2023) explored on how five Ugandan Saccos performance was affected by appraisal of borrowers. The respondent population was one hundred and nine Sacco members, managers and staff from a target population of 150 sampled using Yamane (1967) formula. According to Agaba et al. (2023), the performance of the Sacco was positively influenced by the appraisal techniques of borrowers such as declaration of wealth to act collateral and declaration of unpaid credit for other Saccos. Notably, Agaba et al. (2023) used one questionnaire to collect data from the respondents which was rather unsettling since the study's population had managers, employees and members. The information that manager had on borrower appraisal method was more as compared to the others, hence could have interviewed the managers.

Additionally, in Uganda, Barugahare (2023) conducted a study on how financial institutions' performance was related to Credit Risk Management [CRM]. The study selected two hundred and twenty-four employees of thirty-two institutions who were the issued a questionnaire through cross-sectional survey design method. The various CRM techniques assessed were risk estimation, appraisal, and assessment. According to Barugahare (2023) all the three CRM techniques had a positive influence on financial performance. In tandem with the findings, the study pointed that when there are reliable procedures of CRM, the rate of repayment of loans would be high which would significantly reduce arrears and portfolio risk. Therefore, the study advised that there was need for credit management policies to be revised but did not specify which exact policies and who would apply them.

In Homabay County, Agong and Otinga (2020) conducted a study on how MFIs' profitability was influenced by practices related to financial management. The various aspects on financial management assessed were credit risk management, standards and diversification of loan portfolio. The study found out that all the three had a positive influence on profitability. That notwithstanding, Agong and Otinga (2020) discovered that there were risks related to credit arising from defaults and undiversifiable loan products, and loan operations related crimes. Further, Agong and Otinga (2020) assessed only one aspect of profitability which was ROA and did not include others such as ROE.

In Trans Nzoia County, Chemesunde and Gichure (2020) examined the various Debt Management Systems [DMS] in place and how they influenced the performance of financial institutions. The various DMS assessed were policies related to debt collection, internal control, and client appraisal. The study targeted twelve staff such as 12 branch heads, 12 operations managers, 12 departmental heads and 5 junior employees in each institution. The population was issued with questionnaires to respond to. The results related to policies of debt collection revealed that the institutions had policies that required the staff to contact the clients and remind them on any upcoming loan payments which reduced arrears significantly. Additionally, there were more payment options at the dispenses of the clients based on their convenience. Notably, Chemesunde and Gichure (2020) did not present the results on other variables such as credit appraisal and internal control. Further, the study admitted that the pre-test study was 10% of the larger population. However, according to Mugenda and Mugenda (2003), it should have been of the sampled population to have 1 branch head, 1 operations manager, 1 departmental head and 6 junior employees hence a total of 9 respondents.

In Nyeri County, Nyawira (2019) examined the how MFIs' performance was affected by management of debtors' techniques. These techniques were policies related to extension of credit, control and monitoring of debt and policies related to debt collection. Eight MFIs were included in the study whose 48 staff selected using purposive method were consulted in form of filling in the questionnaires. The results revealed that there was a positive influence between policies related to debt collection, control and monitoring of debt on financial performance. However, extension of credit was negatively correlated with financial performance since it led to defaults and exposed the MFI to portfolio risks. Notably, Nyawira (2019) failed to incorporate and indicate various internal control measures in place to curb extension of credit in MFIs.

Further, Olweny (2019) explored on how Kisumu's Saccos performance was affected by practices related to management of credit. A sample of seventy-two respondents was selected from a targeted population 120 respondents who included board chairpersons, managing directors and finance managers, as well as other credit officers in twelve Saccos. The study complained that Kisumu Saccos were engulfed with a lot of misappropriation of funds due to weak internal controls and poor credit management. Olweny (2019) did not examine other credit management practices such as debt appraisal, monitoring and collection policies

Additionally, Wanyonyi et al. (2019) assessed how credit combined with the skills of directors affected Saccos that did not receive cash deposits from clients, in Mombasa. The study collected data from one hundred and eighty-five Saccos in housing, transport, and general saving. The study found out that interest rates, non-performing loans, loanable funds

and board of directors affected positively the financial performance of the Saccos. However, Wanyonyi et al. (2019) did not include Saccos in other sectors such as hospitality, communications, agriculture and civil service.

2.6 Treasury bills Management and Financial Performance

Treasury bills management strategy is the administration of high yield short-term investment options that a Sacco offers to its clients which can be easily be converted to cash within a period of one year (Deloitte, 2020). According to Societies act, section 38 (1c) provides that a Sacco is permitted by law to offer both short-term and long-term securities to its clients or invest to other Saccos on their behalf (National Council for Laws Reporting, 2008). The treasury bills management methods considered in the study included new contract rates on deposits, client book value on stocks, costs of attaining clients, securities placement turn-around time and revenue of securities on deposits (Deloitte, 2020). New contract rates on deposits includes the management of total outstanding client numbers that have been acquired over time and the approximate frequency in a specific duration of time (Otwoko et al., 2021).

Client book value on shares includes the management of the monetary value of securities that customers have engaged with the Sacco. Costs of attaining clients include management of all the expenses related to legal fees, taxes, and operational costs a Sacco incurs. Securities placement turn-around time includes managing the average period that a client has to wait as their securities purchased or sold, get processed by the Sacco (McKillop et al., 2020). Revenue of securities of shares include management of the income that a Sacco generates from engaging in treasury bills (Njenga & Jagongo, 2019). Studies have debated

on the relevance that treasury bills management have towards improving financial performance.

A study by McKillop (2020) conducted a literature review on various issues but among them, the investment aspects of cooperatives. According to the study, most cooperative societies were offering deposit and credit facilities but over time they had improved their scope to cover securities. This is because of fintech facilities hence clients and staff can easily access securities data; development of business models that incorporate the risk management aspect when venturing to securities operations; improved relationship banking to attract more clients to purchase securities; enhanced regulations from the government such that the interests of both the cooperatives and clients are considered in details; and general good will from the government to facilitate less taxes on securities operations. However, the problem of cyber fraud and increased inflation continues to affect the securities market globally, regionally and locally.

Further, Wanjiru and Jagongo (2022) conducted a study on how financial performance of deposit taking Saccos was affected by risk emanating from liquidity. The study used descriptive research design when gathering information in one hundred and seventy-five Saccos that accepted deposits. Secondary data inform of financial reports between 2016-2020 were considered in all of the 175 Saccos since census method was used. Among the variables assessed, liquidity adequacy which included the turn-around time experienced by clients in the processing of securities was examined and had a positive influence on financial performance. Nevertheless, Wanjiru and Jagongo (2022) did not assess other management metrics such as how costs of attaining investment clients affected financial performance.

Notably, Njenga and Jagongo (2019) conducted a study on the kind of influence the decision made on financial management had in performance of non-deposit Saccos in Kiambu. The study reviewed articles and reports to arrive to their findings which revealed that, decisions made on financial management aspects such as on investment operations had a positive influence on performance. It is however a challenge to always provide securities at a reasonable price due to inflation and volatility of the market prices. The regulations from concerned agencies advocated for a strict policy adherence for any clients intending to purchase or sell securities through a financial institution. Nevertheless, Njenga and Jagongo (2019) did not include deposit taking Saccos in their study. Additionally, the study used secondary data to come to their conclusion which at times may be limited to biases of the authors.

Another study by Otworko et al. (2021) assessed how Sacco performance in Kenya was influenced by interest rates on securities. The study considered monetary policies, credit risk, liquidity risk and interest rate. Under monetary policies, the study assessed amounts that Saccos invested in government securities and marketable securities among other elements. According to Otworko et al. (2021), monetary policy had a positive influence on performance. However, it was revealed that Saccos were exposed to liquidity risk especially when they invested client deposits in external marketable securities that failed to pay on the monthly interests. That notwithstanding, the study did not assess other sub-elements on amounts invested in new contract rates of deposits and client book value on stocks.

Further, Muthoni et al. (2022) examined the influence that decisions made on financing and investment had on profitability of Nairobi Saccos. This study selected ten Saccos whose

financial reports were used in the analysis and to derive to conclusions. According to Muthoni et al. (2022), the more involving the decision making was to junior staff, the higher the chances the Sacco had to improve its performance. This was because, when junior staff felt part of the institution, they acted as mobilizers and this led to an increase of contract rates on deposits and increased client book value on stocks.

2.7 Stock Control Strategy and Financial Performance

Stock control strategy is the ability to sustain stock, audit its use, manage ordering of materials and equipment to be used in the operations of the Sacco (Kinyenze & Ondabu, 2023; Koech et al., 2021). The stock control methods included stock review, demand forecasting, replenishment of stock, storage and organization of stock, disposal of damaged stock (Koech et al., 2021). Studies have debated on the relevance that stock control strategy have towards improving financial performance.

A study by Sharma (2021) documented on how a firm's performance was affected by the management of supplies and inventories. Through reviewing various past studies, the study established that the performance of a firm is highly linked to formulated strategies, distribution timelines, lead time, value of products and services, competence level and trailing skills of these aspects. In relation to stock control strategy the study found out that the most outstanding aspects related to performance were Just in Time (JIT), Material Requirement Planning (MRP) and Economic Order Quantity (EOQ) which reduced cost and improved quality of goods and services that were sold. This creates a need to assess how various Saccos stocks such as availability of deposit slips, bank slips, product brochures improved their performance.

A report by the European Commission (2020) analyzed how the market had been for the European financial institutions. The report begins by revealing that in as much as of Europe represented less than ten percent of global financial institutions portfolio, the performance has been increasing. When assessing stock control strategy metric, European Commission (2020) indicated that the use stock turnover rate, return rate, stock to sales ratio and precision of forecast request. Nevertheless, the financial institutions were faced with various challenges such as poor restocking losses, lack of training on stock control, and lack of experienced staff to handle stock control.

