

**SOCIAL CAPITAL AND SAVINGS MOBILIZATION IN CO-
OPERATIVE SOCIETIES, NYAMIRA COUNTY, KENYA.**

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**A THESIS SUBMITTED IN PARTIAL FULFILLMENT FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY IN ENTREPRENEURSHIP, IN THE SCHOOL OF
BUSINESS AND ECONOMICS OF KENYA METHODIST UNIVERSITY**

December, 2019

Declaration

I declare that this thesis is my original work and has not been presented for a degree or any award in any other University.

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Dedication

Dedicated to my family, friends and the people of Nyamira County, Kenya

Acknowledgements

I am humbled by those who assisted me in developing this thesis and pray for God's blessing in their daily lives. First, I thank God for giving the opportunity to study and the resources to support my learning. My special appreciation go to my Supervisors: Prof. Evangeline Gichunge and Dr. Risper Orero. You were wonderful and I enjoyed every moment I sat in front of you drinking from the fountain of knowledge. If it were not for you, I would be far away from home. My special thanks go to my family who gave me the moral and financial support during the study period. They tolerated my long absence from them as the studies occupied most of the available time. May God bless you abundantly and give you long life so that we can celebrate the success together.

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Abstract

The general purpose of the study was to examine the influence of social capital on savings mobilization in co-operative societies in Nyamira County. The specific goals were to examine how trust influences savings mobilization in Nyamira County; establish the effect of networks of association in savings mobilization; examine how norms affect savings mobilization; and establish whether savings mobilization is affected by credit handling as an intervening variable in Nyamira County. A census covering all co-operators with savings accounts in savings and credit co-operative societies in Nyamira County was taken. Descriptive research methods were used to detail the analysis of the predictions as they influenced savings mobilization in co-operative societies. Members with savings accounts formed the population and a stratified sample of 220 members was drawn. Data collection was done using questionnaires and analyzed using STATA 13 computer programme. Regression analysis was done to establish the effect of trust, standards and linkages of co-operative societies and savings mobilization in Nyamira County. The model had three and 182 degrees of difference. The general hypothesis of the research was to examine the effect of the elements of the social capital theory on savings mobilization and co-operative societies in Nyamira County. The model summary showed that the association between savings mobilization and trust, norms and networks of association had no multi-collinearity among the regressors in the model. The Cronbach's Alpha coefficient showed an inter-item covariance of 0.18 and the scale reliability coefficient of 0.80 confirming the independence of each regressor. The coefficient of probability of trust was 16%, norms 1.4%, and networks of association 0%. The inter-correlations among the items of analysis were positive. The findings concluded that the elements of social capital theory significantly influenced savings mobilization and co-operative societies in Nyamira County. Trust significantly affected savings mobilization in co-operatives societies while norms strengthened co-operative societies and significantly affected the level of savings mobilization in Nyamira County. Networks of association had a significant effect on savings mobilization through co-operative societies in Nyamira County. Co-operative societies needed to examine their members' relations and adhere to set standards with governance structures based on good norms and well-articulated policies. Employees needed training in credit handling, public relations and the co-operative philosophy. Members should be treated equally. Government needed to embrace the co-operative business model to solve the community's pertinent issues. The study showed that savings and credit co-operative societies were all-inclusive in resource mobilization which made them financially stable and able to satiate members' credit needs without discrimination. To capture and expound on the impact of co-operative societies in the development of entrepreneurship in Kenya, further research should be undertaken to establish the motivating factors that influenced member contentment with savings and credit services in co-operative societies in Kenya, and examine the influence of reciprocity on social capital and co-operative savings services that supported entrepreneurship in Nyamira County. It will be interesting to examine the economic influence of the level of education and co-operative production in Kenya.

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List of Acronyms

BFCU	Borabu Farmers' Co-operative Union Limited
CCD	Commissioner for Co-operative Development
COMSIP	Community Savings and Investment Program
Co-op	Co-operative society
CSA	Co-operative Societies' Act
CSO	Co-operative Societies' Ordinance
CUSUM	cumulative sum
DANIDA	Danish International Development Agency
DfID	Department for International Development
EU	European Union
FAO	Food and Agricultural Organization
FOSA	Front Office Services Activity
GOK	Government of Kenya
GTZ	Germany Technical Agency
ICA	The International co-operative Alliance
IFAD	International Fund for Agriculture and Development
ILO	International Labour Organization
IV	Instrumental Variables
KNBS	Kenya National Bureau of Statistics
KPCU	Kenya Planters Co-operative Union
KSHS	Kenya Shillings
MABS	Micro-enterprise Access to Banking Services
MFI	Microfinance Institutions
NACO	National Co-operative Organization
NACOSTI	National Commission for Science, Technology and Innovation
NGO	Non-Governmental Organization
PDF	Probability density function
RUSACCO	Rural savings and credit co-operative
SACCO	Savings and Credit Co-operative
SAP	Structural Adjustment Programme
SCT	Social Capital Theory
SPSS	Statistical Packages for Social Scientists
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WCM	World Co-operative Monitor
WOCCU	World Council of Credit Unions, Inc.