Further in Tanzania, Kamchape (2020) examined how the performance of financial institutions were affected by procurement policies and procedures in FINCA microfinance. The study adopted descriptive research design on a population of 61 staff in different departments. The study adopted thirty percent sampling population to get 38 staff. Notably, Kamchape (2020) used questionnaires and collected secondary data from theses and journals. Therefore, Kamchape (2020) established that the financial institutions had qualified and highly skilled ICT staff who worked hand in hand with the procurement department to make online stock proposals. Additionally, the financial institutions had established policies and procedures to support procurement. Nevertheless, due to the fact the procurement department was established under operations department, the policies and procedures were not fully implemented to the letter. It was noted that Kamchape (2020) did not provide information on any pre-test conducted on the questionnaires. Additionally, the study collected secondary data from theses and journals unrelated to FINCA financial institutions. The study should have collected data from procurement manuals, reports and articles from the institution.

In Western Uganda, Muhindo and Rwakihembo (2021) concentrated on how the private hospital's performance was affected by stock control. The study considered thirty-two hospitals staff who were issued with closed-ended questionnaires. The hospitals were stratified to have a sample of five. The main respondents were the administrator, accountant, storekeeper and pharmacist who participated in the study without fail. The findings by Muhindo and Rwakihembo (2021) found out that stock control strategy was a key determiner of performance in a hospital set-up. Nevertheless, it was established that the hospitals struggled a lot with maintaining stock levels as required and high costs. Notably, Muhindo and Rwakihembo (2021) did not provide information on the pre-test population but rather provided the Cronbach alpha results. Additionally, they collected data from only private hospitals and not public hospitals or other institutions such as Saccos.

In Nairobi, Mburugu (2020) examined how the financial performance of commercial and service institutions was affected by management of inventories. The stock control strategy aspect explored are cost of goods and turnover. The specific eleven institutions were listed at the Nairobi Securities Exchange [NSE]. The study adopted descriptive research design to analyze Capital Market Authority [CMA] and specific firm's reports between 2015-2019. According to Mburugu (2020), the management of inventories had a positive influence on financial performance. Notably, the study did not assess other commercial and service institutions not listed in NSE or those that are financial in nature. Further, Mburugu (2020) did not assess other stock control strategy aspects such as stock review.

2.8 Summary of Gaps

The gaps discovered on cash flow management strategy studies reviewed were that, Kakaire (2019) did not assess other cash flow management strategy methods such as expenses payments and cash surplus investment. Additionally, Consults and Abdi (2022) complained that there were few methods of receiving cash whereby in-person deposit was recommended due to frequent system errors on e-payments. This led to late repayment and high default rate since most clients were sparsely populated over vast region. Notably, Nso (2018) failed to present the findings of the qualitative methods. Additionally, the study did not conduct a pre-test on the instruments. Futher, Mwambui and Koori (2019), did not cover other financial performance measurement metrics such as Return on Equity (ROE) which was relevant in a financial institution.

The gaps discovered on mortgage loan management studies reviewed were that, Agaba et al. (2023) used one questionnaire to collect data from the respondents on a study population which had managers, employees and members. The study could have interviewed the managers. Notably, Agong and Otinga (2020) assessed only one aspect of profitability which was ROA and did not include others such as ROE. Further, Chemesunde and Gichure (2020) did not present the results on other variables such as credit appraisal and internal control. Additionally, Nyawira (2019) failed to incorporate and indicate various internal control measures in place to curb extension of credit in Saccos. In addition, Wanyonyi et al. (2019) did not include Saccos in other sectors such as hospitality, communications, agriculture and civil service.

The gaps discovered on treasury bills management studies reviewed were that, McKillop (2020) pointed that the problem of cyber fraud and increased inflation continues to affect the securities market globally, regionally and locally. Further, Wanjiru and Jagongo (2022) did not assess other management metrics such as how costs of attaining investment clients affected financial performance. Additionally, Njenga and Jagongo (2019) did not include deposit taking Saccos in their study.

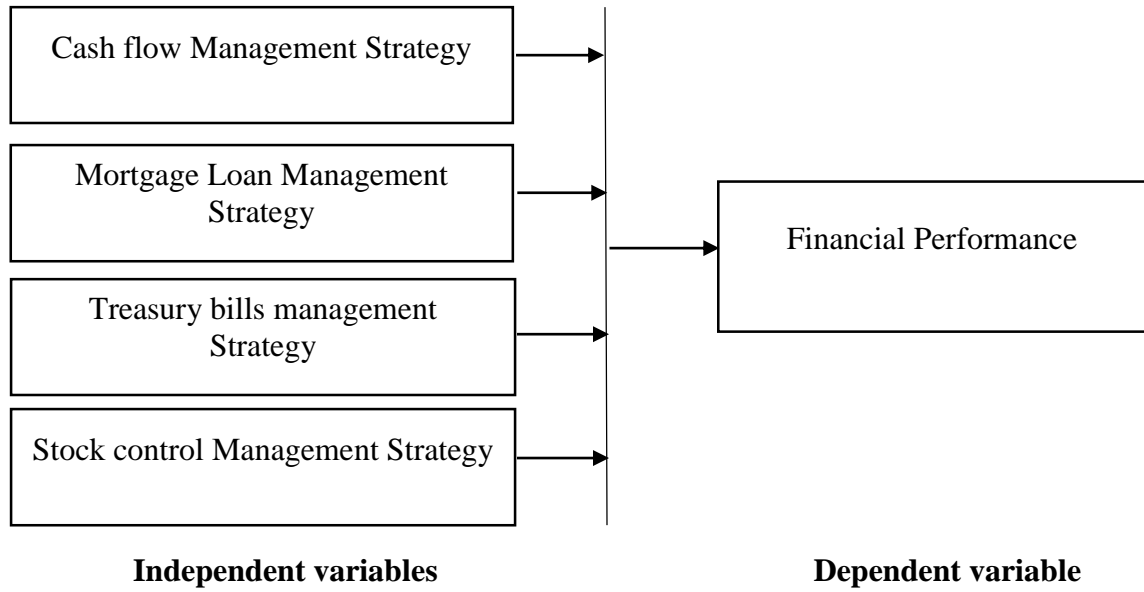
The gaps discovered on stock control management strategy studies reviewed were that Muhindo and Rwakihembo (2021) did not provide information on the pre-test population but rather provided the Cronbach alpha results. Further, Mburugu (2020) did not assess other stock control strategy aspects such as stock review. Notably, Kamchape (2020) did not provide information on any pre-test conducted on the questionnaires. Additionally, the study collected secondary data from theses and journals unrelated to the target population.

2.9 Conceptual Framework

The conceptual framework indicates the dependent and independent variables. The dependent variable is the financial performance and it is located on the right side of Figure 2.1. The independent variables include the cash flow management strategy, mortgage loan management, treasury bills management strategies and stock control strategies which are on the left side of Figure 2.1

Figure 2.1

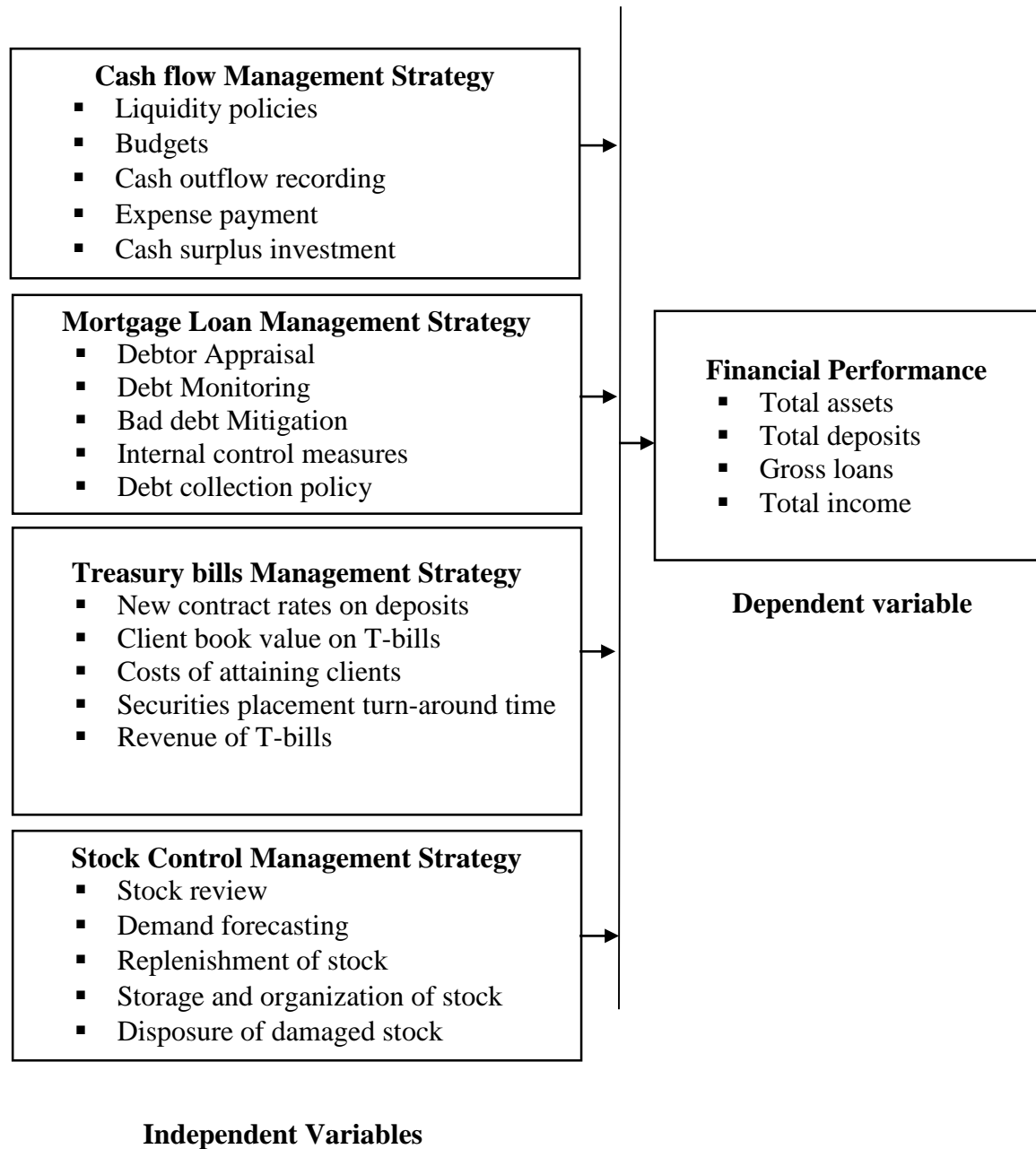
Conceptual framework



2.10 Operational Framework

Figure 2.2

Operational Framework



Financial performance was measured through total assets, total deposits, gross loans, and total income (SASRA, 2021). The cash flow management strategy was measured through liquidity policies, budgets, cash inflow and outflow recording, expenses payments and cash surplus investment (WCCU, 2019). The mortgage loan management strategy considered in the study include debtor appraisal, debt monitoring, bad debt mitigation, internal control measures and debt collection policy (FDIC , 2019). The treasury bills management strategies considered in the study include new contract rates on deposits, client book value on stocks, costs of attaining clients, securities placement turn-around time and revenue of securities on deposits (Deloitte, 2020). The stock control management strategies included stock review, demand forecasting, replenishment of stock, storage and organization of stock, disposure of damaged stock (Koech et al., 2021).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter provides details on the research design, target population, sampled population, data collection method, pre-test study, reliability, validity, data collection procedures, data analysis and ethical considerations.

3.2 Research Design

A research design is a chart that closely guides a study during the data collection process. There are many research designs such as mixed method, exploratory and descriptive design among others (Sileyew, 2019). The study used descriptive research design when ascertaining the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. Descriptive research design was used since the study would like to understand how cash flow is managed and its influence on Saccos performance (Sileyew, 2019). Further the study would also reveal when various debtors' appraisals as part of mortgage loan management is done, where treasury bills are invested and what stocks control measures are employed by the Saccos.

3.3 Location of the Study

The study was conducted in a geographical boundary of Imenti North Sub-County, Meru County. This region is one of the nine sub-counties of the great Meru County which hosts the County government headquarters. Therefore, being the central business district of Meru town, it attracts high number of people conducting personal business and other employed.

Additionally, there are also well-established corporates and companies that provide supplies in both wholesale and retail. Therefore, this has attracted high number of Saccos to open their offices in the Sub-County. Nevertheless, irrespective of these business opportunities, Saccos in Imenti North have experienced unfair competition from other financial institutions such as commercial banks and microfinances who offer similar products to capitalize on small income earners (Nyumoo, 2020). Additionally, there have also been an increasing number of dormant members who hardly make any deposits in the Saccos, thereby increasing unnecessarily cost of operations.

3.4 Target Population

The study's target population included 369 respondents in 21 deposit and non-deposit taking Saccos located in Imenti North Sub-County as indicated in appendix VI (SASRA, 2021). The respondents included 42 accounts department staff, 114 tellers, 93 back-office staff and 120 loans officers (Nyumoo, 2020; SASRA, 2023; 2020). These officers were selected because they dealt directly with the management of cash flow, mortgage loan, treasury bills and stock control strategies within the scope of the Saccos's operations. Accounts department officers and tellers were included since they dealt with cash flow management strategy and securities within the Sacco, back-office staff were selected due to their interaction with inventories. Further, loan officers were selected because they dealt with mortgage loans on a daily basis.

3.5 Sampling Technique

The study selected representatives from the entire population using simple random sampling method. Mugenda and Mugenda (2003) advised that a population that was less than 10,000

should be sampled using 30% whereas above 10,000 should use 10%. Therefore, the study used 30% of 21 Saccos to obtain an approximate of 7 as the sample population. The same case was applied in sampling population whereby they were also sampled using simple random method as indicated in Table 3.1.

Table 3.1

Sampled Population

Sacco Population	Accounts department officers	Tellers	Back- office staff	Loan officers	Total
Capital Sacco Society	2	6	5	6	19
Centenary Sacco	2	5	5	5	17
County Sacco	2	6	4	5	17
Transnational Sacco	2	4	4	6	16
Solution Sacco	2	5	3	5	15
Winas Sacco	2	4	3	5	14
Jamii Sacco	1	4	4	4	13
Total	13	34	28	36	111

3.6 Data Collection Instruments

The study collected both quantitative and qualitative data inform of closed-ended questionnaires and financial statements respectively (Canals, 2017). Therefore, accounts department officers, tellers, back-office staff and loans officers were issued with closed-ended questionnaires. Further, the financial statements that were reviewed included balance sheets and income statements of the sampled Saccos for 2021 and 2022 particularly post covid-19 period.

3.6.1 Questionnaires

The study collected quantitative data using closed-ended questionnaires from the respondents (appendix II). The questionnaires had six sections that contained background information section, influence of cash flow management strategy and financial performance section; influence of mortgage loan management and financial performance section; influence of treasury bills management strategy and financial performance section; influence of stock control strategy and financial performance section; and financial performance section. Apart from background information section, the others contain five questions that are derived from gaps established in chapter two and grouped as per the indicators. The study also ensured that the closed-ended questionnaires have an Ordinal Likert Scale with a range from 1-5. 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, and 5-strongly agree.

3.6.2 Secondary Data

The study also reviewed secondary data in form of financial statements such as audited balance sheets and statement of affairs of the sampled Saccos for 2018 and 2021. The reports would provide various information related to total assets, total deposits, gross loans, and total income (SASRA, 2021). These reports were gotten from SASRA 2018-2021 Sacco supervision annual reports (appendix III).

3.7 Piloting of Research Instruments

The study also conducted a pilot study to ensure that the study's instruments are valid and reliable to the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. The study conducted a pilot study in Unison Sacco

located in Isiolo county. The respondents were be 1 accounts department officer, 3 tellers, 3 back-office staff, and 4 loan officers. This population was in agreement with Mugenda and Mugenda (2003) who indicated that it should be ten percent of the sampled population.

3.7.1 Reliability

The study also conducted reliability test to ensure that the collected data from pilot study proves that the instruments are consistent of measure (Cooper & Schindler, 2018). The study measured reliability using Cronbach Alpha Coefficient. This is an SPSS analysis that has a scale and for the data to be reliable, the instruments should have Coefficients which range from 0.7 to 1 (Cooper & Schindler, 2018). Anything less than that would prove that the instruments are not reliable hence requiring pre-view to fit the study's need.

3.7.2 Validity

According to Ko et al. (2017), the ability of a research instrument to measure and articulately attain the intended objectives is referred to as validity. The study measured three types of validity which are face, content and construct (Ko et al., 2017). The study measured face validity by ascertaining the influence of cash flow management strategy, mortgage loan management, money market management, and stock control strategies on financial performance separately. The study measured content validity by inquiring questions that are related to cash flow management strategy, mortgage loan management, treasury bills management, and stock control strategies. That is, questions asked are highly guided by indicators of each of the variables. Construct validity was measured when the results derived after analysis are compared with the results other previous authors have gotten on the same. If there was a difference, the study provided an explanation on the same.

3.8 Data Collection Procedure

After the study gathered all necessary approvals from both Kenya Methodist University and NACOSTI, the research assistants proceeded to the various sampled Saccos. This is because the researcher utilized the services of a research assistants since all the Saccos are not widely spread in Imenti North Sub-County. When the researcher identified the specific samples, they met with the customer care and informed them on why they had visited. The researcher briefly introduced the study and the main objectives, after which the required respondents were communicated to the customer care. The researcher inquired verbally and also sought consent from the staff on whether it was okay to collect data from the Sacco staff (appendix I). When the staff agrees, the researcher begun by giving the respondents the questionnaire to fill in since they were part of the sampled population. Where a respondent was unable to fill in the questionnaire, the researcher left the questionnaire to them for 1-3 days depending on how busy their schedule was. Thereafter, the researcher came and collected the complete questionnaire for further analysis by a data analyst. The questionnaires were stored in a secure place where the information was not be tampered prior and after the analysis.

After the questionnaires were gathered, the researcher thereafter login to an internet enabled computer and accessed the financial reports of each sampled Sacco. The researcher searched for the specific names of the Saccos and later proceed to the report portal. After identifying the balance sheets and income statements, the researcher downloaded the reports or simply collected information on ROA, ROE, Gross profit and net profit while noting down on a piece of paper. Thereafter, the researcher closed the computer and forwarded the collected information to a data analyst.

3.9 Data Analysis and Presentation

The process of data analysis was done immediately data collection ended. The researcher cleaned the data such that all the incomplete and unanswered questionnaires were not included. Thereafter, the study used SPSS version 24 to measure both quantitative and qualitative data inform of questionnaires and financial reports.