CHAPTER ONE: INTRODUCTION

1.1 Background Information

The basis of society fabrics is co-existence and working together. According to the communitarian critique of liberalism (Walzer, 1990), people come together and agree because they share common interests, have similar likings and have same visions or perceptions on particular areas. When they combine resources and efforts, a community achieves more. It is interesting to explore what motivates and encourages communities to stay together in a chartered environment (Gweyi, Ndwiga, & Karagu, 2013).

The empires in Europe extended their areas of influence and encouraged their citizens to settle in the new lands acquired in Africa. The settlers brought along formal practices that encouraged people to work together for their common good, in line with the cultural practices that supported co-operation. One strong business model that came to Kenya was the co-operative business model which strongly supports economic development. The model gained acceptance among settlers and indigenous people across the Kenya Colony (Rhodes, 2012).

Kenya became a republic in 1964 divided into forty-seven Counties, with Nyamira as one of them in 2010. Its surface area was about twenty-eight thousand square kilometres with equatorial climatic conditions and above average relief rainfall. The soil was ideal for farming and livestock keeping. The population of Gusiiland in 2009 was about 1.5 million people (Kenya National Bureau of Statistics [KNBS], 2010) and they practiced mixed farming on small-sized farms averaging about one hectare of land. The crops grown included coffee, tea, pyrethrum, bananas, maize, millet, finger-millet, fruits of all types and potatoes. They kept animals which included cattle, sheep, goats, donkeys, rabbits and dogs. Notwithstanding the size of the land, the inhabitants formed part of the population of Kenya that was food secure.

The main incomes and earnings are from sales of cash crops, food crops, milk and cattle. They also earn from formal and informal employment. To enhance the ability to aggregate the farming efforts so that their produce can reach markets, members formed co-operative societies to handle members' produce and also manage payments (KNBS, 2010).

The need to develop and lead a quality lives required resources. The resources could be raised individually or collectively through organized enterprises like co-operative organization (International Co-operative Alliance [ICA], 2015). Members and individuals were enabled to actualize their aspirations through an enterprise that they owned and managed. According to Carr-Saunders (1938) the development of people working together and producing results could best be understood as an explicit principle inherent in the way society was constituted.

Resource mobilization in co-operatives emerged from the perspective of social capital where trust, norms and networks of association played a crucial role (Putman, 2019). The International Co-operative Alliance embodied the social capital theory into the seven principles, values and ethics when it set guidelines for co-operative formation and operation. According to Ferragina (2014), the perspective of co-operation takes into account the practice of pooling resources and talents of people for the communal good. It also brings together the importance of community as it builds generalized trust, norms, education to people, networks of association and the importance of individual free choice. It creates a more cohesive society. Putnam (Putman, 2019) averred that social capital partly enhanced the success of formal and informal co-operation between co-operatives.

In the African context, the co-operative concept existed before formal co-operatives were started. Empirical evidence suggested that members of the Gusii community realised the importance of mobilizing resources as far back as the existence of the community could be traced. The process

of mobilizing resources was known as ‘risaga’ which was very prominent during the planting season, harvesting and social ceremonies (Gweyi et al., 2013). In Nyamira, people were brought together through the common practices of pooling their resources together and respecting each member’s contribution. The practice had trust, set norms and regulations of engagement and integral units within the bigger group. During the occasions, people discussed issues, strategized their courses of action and set areas of venture.

According to Gweyi et al., (2013), co-operatives were known by different names like ‘risaga/egesangio’ in Gusii, ‘sanduk’ in Sudan, ‘esusu’ in Nigeria, ‘chilimba’ in Zambia and ‘ekub’ in Ethiopia. Mobilized resources were given to needy persons or on a pre-determined formula without due regard as to whether there was need at that time.