3.10.1 Analysis of Quantitative Data

When analyzing the quantitative data, the study measured descriptive statistics such as frequency, percentage and mean. Thereafter, the study also indicated various diagnostic statistics such as normality, linearity, multicollinearity and correlation tests. These tests enabled the researcher ascertain the suitability of the collected data to have conformed to the requirements. Additionally, the study also used inferential statistics such as Pearson coefficients and regression coefficients to indicate the test on hypothesis and equating the regression model with coefficients respectively. Thereafter the results were presented using tables and explanations offered thereafter. The study's regression model in question is an indicated below:

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

Where:

Y = Financial Performance

β_i = Coefficients to be estimated

C= Constant

XI= Cash flow management strategy

X2 = Mortgage loan management strategy

X3 = Treasury bills management strategy

X4 = Stock control management strategy

ε = Error term

3.10 Ethical Considerations

The study also ensured that ethics in data collection process are maintained. The various ethical issues to be adhered include; ensuring that the various authorization such as from KeMU and NACOSTI are provided through introduction letters and research permit respectively. Further on, the respondents were explained on what the study entails and their consent approved first before subjecting them into data collection process. Additionally, their responses were confidential and none of them were required to provide personal details such as names, phone number, work code or emails in the questionnaire or interviews. The study also ensured that the responses given inform of answered questionnaires and interview responses are store in a safe place which is tamper proof. The study also recruited research assistants who were of good moral standards and communicate courteously. The researcher also placed whole study on public domains such as google to ensure that everyone gets to see the results that emanated from the study on the relationship between environmental dynamism and firm performance of saving and credit cooperative organizations in Meru County, Kenya.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

The fourth chapter details deductions obtained from analysis of collected data. Additionally, it captures the features of the participants as well as their views with regards to the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. With regards to ensuring simplicity during the presentation of data, the investigator opted for tables offering a summary of the participants, responses.

4.2. Response Rate

The study had sampled 13 accounts department officers, 34 tellers, 28 back-office staff, and 36 loan officers constituting a total of 111 participants. Their response rate is indicated in Table 4.1.

Table 4.1

Response Rate

Respondents	Sampled	Percentage
Issued questionnaire	111	
Returned questionnaires	79	71%

According to Table 4.1, 79 Sacco staff returned fully filled questionnaires which was proportional to (71%). According to Mugenda and Mugenda (2003) research can move on with a response rate of more than 70% since the results are very good. Therefore, the response rate of the study was satisfactory.

4.3 Reliability Test Results

A pilot study was done at in Unison Sacco located in Isiolo County whose respondents were be 1 accounts department officer, 3 tellers, 3 back-office staff, and 4 loan officers. The reliability test results are in Table 4.2.

Table 4.2

Reliability Results

Instrument	Cronbach's Alpha	N of Items
Cash flow management strategy	.887	11
Mortgage loan management strategy	.828	11
Treasury bills management strategy	.807	11
Stock control management strategy	.832	11
Finance performance	.822	11

According to Table 4.2, the Cronbach Alpha coefficients of cash flow management strategy was 0.887; Mortgage loan management strategy was 0.828; Treasury bills management strategy was 0.807; Stock control management strategy was 0.832; and Finance performance was 0.822. According to from 0.7 to 1 (Cooper & Schindler, 2018) for an instrument to be reliable, its Cronbach alpha values had to be between 0.7 to 1. Therefore, since the study's variables indicated coefficients above 0.8, the instrument was reliable and hence could be used to deduce the findings of the main study.

4.4 Demographic Information Results

Demographics of the respondents were inquired to understand their background as far as their job descriptions and work experience were concerned. Table 4.3 provides the outcome.

Table 4.3***Demographic Information for Job Position and Years Worked***

Job Position	Frequency	Percent	Cumulative Percent
Accounts department staff	9	11	11
Tellers	24	30	41
Back-office staff	21	27	68
Loan officers	25	32	100
Total	79	100	

Number of years worked	Frequency	Percentage	Cumulative Percent
Above 21 years	17	22	22
11-20 years	20	25	47
5-10 years	29	37	84
Less than 5 years	13	16	100
Total	79	100	

According to Table 4.3, most of people who took part in answering the questionnaires were 25(32%) Loan officers and 24(30%) Tellers. However, those who were not many were 9(11%) accounts department staff. This meant that generally, the respondents ensured that they participated in high numbers. Further, amongst the people answering the questionnaires 29(37%) had worked for a period of 5-10 years while other 20(25%) had worked for a period of 11-20 years respectively.

Nevertheless, 13(16%) had worked less than 5 years. This means that the Saccos had managed their assets in such a great way that most employees felt that their careers were secure while working there. It is paramount to state that the Saccos were keen in ensuring

that there was job growth and as well a substantive payment structure within its scope of operations. Similarly, Kakaire (2019) also pointed out that Saccos adequate management of cash flow began by promptly paying expenditures like debts and salaries to facilitate smooth cash flow processes since these same staff are involved in accepting deposits and issuing loans on behalf of the Saccos.

4.5 Diagnostic Tests

Various diagnostics tests were conducted to satisfy diverse regression assumptions. These tests included normality, linearity, multicollinearity and autocorrelation tests.

4.5.1 Normality Test

This test was conducted using Kolmogorov-Smirnov, to assess whether the set of collected data was adequately modelled and normally distributed as described by Table 4.4.

Table 4.4
Normality Test

		Cashflow Manage ment	Mortgag e Loan Manage ment	Treasury Bills Manage ment	Stock Control Manage ment	Financial Performa nce
N		79	79	79	79	79
Normal Parameters ^{a,b}	Mean	22.7113	21.8144	13.3505	21.8041	39.5464
	Std. Deviation	1.84255	2.63126	3.66299	2.42659	3.12257
Most Extreme Differences	Absolute	.226	.230	.090	.244	.184
	Positive	.190	.230	.090	.115	.103
	Negative	-.226	-.203	-.072	-.244	-.184
Kolmogorov-Smirnov Z		.226	.263	.890	.398	.816
Asymp. Sig. (2-tailed)		.119	.152	.406	.178	.347

a. Test distribution is Normal.

b. Calculated from data.

According to Table 4.4, the p-value of cash flow management strategy is 0.119, mortgage loan management strategy is 0.152, treasury bills management strategy is 0.406 and stock control management strategy is 0.178, and financial performance is 0.347. All the p-values are all less than 0.05 indicating that the data collected was normal. Based on Ghasemi and Zahediasl (2012) when Kolmogorov-Smirnov is used in determining normality, it should have a significant value of more than the standard value of 0.05. This implies that the data provided formed a linear curve that was symmetrical hence all the sections of the questionnaires were uniformly answered and in completeness.

4.5.2 Linearity Test

This test was conducted to assess whether there was a linear function between cash flow management strategy, mortgage loan management strategy, treasury bills management strategy, stock control management strategy and financial performance as described by Table 4.5.

Table 4.5***Linearity Test***

			Sum of Squares	df	Mean Square	F	Sig.
Financial Performance * Cashflow Management	(Combined)		576.382	9	64.042	15.492	.000
	Between	Linearity	557.598	1	557.598	134.880	.000
	Groups	Deviation from Linearity	18.785	8	2.348	.568	.801
	Within Groups		359.659	70	4.134		
	Total		936.041	79			
	(Combined)		524.860	8	65.608	14.041	.354
Mortgage Loan Management	Between	Linearity	375.884	1	375.884	80.446	.150
	Groups	Deviation from Linearity	148.976	7	21.282	.355	.740
	Within Groups		411.181	71	4.673		
	Total		936.041	79			
	(Combined)		79.112	13	6.086	.589	.856
Treasury Bills Management	Between	Linearity	22.284	1	22.284	2.158	.146
	Groups	Deviation from Linearity	56.827	12	4.736	.459	.933
	Within Groups		856.930	66	10.324		
	Total		936.041	79			
	(Combined)		510.257	10	51.026	10.306	.228
Stock Control Management	Between	Linearity	384.787	1	384.787	77.719	.141
	Groups	Deviation from Linearity	125.470	9	13.941	.116	.096
	Within Groups		425.785	69	4.951		
	Total		936.041	79			
	(Combined)		510.257	10	51.026	10.306	.228

According to Table 4.5, the p-value for cash flow management strategy is 0.801, mortgage loan management strategy is 0.740, treasury bills management strategy is 0.933 and stock control management strategy is 0.096. All the p-values are all less than 0.05 implying that the independent variables had linear function with the financial performance.

4.5.3 Multicollinearity Test

This test was conducted to assess whether there were any inconsistencies with cash flow management strategy, mortgage loan management strategy, treasury bills management strategy and stock control management strategy variables. These inconsistencies would have an impact on the independent variables to a point that they were easily swayed each other characteristics. The multicollinearity test of the variables was done using tolerance and VIF as described in Table 4.6.

Table 4.6

Multi-collinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Cash flow management strategy	.404	3.912
Mortgage loan management strategy	.367	2.726
Treasury bills management strategy	.955	1.047
Stock control management strategy	.335	2.258

According to Table 4.6, the tolerance and VIF values of cash flow management strategy are 0.404 and 3.912 respectively. The tolerance and VIF values of mortgage loan management strategy is 0.367 and 2.726. The tolerance and VIF values of treasury bills management

strategy is 0.955 and 1.047 respectively. The tolerance and VIF values of stock control management strategy is 0.335 and 2.258 respectively. According to Field (2013), when the tolerance level is above 0.2 and VIF is below than 5, then there is no multicollinearity as depicted by the study's outcome. This implies that independent variables had a strong unique characteristic to influence performance and not vice versa.

4.5.4 Autocorrelation Test

The test was conducted to ascertain whether cash flow management strategy, mortgage loan management strategy, treasury bills management strategy and stock control management strategy variables maintained their cumulative characteristics when exposed to other variables such as financial performance.