In Nyamira County, the concept of co-operation was applied during preparation for planting, weeding, harvesting, initiation, weddings and funerals. It was key for attaining social harmony and encouraging joint action. It was applied in resettling Kenyans in 1962 – 65 when indigenous Kenyans were encouraged to pool resources and purchase the farms vacated by the White Settlers. Co-operative societies started being registered in Gusiiland on 2nd January 1950 as shown in Appendix II (Ministry of Co-operative Development [**MOCD**], 1963).

The working together of people in Nyamira County enabled them to earn more through collective action and co-operatives. Co-operatives facilitated access to markets for the produce from the farms, enabled people to build trust among themselves, set standards and build strong co-operatives. This enhanced their earnings and helped fast settlement on the new farms. The application of the social capital theory could be seen in practice as each member worked separately before delivering their produce to the co-operative for marketing. The predictions of the social

capital theory and the entrepreneurial spirit among the members were put into practice and savings mobilization set in (MOCD, 1963).

Social capital

The term 'social capital' takes different definitions during study depending on how one looked at it. It may be difficult to have a single universal definition as several authors attach different definitions. Field (2013) defined social capital as the worth of common interactions and linkages that added to the economic investments for fiscal progress of an enterprise consisting of “social networks, the reciprocities that arose from them, and their value for achieving mutual goals”. Seunyon, Jae and Namkee (2016) defined social capital as one thinking that had many valued dimensions that could be quantified easily. Castro, Galan, and Bravo (2014) defined social capital depending on its internal value of the links it develops, attributes brought by associations and the possessions of each member.

In the study, social capital was defined as the expected collective and economic benefits derived from the preferential treatment of members who joined together to form co-operative societies and the cooperation that developed between members and the co-operatives that they formed to respond to their aspirations. The members brought into the co-operative societies the initial capital, the produce for marketing and worked in the co-operative societies on voluntary basis till they accumulated enough resources to employ staff (Putman, 2019).

The understanding and application of collective action theory (Olson, 1965) was that any group of individuals attempting to provide a public good had troubles to do so efficiently (Coleman, 1966). Olson's theory explored the shortfalls at trading areas where different purchasers' prudence and enterprises' looking for gain did not avail a well-organized delivery of what the community

expected, where availability provided a cheap greater advantage. The study looked at the theory in practice at co-operative societies' operations, successes and limitations when serving members. The philosophical understanding about collective action was about how that action optimized the returns and benefits to the actors. Most analyses of collective action agreed that overcoming the free-rider problem required organizing potential contributors, thus making their decisions interdependent (Marwell & Olivier, 1988). In this study, collective action referred to action taken together by a group of people whose goal was to enhance their status and achieve a common objective. They formed a co-operative society through which they acted together to mobilize savings for their benevolent purposes. Each member acted in a responsible way within the co-operative society thereby minimizing the free-rider problem.

The co-operative philosophy and policy based its argument on trust, norms and networks of association to make co-operatives strong and facilitate collective action. As Bourdieu (1983) argued, at that point, there was convergence between economic capital, cultural capital and social capital in co-operatives which were an aggregate of the actual or potential resources that were linked to possession of durable networks of institutionalized relationships of mutual acquaintance and recognition.

Co-operative savings mobilization

According to the Chambers Thesaurus (2016) mobilization was the act of assembling and organizing resources to support objectives in time of need, which included activating all or part of the reserve components. Savings mobilization then was the act of assembling and organizing savings to support objectives in time of need by members of a co-operative society. The process of mobilizing co-operative savings involved assessing the readiness of members' institutions that handled their payments, modalities of raising deposits responsibly without making members feel

that their resources were vulnerable to poor management, financial discipline, establishing policies and procedures. It included developing products, devising marketing strategies, and determining the costs of accessing services (Kiaehn, 2006). Voluntary savings mobilization aimed for members to accumulate their savings at a jointly-owned and democratically-controlled organization from where they leveraged loans at a factor of what they had accumulated in savings.

In voluntary savings, accumulation grew faster because of the ease in accessing the organization or credit which co-operatives offered through appropriate products. A co-operative provided members with financial services that improved their economic thrift and social well-being through asset accumulation and income generation (Branch & Kiaehn, 2006). Therefore, co-operative societies provided cheaper pools of mobilized funds because the market cost of the funds was lower than in commercial financial markets. Mobilizing savings reduced the risks associated with external credit programmes that were subject to political maneuvers and huge profit mark-ups. Importantly, people working together in an enterprise to accumulate internally-generated resources strengthened their organisation and offered cheap and sustainable inflows of funds that were employed in their community. They gave the enterprise leverage in defining market growth and managing product cost (World Co-operative Monitor [WCM], 2015).