Table 4.7

Autocorrelation Test

	Durbin-Watson
Financial performance * cash flow management strategy	1.502
Financial performance * mortgage loan management strategy	1.438
Financial performance * treasury bills management strategy	1.341
Financial performance * stock control management strategy	1.534
Overall	1.392

According to Table 4.7, cash flow management strategy, mortgage loan management strategy, treasury bills management strategy and stock control management strategy variables had a Durbin Watson value of 1.502, 1.438, 1.341, and 1.534 respectively. According to Gujarat (2009), a value range of between 1 and 2 thresholds is desirable as an

indication of positive correlation. This implies that each independent variable was not easily altered since it had unique characteristic different from other independent variables.

4.6 Descriptive Results of Financial Performance

The dependent variable was financial performance and was measured using indicators like total assets, total deposits, gross loans and total income. The variable was measured through questionnaires which had a Likert scale as described in Table 4.8.

Table 4.8

Descriptive Statistics of Financial Performance

Statements N=79	1	2	3	4	5	Mean
Cash flow management strategy has improved the total assets of the Sacco	2 (2.1%)	1 (1%)	0 (0%)	6 (8.2%)	70 (88.7%)	4.80
Debtor's management has improved the gross loans of the Sacco	43 (54.6%)	25 (32.0%)	0 (0%)	11 (13.4%)	0 (0%)	2.28
Treasury bills have improved the total income of the Sacco due to increased sources of revenue	5 (6.2%)	34 (43.3%)	0 (0%)	40 (50.5%)	0 (0%)	2.95
Appropriate managing of inventories has increased total income due to minimized wastages	2 (2.1%)	1 (1.0%)	0 (0%)	6 (8.2%)	70 (88.7%)	4.80
The overall growth of total assets has resulted to improved financial performance of the Sacco	22 (27.8%)	0 (0%)	6 (7.2%)	25 (32.0%)	26 (33.0%)	3.70

According to Table 4.8, 70(88.7%) staff, strongly agreed and 6(8.2%) agreed that cash flow management strategy had improved the total assets of the Sacco and appropriate managing of inventories had increased total income due to minimized wastages. Both statements had a mean of 4.8. Therefore, the ability to manage cash and also stock wastage in Saccos had enhanced both total assets and income. This was evident in the fact that a lot of money was put into correct usage and various stock like marketing materials and furniture were well preserved.

That notwithstanding, 43(54.6%) staff, strongly disagreed and 25(32%) disagreed that debtor's management had improved the gross loans of the Sacco (Mean-2.28). Additionally, 5(6.2%) staff, strongly disagreed and 34 (43.3%) disagreed that treasury bills had improved the total income of the Sacco due to increased sources of revenue (Mean-2.95). This was an indication that that not many clients were interested in acquiring treasury bills issued through the Saccos. Further, a lot was needed to be done to ensure that debtors who took mortgages were well appraised, monitored and the interest payable was seamless. In comparison, Chemesunde and Gichure (2020) indicated that debt management was considered more of a personal approach rather than an institutional approach. That is, in as much as there were debt management systems that provided guidelines, the main communication blend between a client and a financial institution staff, played a huge role in low breach of mortgage contracts.

The study further collected secondary data of the Saccos to assess performance metrics like total assets, total deposits, gross loans and total income as indicated on Table 4.9.

Table 4.9***Secondary Data Results of Financial Performance***

Financial Performance Metrics	2018 (Billions)	2019 (Billions)	2020 (Billions)	2021 (Billions)	Mean
Total assets	3.23	3.73	4.26	4.99	4.05
Total deposits	2.26	2.60	2.97	3.45	2.82
Gross loans	2.79	3.25	3.82	4.38	3.56
Total income	0.94	0.63	0.73	1.38	0.92

According to Table 4.9, total assets had a mean of 4.05 billion while total income had a mean of 0.92 billion. They had the highest values as far as performance of Saccos was concerned. However, it was rather unfortunate that the total income of the Saccos was low on a mean of 0.92 billion. It was also noted that the total income was not consistent such that in the year 2019 it declined to 0.63 billion from 0.94 in 2018. Such a case was not noticed in total assets, total deposits of gross loans. The result also compliments the questionnaire findings on low mean in both gross loans and total income as compared to the other metrics. Therefore, it was rather paramount that Saccos were struggling to ensure that their income levels improve in such a way that there have been inconsistencies towards the effort of doing so. The results are in agreement with SASRA (2020) report on the low liquidity which was inconsistently achieved.

4.7 Descriptive Results of Cash Flow Management Strategy

Cash flow management strategy was the independent variable which was measured using indicators like liquidity policies, budgets, cash inflow and outflow recording, expenses payments and cash surplus investment. The variable was measured through questionnaires which had a Likert scale as described in Table 4.10.

Table 4.10

Descriptive Statistics of Cash Flow Management Strategy

Statements N=79	1	2	3	4	5	Mean
There are clear policies that guide on how much cash a specific staff can handle	0 (0%)	0 (0%)	0 (0%)	8 (10.3%)	71 (89.7%)	4.90
Cash is never spent without an approval of a budget	0 (0%)	6 (7.2%)	1 (1.0%)	9 (11.3%)	64 (80.4%)	4.65
There are qualified staff who are trained on maintaining books of accounts	2 (2.1%)	0 (0%)	0 (0%)	5 (6.2%)	72 (91.8%)	4.86
There are various options that the Sacco management is allowed to invest excess cash	25 (32%)	40 (50.5%)	0 (0%)	14 (17.5%)	0 (0%)	2.17
The Sacco operations staff ensures that they notify the management on any accruing expenses for payments purposes	0 (0%)	20 (25.8%)	0 (0%)	40 (50.5%)	19 (23.7%)	3.34

According to Table 4.10, 71(89.7%) staff, strongly agreed and 8(10.3%) agreed that there were clear policies that guided on how much cash a specific staff could handle within their department (Mean-4.90). Further, 72(91.8%) staff, strongly agreed and 5(6.2%) agreed that there were qualified staff who were trained on maintaining books of accounts hence recording cash inflow and outflows in accordance to accounting standards (Mean- 4.86). That notwithstanding, 25(32%) staff, strongly disagreed and 40(50.5%) disagreed that there were various options that the Sacco management was allowed to invest excess cash as way of increasing the income revenue (Mean-2.17). The outcome reveal that the Saccos had put enough measures on cash handling methods such as maximum amounts to be held at a staff's work station and also proper recording of any inflow and outflow. However, irrespective of the amounts that were available, the Sacco management were limited on how to further invest in various investment options due to lack of policies on the same and as well as active investment departments. The results are supported by Ali et al. (2020) in that one of the surest ways of managing cash flow, is diversifying it into other investment options which are not crowded. This would give an institution a chance to dominate and capture a specific market, thereby improving its profitability for a long-time. This finding was also echoed by Consults and Abdi (2022) that the financial performance of institutions is highly correlated with diversification as a cash flow management strategy.

4.8 Pearson Correlation of Cash Flow Management Strategy

The study used Pearson Correlation to test the null hypothesis as described in Table 4.11.

Table 4.11***Pearson Correlation of Cash Flow Management Strategy***

		Cashflow Management	Financial Performance
Cashflow Management	Pearson Correlation	1	.772**
	Sig. (2-tailed)		.000
	N	79	79
Financial Performance	Pearson Correlation	.772**	1
	Sig. (2-tailed)	.000	
	N	79	79

** . Correlation is significant at the 0.01 level (2-tailed).

According to Table 4.11, cash flow management strategy had a Pearson correlation coefficient $r=0.772^{**}$ at $\alpha < 0.000$ and 99% significance level. This indicated that there was a high positive correlation between cashflow management strategy and financial performance, thereby forming grounds for rejecting the null hypothesis. Comparatively, Shahale and Ibrahim (2022) found out that cash management had a correlation of .490 on performance while considering budget, forecasting of expenses and adequacy of cash.

4.9 Descriptive Results of Mortgage Loan Management Strategy

Mortgage loan management strategy was the independent variable which was measured using indicators like debtor appraisal, debt monitoring, bad debt mitigation, internal control measures and debt collection policy. The variable was measured through questionnaires which had a Likert scale as described in Table 4.12.

Table 4.12***Descriptive Statistics of Mortgage Loan Management Strategy***

Statements N=79	1	2	3	4	5	Mean
The Sacco has trained its staff on how to accurately appraise a mortgage borrower	1 (1.0%)	28 (35.1%)	0 (0%)	8 (10.3%)	42 (53.6%)	3.86
The Sacco has a monitoring system which helps in tracing defaulted mortgage loans	0 (0%)	8 (10.3%)	0 (0%)	40 (50.5%)	31 (39.2%)	4.19
There are clear policies and procedures established to create provisions of bad debts	20 (24.7%)	25 (32.0%)	0 (0%)	20 (25.8%)	14 (17.5%)	2.47
There are internal control measures created to minimize employee related fraud.	0 (0%)	35 (44.3%)	0 (0%)	40 (50.5%)	4 (5.2%)	3.34
The Sacco has clear guidelines on how issued mortgage loans are supposed to paid	0 (0%)	1 (1.0%)	0 (0%)	40 (50.5%)	38 (48.5%)	4.46

According to Table 4.12, 38(48.5%) staff, strongly agreed and 40(50.5%) agreed that the Sacco had clear guidelines on how issued mortgage loans were supposed to paid and the duration that each installment should take (Mean-4.46). Further, 31(39.2%) staff, strongly agreed and 40(50.5%) agreed that the Sacco had a monitoring system which helped in

tracing defaulted mortgage loans and loans that had surpassed their payment days (Mean-4.19). That notwithstanding, 20(24.7%) staff, strongly disagreed and 25(32.0%) disagreed that there were clear policies and procedures established to create provisions of bad debts and what amounted to it (Mean-2.47).