The definition of a co-operative organization as an autonomous association of persons that voluntarily come together for economic, social and cultural aspirations through a jointly-owned and democratically controlled enterprise gave members a head start on the management of their mobilized resources and utilization (ICA, 2015). The strength of co-operative societies was buttressed by the seven co-operative principles which guided them on the recruitment of members, the government of the co-operative and control by member, and the responsibility of members to nurture their enterprise. The other areas of interest included the enterprise's relationship with non-

members and stakeholders who were not allowed to interfere with internal affairs of the co-operative enterprise, access by members and employees to education, information and training, how members needed to relate to other co-operative societies while being alive to the community within which they operated.

The co-operative members' strength came from the operational values which encouraged members to focus their actions and activities on personal growth and care. That involved free expression of members' thoughts, appreciating that members had unique qualities, they contributed funds equally and were united within the co-operative society. The members were guided by ethical values of transparency, accountability and compassion to each other. The acceptability of the definition of a co-operative society captured the spirit of trust, norms and networks of association. The philosophy of developing the member before venturing out to help others resonated well with the trust that built in a jointly-owned enterprise that had well-defined norms (ICA, 2015).

Co-operative movement in Kenya

The Kenyan co-operative history started in 1908 when the first co-operative society was organized by White settlers in Kipkellion, Kericho County. The co-operative society was formed to market farm products and to procure farm inputs and animal feeds. The main markets of the farm produce and inputs were in Nairobi, Mombasa and abroad (Ombaso, 2015).

As more settlers came to Kenya, many co-operatives were formed, especially after the Devonshire White Paper of 1923 declared Kenya an African country (Devonshire, 1923). Some of the early co-operatives in Kenya were Kenya Co-operative Creameries (K.C.C), Kenya Farmers (Co-op) Association (K.F.A) and Kenya Planters co-operative Union (K.P.C.U.). The first co-operative law (Co-operative Societies Ordinance – CSO) in Kenya was enacted in 1931. The rapid growth of co-operatives and their impact on the Kenyan economy necessitated a policy shift and a new Co-

operative Societies Ordinance was enacted in 1945 to bring on board emerging issues that allowed Africans to form co-operatives and engage in cash crop farming.

In 1965, the Kenyan Government, through its Sessional Paper No. 10 on *African Socialism and its Application to Planning in Kenya*, identified co-operatives as effective tools for citizens' economic growth and stressed on the importance of using co-operatives as channels through which it could involve Kenyans in economic activities and wealth generation. The Paper supported the rapid Africanisation of the economy and poverty eradication in the country based on principles akin to those practiced by co-operative societies (Government of Kenya [GOK], 1965).

As a consequence of that policy decision, the 1945 Co-operative Societies' Ordinance was repealed and a Co-operative Societies' Act enacted in 1966 (GOK, 1966). The emphasis in the policy direction was 'Empowering people to empower themselves through co-operatives for wealth-creation, economic participation, social integration and cultural practices.' People were encouraged to form co-operative societies in every sector of the economy. The National Co-operative Registry showed that there were over 21,600 registered co-operative societies by the end of December 2016. They enabled more than 63 per cent of the population to participate in economic activities. It showed that co-operative societies played crucial roles in human and financial resources' mobilization. The co-operative membership was 14.3 million members with an asset base of KShs. 900 billion and a workforce of 500,000 people. The savings and credit co-operatives (SACCO) had mobilized KShs. 640 billion in savings and given out credit of approximately KShs. 550 billion (GOK, 2014). The Kenyan co-operative history was replete with examples where the Government applied the social capital theory to build strong co-operative societies that had members' trust to mobilize resources that transformed several regions (Ferragina, 2014).

The justification behind such a great number of co-operatives was to afford Kenyans opportunities to create their own wealth and empower themselves. According to the argument by Karl Marx, the action of working together was supported by the neo-classical economic theory which was grounded in the rejection of the Marxian notion of exploitation and the promotion of the idea that the distribution of social resources produced by market exchanges was innately fair and just (Slattery, 1991). In the co-operative perspective, members were the owners, users and clients or were the producers of labour and, therefore, required fair compensation.