The outcome reveals that there were commendable efforts played by the Sacco to ensure that the mortgage loans were paid effortlessly. This included presence of a database system whereby all mortgage clients were monitored and the potential defaulters were identified in time. Nevertheless, there was no clarity on what point was a mortgage default supposed to be entered into the records as a bad debt. This left out Sacco staff dealing with none performing loan book and not necessarily was because they issued these loans themselves. As a result, the staff were demotivated to actively sell loan products leading to high employee turnover. Notably, Karanja and Munene (2019) also pointed out that poor loan books growth as a potential influencer towards declined implementation of effective loan strategies.

4.10 Pearson Correlation of Mortgage Loan Management Strategy

The study used Pearson Correlation to test the null hypothesis as described in Table 4.13.

Table 4.13***Pearson Correlation of Mortgage Loan Management Strategy***

		Mortgage Loan Management	Financial Performance
Mortgage Loan Management	Pearson Correlation	1	.634**
	Sig. (2-tailed)		.000
	N	79	79
Financial Performance	Pearson Correlation	.634**	1
	Sig. (2-tailed)	.000	
	N	79	79

** . Correlation is significant at the 0.01 level (2-tailed).

According to Table 4.13, mortgage loan management strategy had a Pearson correlation coefficient $r=0.634^{**}$ at $\alpha < 0.000$ and 99% significance level. This indicated that there was a medium positive correlation between mortgage loan management strategy and financial performance, thereby forming grounds for rejecting the null hypothesis. Comparatively, Agong and Otinga (2020) discovered that management of credit dictated a correlation of 0.617 on efficiency.

4.11 Descriptive Results of Treasury Bills Management Strategy

Treasury bills management strategy was the independent variable which was measured using indicators like new contract rates on deposits, client book value on stocks, costs of attaining clients, securities placement turn-around time and revenue of securities on deposits. The variable was measured through questionnaires which had a Likert scale as described in Table 4.14.

Table 4.14***Descriptive Statistics of Treasury Bills Management Strategy***

Statements N=97	1	2	3	4	5	Mean
The Sacco has provided clear guidelines on how new clients are supposed to be oriented on securities	10 (12.4%)	36 (45.4%)	0 (0%)	33 (42.3%)	0 (0%)	2.72
The staff have received high training on how to monitor and management client books value	6 (8.2%)	4 (5.2%)	1 (1.0%)	35 (44.3%)	33 (41.2%)	4.07
The Sacco management has established regulations on how much it would spend to bring new clients on board	33 (42.3%)	15 (18.6%)	12 (15.5%)	7 (8.2%)	12 (15.5%)	2.36
The securities management systems are digitalized to minimize the turn-around time	14 (17.5%)	8 (10.3%)	8 (10.3%)	33 (42.3%)	16 (19.6%)	3.34
There are clear processes followed in managing revenue of money market such that money is not spent at source	7 (8.2%)	32 (40.2%)	2 (3.1%)	35 (44.3%)	3 (4.1%)	2.96

According to Table 4.14, 33(41.2%) staff, strongly agreed and 35(44.3%) agreed that the staff had received high training on how to monitor and management client books value (Mean-4.07). That notwithstanding, 33(42.3%) staff, strongly disagreed and 15(18.6%) disagreed that the Sacco management had established regulations on how much it would spend to bring new clients on board (Mean-2.36). Further, 10(12.4%) staff, strongly disagreed and 36(45.4%) disagreed that the Sacco had provided clear guidelines on how new clients were supposed to be oriented on securities (Mean- 2.72). It was paramount that Saccos had made efforts to incorporate several operations on treasury bills and also train the staff on the same. Regrettably, it was discovered that there were still lags as far as cost-income regulations particularly on potential clients was concerned.

This left out a huge gap on how far the Saccos would go to orient new clients. As per Brampton (2022) findings, it required for a corporate to make decisions on basic ground rules such as communication frequencies and other related costs when managing investment assets like short-term securities from clients. Further, WCCU (2019) also indicated that credit unions contribution towards financial inclusivity in marginalized community mainly involved three areas which were savings, loans and investment products. The investment products included both short-term and long-term products.

4.12 Pearson Correlation of Treasury Bills Management Strategy

The study used Pearson Correlation to test the null hypothesis as described in Table 4.15.

Table 4.15***Pearson Correlation of Treasury Bills Management Strategy***

		Treasury Bills Management	Financial Performance
Treasury Bills Management	Pearson Correlation	1	.154
	Sig. (2-tailed)		.000
	N	79	79
Financial Performance	Pearson Correlation	.154	1
	Sig. (2-tailed)	.000	
	N	79	79

**. Correlation is significant at the 0.01 level (2-tailed).

According to Table 4.15, treasury bills management strategy had a low Pearson correlation coefficient $r=0.154^{**}$ at $\alpha < 0.000$ and 99% significance level. This indicated that there was low positive correlation between treasury bills management strategy and financial performance, thereby forming grounds for rejecting the null hypothesis. Notably, Muthoni et al. (2022) found out that deposit taking investments such as assets and securities had a correlation of 0.429 on profitability.

4.13 Descriptive Results of Stock Control Management Strategy

Stock control management strategy was the independent variable which was measured using indicators like new contract rates on deposits, client book value on stocks, costs of attaining clients, securities placement turn-around time and revenue of securities on deposits. The variable was measured through questionnaires which had a Likert scale as described in Table 4.16.

Table 4.16***Descriptive Statistics of Stock Control Management Strategy***

Statements N=79	1	2	3	4	5	Mean
The Sacco management has incorporated digitalization to reduce stock review timelines	3 (3.1%)	9 (11.3%)	0 (0%)	14 (18.6%)	53 (67.0%)	4.35
Easy accessibility of marketing inventories has improved	0 (0%)	6 (7.2%)	1 (1%)	9 (11.3%)	63 (80.4%)	4.65
Stock storage and organization has increased	2 (2.1%)	7 (9.3%)	0 (0%)	11 (14.4%)	59 (74.2%)	4.49
The accuracy of foreseeing a demand has improved due use of current inventory models	40 (50.5%)	14 (17.5%)	0 (0%)	25 (32.0%)	0 (0%)	2.97
The disposal of damaged stock has been reduced due to training on stock usage	0 (0%)	4 (5.2%)	0 (0%)	40 (50.5%)	35 (44.3%)	4.34

According to Table 4.16, 63(80.4%) staff, strongly agreed and 9(11.3%) agreed that the easy accessibility of brochures and other marketing inventories had improved due to frequent stock replenishment (Mean-4.65). Further, 59(74.2%) staff, strongly agreed and 11(14.4%) agreed that the storage and organization of stock had increased as a result of employing qualified staff to manage inventories (Mean-4.49). That notwithstanding,

40(50.5%) staff, strongly disagreed and 14(17.5%) disagreed that the accuracy of foreseeing a demand had improved due use of current inventory models that helped in decision making and also establishing the minimum quantities to be maintained at all times (Mean-2.97). Therefore, it was evident that frequent replenishment and close monitoring of stock levels was present hence the existence of desirable quantities of basic inventories needed in operations. That notwithstanding, the staff authorized to manage stock were at most time experiencing hardships in making decisions since the Saccos did not have stock models. They therefore ended up either with excess or low stocks needed for a particular time. In support of the findings, Majumder and Habib (2022) also established that for supply chain management in the banking industry, updated stock control models were paramount.

4.14 Pearson Correlation of Stock Control Management Strategy

The study used Pearson Correlation to test the null hypothesis as described in Table 4.17.

Table 4.17

Pearson Correlation of Stock Control Management Strategy

		Stock Control Management	Financial Performance
Stock Control Management	Pearson Correlation	1	.641**
	Sig. (2-tailed)		.000
	N	79	79
Financial Performance	Pearson Correlation	.641**	1
	Sig. (2-tailed)	.000	
	N	79	79

**. Correlation is significant at the 0.01 level (2-tailed).

According to Table 4.17, stock control management strategy had a Pearson correlation coefficient $r=0.641^{**}$ at $\alpha < 0.000$ and 99% significance level. This indicated that there was

positive correlation between stock control management strategy and financial performance, thereby forming grounds for rejecting the null hypothesis. In comparison, Mburugu (2020) found out that inventory management correlated at 0.778 on performance.

4.15 Multiple Regression

Multiple regression was examined to assess the model summary, ANOVA and regression coefficients.

4.15.1 Model Summary of Asset Management Strategies and Financial Performance

A model summary was employed to explore the strength that existed between asset management strategies and financial performance as described in Table 4.18.

Table 4.18

Model Summary of Asset Management Strategies and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.779 ^a	.607	.590	1.99849	1.392

a. Predictors: (Constant), Stock Control Management, Treasury Bills Management, Mortgage Loan Management, Cashflow Management

b. Dependent Variable: Financial Performance

According to Table 4.8, r was 0.779 and r-square was 0.607 with a Durbin Watson value of 1.392. Therefore, asset management strategies had a 60.7% influence on financial performance with a positive correlation.

4.15.2 ANOVA of Asset Management Strategies on Financial Performance

The study further conducted an ANOVA analysis to test and ascertain whether there was a positive or negative relationship between asset management strategies and financial performance of Saccos as described in Table 4.19.

Table 4.19

ANOVA of Asset Management Strategies and Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	568.597	4	142.149	35.591	.000 ^b
	Residual	367.444	75	3.994		
	Total	936.041	79			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Stock Control Management, Treasury Bills Management, Mortgage Loan Management, Cashflow Management

According to Table 4.19, the p-value was 0.000 hence less than 0.05. This evidence formed the basis for the study to indicate that there was a positive influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya.