In co-operative history, early co-operative societies were consumer co-operatives and members were drawn from workers who supported industries. The workers generated their income from the amount of work completed on the factory floor. They lived in squalid conditions and a life of misery. In Kenya, co-operative societies were organized in agricultural marketing, consumers, housing, workers, handicraft, sand harvesting, savings and credit, unions and national organizations. They were run by Managing Boards elected at annual general meetings (GOK, 2004).

However, most co-operative societies were affected by the structural adjustment programmes (SAP's) of the 1990's (Gweyi et al., 2013). Baka (2013) argued that alterations which took place in co-operative societies impacted on the growth of a country and prosperity of people. He gave the example of the Kenya Planters' Co-operative Union, a leading coffee miller in the country whose poor payment to members led to serious repercussions in all coffee marketing co-operative societies. Remedial actions culminated in more administrative challenges. The co-operative societies' and co-operative unions' overheads increased to the disadvantage of coffee producers. The poor performance of coffee societies and marketing of coffee through middlemen and other millers resulted in most coffee marketing co-operatives becoming dormant thereby rendering

majority of members jobless and leading into high levels of poverty. The situation worsened due to government controls that denied them flexibility to respond to market forces like their private sector competitors (Gweyi et al., 2013). Worse still, although co-operative societies contributed much to the economy, residents and leaders did not take much interest in them and poverty eradication programmes.

The importance of government involvement in co-operative development was illustrated when looked at from what co-operative societies contributed towards development. The significance of co-operative societies in the Kenyan economy was explained by the spread of registered societies in all sectors with over 63 per cent of the Kenyan population deriving their livelihoods from co-operative related activities and the volume of their assets (Wanyama, 2009). Among the main co-operative societies in Kenya were the Co-operative Bank of Kenya and the Co-operative Insurance Company of Kenya. Co-operative societies were significant in Kenya because they provided direct employment estimated at 500,000, over 1,500,000 indirect employment opportunities and there were several thousands of people who derived their jobs from marketing products produced by co-operative societies. They were a source of income-generating opportunities for many people and offered social protection, benevolent funds and micro-finance.

The World Co-operative Monitor (2015) showed that the business of the largest 300 co-operative societies over 3 years had increased by 11.6 percent to reach US\$ 2.2 trillion in 2012. The top 300 co-operative societies in 2014 accounted for US\$ 2,205.7 billion in turnover, of which US\$165 billion was from banking and financial services' areas and US\$ 1,156.5 billion from insurance and mutuals sectors. Considering the gross revenue, the Japanese-based insurance company called Zenkyoren was the top co-operative in 2012 with a total output of US\$ 77.61 billion. Co-operative societies generated partial or full-time employment for at least 250 million individuals worldwide,

making up almost 12 percent of the entire employed population of the group of twenty (G20) countries (ICA, 2015). Therefore, an entrepreneur needing to respond to gaps identified in society or community needed resources through joint investment action with trust, norms and co-operative societies (Coleman, 1988).

1.2 Problem statement

The concept of social capital theory started in the 19th century as thinkers explored the relation between associational life and democracy. It was observed that people regularly gathered to discuss issues of state, economics or the world and the level of social participation which was directly linked to the equality of economic, living, working and social conditions (Ferragina, 2010; 2012; 2013). Empirical studies from around the world show that associations like co-operative societies played leading roles in supporting world economies (WCM, 2015).

In Nyamira County, anecdotal evidence suggested that marketing co-operatives that were vibrant in the 1960's were not as productive in the 2000's as expected but were contributing towards the support of savings and credit co-operative societies. Further, despite the low production in coffee, pyrethrum and milk, more savings and credit co-operative societies were being registered in the County thereby giving resource mobilization support (Ombaso, 2015).

According to Kimeli, Kimeli, and Ogendo (2012), savings mobilization in Kenya was strongly influenced by training, investment opportunities and savings strategies, while family size, number of children in school and income levels among savers as intervening variables had a significant effect on savings mobilization. That study showed that there was a strong correlation between the savings strategies and savings mobilization.

In Japan, Prakash (2013) concluded that agricultural support was crucial in the revival of the agricultural sector after the Second World War. The International Co-operative Alliance (WCM,

2015) concluded that co-operatives built trust, set standards, educated members and strengthened their organizations when they ventured into remote areas of production that transformed local economies by mobilizing savings, providing capital and organizing outlets for members' products and services. According to Gweyi et al (2013), co-operatives contributed much to the economy but attracted little interest since there was insufficient evidence to show the effect of trust, norms, and networks of association on savings mobilization among co-operative societies, especially in Nyamira County.