4.15.3 Regression Coefficients of Asset Management Strategies on Financial Performance

The study's regression model in question was $Y = C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$. This is where: Y = financial performance, β_i = coefficients to be estimated, C = constant, X_1 = cash flow management strategy, X_2 = mortgage loan management strategy, X_3 = treasury bills management strategy, and X_4 = stock control management strategy. The results are described in Table 4.20.

Table 4.20***Regression Coefficients of Asset Management Strategies and Financial Performance***

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	9.098	2.666		3.413	.001
Cashflow Management	1.359	.245	.802	5.540	.000
Mortgage Loan Management	.145	.128	.122	1.130	.262
Treasury Bills Management	-.199	.173	-.155	-1.147	.254
Stock Control Management	.057	.057	.067	1.002	.319

a. Dependent Variable: Financial Performance

According to Table 4.20, constant was 9.098, cashflow management strategy was 1.359, mortgage loan management strategy was 0.145, treasury bills management was -0.199, stock control management strategy was 0.057. This meant that a unit increase or decrease on cashflow management, mortgage loan management, treasury bills management and stock control management increased or decreased financial performance by $9.098C + 1.359X_1 + 0.145X_2 - 0.199X_3 + 0.057X_4$. This means individually, cashflow management, mortgage loan management, treasury bills management and stock control management were statistically significant but when combined treasury bills management strategy was insignificant. Therefore, this was an indicator that the management strategies employed to enhance treasury bills in Saccos were not working efficiently. There is need to review various policies on how to enhance contract rates on deposit, improve client book

value, reduction of costs related to incorporating new clients, and reducing securities placement turn-around time.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose that the study had was to examine the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. This was in terms of strategies like cash flow management, mortgage loan management, treasury bills management, and stock control management. The study used descriptive research design to collect data from 21 deposit and non-deposit Saccos located in Imenti North Sub-County. The respondents included 42 accounts department officers, 114 tellers, 93 back-office staff and 120 loans officers hence a total of 369 respondents. The study selected representatives from the entire population using simple random sampling method to have 13 accounts department officers, 34 tellers, 28 back-office staff and 36 loans officers hence a total of 111 respondents. The study collected quantitative data in form of closed-ended questionnaires and financial statements.

5.2 Summary of Results

The study provides a summary of the findings of the study based on each objective.

5.2.1 Financial Performance

70(88.7%) staff, strongly agreed and 6(8.2%) agreed that cash flow management strategy had improved the total assets of the Sacco and appropriate managing of inventories had increased total income due to minimized wastages. Both statements had a mean of 4.8. That

notwithstanding, 43(54.6%) staff, strongly disagreed and 25(32%) disagreed that debtor's management had improved the gross loans of the Sacco (Mean-2.28). Additionally, 5(6.2%) staff, strongly disagreed and 34 (43.3%) disagreed that treasury bills had improved the total income of the Sacco due to increased sources of revenue (Mean-2.95). The secondary data provided that total assets had a mean of 4.05 billion while total income had a mean of 3.56 billion. They had the highest values as far as performance of Saccos was concerned. However, it was rather unfortunate that the total income of the Saccos was low on a mean of 0.92 billion

5.2.2 Cash Flow Management Strategy

The questionnaire findings provided that 71(89.7%) staff, strongly agreed and 8(10.3%) agreed that there were clear policies that guided on how much cash a specific staff could handle within their department (Mean-4.90). Further, 72(91.8%) staff, strongly agreed and 5(6.2%) agreed that there were qualified staff who were trained on maintaining books of accounts hence recording cash inflow and outflows in accordance to accounting standards (Mean- 4.86). That notwithstanding, 25(32%) staff, strongly disagreed and 40(50.5%) disagreed that there were various options that the Sacco management was allowed to invest excess cash as way of increasing the income revenue (Mean-2.17). Additionally, cash flow management strategy had a Pearson correlation coefficient $r=0.772^{**}$ at $\alpha < 0.000$ and 99% significance level.

5.2.3 Mortgage Loan Management Strategy

The questionnaire findings provided that 38(48.5%) staff, strongly agreed and 40(50.5%) agreed that the Sacco had clear guidelines on how issued mortgage loans were supposed to

paid and the duration that each installment should take (Mean-4.46). Further, 31(39.2%) staff, strongly agreed and 40(50.5%) agreed that the Sacco had a monitoring system which helped in tracing defaulted mortgage loans and loans that had surpassed their payment days (Mean- 4.19). That notwithstanding, 20(24.7%) staff, strongly disagreed and 25(32.0%) disagreed that there were clear policies and procedures established to create provisions of bad debts and what amounted to it (Mean-2.47). Further, mortgage loan management strategy had a Pearson correlation coefficient $r=0.634^{**}$ at $\alpha < 0.000$ and 99% significance level.

5.2.4 Treasury Bills Management Strategy

The questionnaire findings provided that 33(41.2%) staff, strongly agreed and 35(44.3%) agreed that the staff had received high training on how to monitor and management client books value (Mean-4.07). That notwithstanding, 33(42.3%) staff, strongly disagreed and 15(18.6%) disagreed that the Sacco management had established regulations on how much it would spend to bring new clients on board (Mean-2.36). Further, 10(12.4%) staff, strongly disagreed and 36(45.4%) disagreed that the Sacco had provided clear guidelines on how new clients were supposed to be oriented on securities (Mean- 2.72). Further, treasury bills management strategy had a low Pearson correlation coefficient $r=0.154^{**}$ at $\alpha < 0.000$ and 99% significance level.

5.2.5 Stock Control Management Strategy

The questionnaire findings provided that 63(80.4%) staff, strongly agreed and 9(11.3%) agreed that the easy accessibility of brochures and other marketing inventories had improved due to frequent stock replenishment (Mean-4.65). Further, 59(74.2%) staff,

strongly agreed and 11(14.4%) agreed that the storage and organization of stock had increased as a result of employing qualified staff to manage inventories (Mean-4.49). That notwithstanding, 40(50.5%) staff, strongly disagreed and 14(17.5%) disagreed that the accuracy of foreseeing a demand had improved due use of current inventory models that helped in decision making and also establishing the minimum quantities to be maintained at all times (Mean-2.97). Further, the stock control management strategy had a Pearson correlation coefficient $r=0.641^{**}$ at $\alpha < 0.000$ and 99% significance level.

5.3 Conclusion of the Study

The study structured the conclusions based on each objective as shown in section 5.3.1 to 5.3.4.

5.3.1 Cash Flow Management Strategy

The investment department was still undeveloped in many Saccos therefore limiting on the authorization of incorporation of funds in investment options like capital markets. This limited the Saccos to act as mere institutions of accepting deposits and savings, while at the same time issuing loans. This method of operation at many times did not guarantee consistent income due to competition from other financial institutions doing similar work.

5.3.2 Mortgage Loan Management Strategy

Mortgage debt management was still an issue since there were high cases of default and inconsistent payment of interest. From the perspective of the Saccos, it was brought about by poor communication and follow-up skills applied by the staff when reminding the clients

to pay their dues. In most cases, they used harsh language that provoked the clients to stop making payments all completely.

5.3.3 Treasury Bills Management Strategy

The Saccos had not adequately created awareness to their clients on the profit opportunities that they could generate from investing their resources in purchasing treasury bills. This could have been brought about by poor training of staff on the whole operation process of treasury bills bidding, purchase, monitoring and sales.

5.3.4 Stock Control Management Strategy

The Saccos had not invested resources towards acquiring latest stock management software that would offer real time data on the current inventory and as well as branch needs. Therefore, this led to over stocking or under stocking would have detrimental effects on the operation of the Sacco. On the one hand, when there was over stocking, it led to wastages or resources and revenue with less returns. On the other hand, when there was understocking, it led to low resources hence missed opportunities that would result to increased revenue.

5.4 Recommendations of the Study

The study structured the recommendations based on each objective as shown in section 5.4.1 to 5.4.4.

5.4.1 Cash Flow Management Strategy

The study thus recommends that the Board of Management [BOM] should create policies and provide adequate funds to establish an investment department, if there is none, or

strengthen it if in existence. This would introduce the Saccos to endless opportunities in investment at capital markets which has a well-structured and managed fund portfolio. In return, this would improve the income since the operations of the Saccos would have been diversified spreading in various class of investments available.

5.4.2 Mortgage Loan Management Strategy

The management should introduce communication in-job training whereby the staff equipped with basic etiquette, and negotiation skills. These skills would enable the Sacco staff courteously raise an issue with clients while at the same time negotiating the best deal that would incorporate both the institutional and client's needs. Additionally, there should be frequent work meetings supervised by the branch managers, whereby the staff are able to seek group advice from the other staff on how to go about rogue mortgage clients that are on the verge of defaulting their loans. This would equip them with relevant knowledge and aptitudes that will eventually get the client back in shape and hence pay their dues on time.

5.4.3 Treasury Bills Management Strategy

The marketing managers should ensure that they have developed treasury bills campaigns such as having a sensitization week in the branch. During the week, clients get access to information regarding the various types of T-bills, their maturity dates and processes of acquiring them. Notably, in the same nerve, the branch manager assisted by other operations managers should develop training days in each week whereby the staff come together to learn various products issued by the Sacco. It is through these meetings that the staff would understand the treasury bills in accurate manner.

5.4.4 Stock Control Management Strategy

The senior management should allocate funds to purchase various stock management software that would be used within the branches to manage their stock levels. The branch managers should develop internal policies on the stocking quantity levels that the branch should maintain at all levels. This would enable the Sacco's operations not stall. In cases where there is excess stock, the branch manager should liaise with other Sacco branches to send the surplus to them. Additionally, when there are low resources, the branch manager should communicate in advance with the headquarter for easier facilitation on the same.

5.5 Suggestions for Future Studies

The study was done on asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. Future studies could be more specific on the nature of assets such as current or non-current with expansion to other counties and institutions. Additionally, the study should consider assessing other types of strategies used on check-off, non-check off and business loans since the current study was specific on mortgage loans strategies. Notably, only government securities such as treasury bills were assessed hence the need to examine on other type of securities and the strategies used to manage them. Further, the study mainly collected secondary data to measure financial performance. Future studies should make efforts to collect secondary data on various aspects such as statements of cashflows, loans, T-bills and on stock. Thereafter, compare whether they would get similar or different findings as those of the current study.

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APPENDICIES

Appendix I: Introduction Letter

Dear Respondent,

Am a postgraduate student pursuing Masters of Science in Finance and Investment course at Kenya Methodist University. As part of the course requirement, I am conducting a study on the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya.

I am pleased to inform you that you are one of the sampled respondents whose response to this questionnaire will be valuable to the study. I would wish to seek your consent in undertaking the study. If you agree, please note that this study will not offer any rewards after you complete filling in the questionnaires. However, if you feel that you do not want to participate, you will not be forced to do so. Thank you for your time

Your sincerely,

Rahima Atikiya Sora

Mfi-3-0186-1/2016

Appendix II: Questionnaires

This is a questionnaire that will ask questions related to the influence of asset management strategies on financial performance of Saccos in Imenti North Sub-County, Kenya. It has six sections where there are few questions on demographic information, cash flow management strategy, mortgage loan management strategy, treasury bills management strategy and stock control strategy and financial performance, are asked. Please tick on where you feel that the responses reflect your knowledge on the inquired question.

SECTION A: DEMOGRAPHIC INFORMATION

1. What is your job position

Accounts department staff	()
Teller	()
Back-office staff	()
Loans officer	()

2. What is your work experience in the Sacco

Over 21 years	()
11-20 years	()
5-10 years	()
Less than 5 years	()

SECTION B: INFLUENCE OF CASH FLOW MANAGEMENT STRATEGY ON FINANCIAL PERFORMANCE

This part has questions regarding influence of cash flow management strategy on financial performance. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
1.	There are clear policies that guide on how much cash a specific staff can handle within their department					
2.	Cash is never spent without an approval of a budget by the branch manager					
3.	There are qualified staff who are trained on maintaining books of accounts hence recording cash inflow and outflows in accordance to accounting standards					
4.	There are various options that the Sacco management is allowed to invest excess cash as way of increasing the income revenue					
5.	The Sacco operations staff ensures that they notify the management on any accruing expenses for payments purposes					

SECTION C: INFLUENCE OF MORTGAGE LOAN MANAGEMENT STRATEGY ON FINANCIAL PERFORMANCE

This part has questions regarding the influence of mortgage loan management strategy on financial performance. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
1.	The Sacco has trained its staff on how accurately appraise a mortgage borrower to know who they are, their income sources and how they intend to repay loans					
2.	The Sacco has a monitoring system which helps in tracing defaulted mortgage loans and loans that have surpassed their payment days					
3.	There are clear policies and procedures established to create provisions of bad debts and what amounts to it					
4.	There are internal control measures created to minimize employee related fraud.					
5.	The Sacco has clear guidelines on how issued mortgage loans are supposed to paid and the duration that each installment should take.					

SECTION D: INFLUENCE OF TREASURY BILLS MANAGEMENT STRATEGY ON FINANCIAL PERFORMANCE

This part has questions regarding influence of treasury bills management strategy on financial performance. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
1.	The Sacco has provided clear guidelines on how new clients are supposed to be oriented on securities					
2.	The staff have received high training on how to monitor and management client books value					
3.	The Sacco management has established regulations on how much it would spend to bring new clients on board					
4.	The securities management systems are digitalized to minimize the turn-around time required for approval of various money market purchases					
5.	There are clear processes followed in managing revenue of money market such that money is not spent at source					

SECTION E: INFLUENCE OF STOCK CONTROL MANAGEMENT STRATEGY ON FINANCIAL PERFORMANCE

This part has questions regarding the influence of stock control management strategy on financial performance. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
1.	The Sacco management has incorporated digitalization of inventories management to reduce stock review timelines					
2.	Easy accessibility of brochures and other marketing inventories has improved due to frequent stock replenishment					

3.	The storage and organization of stock has increased as a result of employing qualified staff to manage inventories					
4.	The accuracy of foreseeing a demand has improved due use of current inventory models that help in decision making and also establishing the minimum quantities to be maintained at all times					
5.	The disposal of damaged stock has been reduced due to clear policies and training on how stock is supposed to be used					

SECTION F: FINANCIAL PERFORMANCE

This part has questions regarding financial performance. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
1.	Cash flow management strategy has improved the total assets of the Sacco					
2.	Debtor's management has improved the gross loans of the Sacco					
3.	Treasury bills have improved the total income of the Sacco due to increased sources of revenue					
4.	Appropriate managing of inventories has increased total income due to minimized wastages					
5.	The overall growth of total assets has resulted to improved financial performance of the Sacco					

Appendix III: Secondary Data Collection Sheet

Financial Performance Metrics		2018 (Billions)	2019 (Billions)	2020 (Billions)	2021 (Billions)	Mean
Capital Sacco Society	Total Assets	3.32	3.67	4.03	4.08	3.78
	Total deposits	2.77	2.91	3.06	3.20	2.99
	Gross loans	2.70	3.15	3.31	3.24	3.10
	Total income	0.58	0.60	0.64	0.67	0.62
Centenary Sacco	Total Assets	0.87	1.09	1.17	1.30	1.11
	Total deposits	0.70	0.83	0.91	0.96	0.85
	Gross loans	0.75	0.94	0.94	0.96	0.90
	Total income	0.12	0.15	0.14	0.17	0.15
County Sacco	Total Assets	0.47	0.44	0.55	0.72	0.55
	Total deposits	0.23	0.23	0.25	0.35	0.27
	Gross loans	0.21	0.23	0.39	0.30	0.28
	Total income	0.10	0.10	0.11	0.11	0.11
Trans nation Sacco	Total Assets	4.37	5.11	6.62	8.10	6.05
	Total deposits	3.03	3.75	4.80	5.95	4.38
	Gross loans	3.78	4.63	6.27	7.62	5.58
	Total income	0.79	0.98	1.24	1.52	1.13
Solution Sacco	Total Assets	4.44	5.22	5.64	7.35	5.66
	Total deposits	2.96	3.49	3.96	4.92	3.83
	Gross loans	3.45	4.03	4.71	6.00	4.55
	Total income	0.72	0.90	1.08	1.35	1.01
Jamii Sacco	Total Assets	3.91	4.39	4.67	5.07	4.51
	Total deposits	2.80	3.17	3.46	3.75	3.30
	Gross loans	3.36	3.77	4.09	4.32	3.89
	Total income	0.53	0.58	0.61	0.66	0.60
Winas Sacco	Total Assets	5.23	6.20	7.13	8.34	6.73
	Total deposits	3.30	3.81	4.35	5.00	4.12
	Gross loans	5.29	5.98	7.05	8.20	6.63
	Total income	0.92	1.10	1.29	1.52	1.21

(Source: SASRA, 2018, 19, 2020, 2021)

Appendix IV: Introduction Letter from KeMU



KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171

Fax: 254-64-30162
Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

June 30, 2023

Commission Secretary
National Commission for Science, Technology and Innovations
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RAHIMA ATIKIYA SORA (REG. NO. MFI-3-0186-1/2016)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Master's Degree in Finance and Investment. She is conducting research on; "Influence of Asset Management Strategies on Financial Performance of SACCOs in Imenti North Sub-County, Kenya".

We confirm that her research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a research license to enable her collect data.

Any assistance accorded to her will be highly appreciated.

Yours sincerely,

Dr. John M. Muchiri (PhD)
Dean, Postgraduate Studies

Cc: Dean SBUE
CoD, Business Administration
Postgraduate Coordinator
Supervisors

Appendix V: NACOSTI Research Permit

 <p>REPUBLIC OF KENYA</p>	 <p>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>
Ref No: 389490	Date of Issue: 05/July/2023
RESEARCH LICENSE	
	
<p>This is to Certify that Miss.. RAHIMA ATIKIYA SORA of Kenya Methodist University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Meru on the topic: INFLUENCE OF ASSET MANAGEMENT STRATEGIES ON FINANCIAL PERFORMANCE OF SACCOS IN IMENTI NORTH SUB-COUNTY, KENYA for the period ending : 05/July/2024.</p>	
License No: NACOSTI/P/23/27621	
<p style="text-align: center;">  Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION </p>	
<p>Applicant Identification Number: 389490</p>	
<p>Verification QR Code</p> 	
<p>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</p>	
<p>See overleaf for conditions</p>	

Appendix VI: Saccos in Imenti North

1. Capital Sacco Society Ltd
2. Centenary Sacco Society Ltd
3. County Sacco Society Ltd
4. Solution Sacco
5. Unaitas Sacco Society Ltd
6. Yetu Sacco Society Ltd
7. Stima Sacco Society Ltd
8. Chai Sacco Society Ltd
9. Times U Sacco Society Ltd
10. Ukulima Sacco Society Ltd
11. Jamii Sacco Society Ltd
12. Kenya Police Sacco
13. Winas Sacco Society Ltd
14. Meru Central Sacco Society Ltd
15. Milimani Sacco Society Ltd
16. Afya Sacco Society Ltd
17. Harambee Sacco Society Ltd
18. Dhabiti Sacco Society Ltd
19. Golden Pillar Sacco Society Ltd
20. Mwalimu National Sacco Society Ltd
21. Smart champion Sacco Society Ltd