In the dairy sector, the Kenya Dairy Board, in 2016, gave a national average production of 4,302 litres of milk per day in the country while co-operatives in Nyamira County, which was a major milk producing area, were expected to market about 5,000 litres of milk per day. However, according to Borabu Farmers' Co-operative Union Limited (BFCU) of Nyamira County, 90 percent of co-operative societies marketed only 300 litres of milk per day (Ombaso, 2015). The low milk production and yields in the County led to low savings mobilization, high poverty levels and widespread insecurity in the area. Similarly, pyrethrum production which thrived in the 1960's was non-existent due to low trust. That assessment would seriously affect peoples' development thereby defeating the predictions of social capital theory where working together by pooling resources would improve members' performance (Ferragina, 2014). Contrary to that, savings mobilization in Nyamira County was seen to be increasing in all levels of the economic strata. The situation required to consider trust in the growth of savings, norms in the management of co-operative societies and co-operatives as management units entrusted with keeping resources in Nyamira County. That phenomenon, according to anecdotal evidence, needed to be researched. The research examined the effect of norms, trust and networks of association on savings mobilization.

1.3 Research objectives

1.3.1 General objective

The general objective of the research was to examine social capital and savings mobilization in co-operative societies in Nyamira County of the Republic of Kenya.

1.3.2 Specific objectives

The specific research objectives were to:

- i. establish the effect of trust on savings mobilization in co-operatives of Nyamira County;
- ii. examine the effect of networks of association on savings mobilization in co-operatives of Nyamira County;
- iii. examine the effect of norms on savings mobilization in co-operatives of Nyamira County;
- iv. Examine the mediating effect of credit-handling on trust, norms and networks of association and savings mobilization in co-operatives of Nyamira County.

1.4 Research hypotheses

The research hypotheses were

- i) **H₀**: there is no significant effect of trust on savings mobilization through co-operatives in Nyamira County;
- ii) **H₀**: there is no significant effect of networks of association on savings mobilization through co-operatives in Nyamira County;
- iii) **H₀**: there is no significant effect of norms on the level of savings mobilization through co-operatives in Nyamira County; and
- iv) **H₀**: Co-operatives' credit handling has no mediating effect on the relationship between social capital and savings mobilization in Nyamira County.

1.5 Justification of the study

The interest in co-operative development and its contribution towards wealth creation, particularly in rural areas, had attracted much attention in the recent past (Bank, 2000; Duguma, Jirata & Han, 2018; Frenzyied, 2015; Gweyi et al., 2013; Kimeli et al., 2012; Mwalughali, 2013; Prakash, 2013). Co-operative societies remained the focus in rural Kenya and the international community in their impact on transforming rural economies (ICA, 2014a). Co-operative societies greatly contributed to economic performance in all sectors of the economic strata in Kenya (Gatuguta, Kimotho, & Kiptoo 2014).

In 2019, co-operatives provided over 280 million jobs in the world which was 10 percent of the world's employed people. They made secure the lives of more than one billion people (12% of the world population) around the globe who participated through small-scale enterprises to large conglomerates (ICA, 2019). The co-operatives' turnover was USD 2.1 trillion.

Co-operative societies are enterprises based on ethics, values, and principles. Through self-help and empowerment, they reinvested in their communities and showed concern for the well-being of people. Globally, co-operatives nurture a long-term vision for sustainable economic growth, social development and environmental responsibility (WCM, 2017).

In the global scene, co-operatives are not a marginal phenomenon when the top 300 co-operatives and mutual were considered: they had a total turnover of USD 2,1 trillion, more than 12% of humanity was part of any of the 3 million co-operatives in the world! Similarly, they contributed to the sustainable economic growth and stable, quality employment, employing 280 million people [10% of the world's employed population], (WCM, 2017). In 2016, data from 2575 organizations showed that agricultural and food industries accounted for 33%; banking and financial services 19%; other services, 16%; wholesale and retail trade, 15%; industry and utilities, 7%; insurance,

co-operatives and mutuals, 6%; health, education and social care, 4%; and others, 1% (**WCM**, 2018).

In the national statistics (December 2014), SACCO societies had mobilized over KShs. 640 (USD 6.4) billion and had given out loans amounting to KShs. 570 (USD 5.7 billion). Of that figure, SACCO societies in Nyamira County accounted for about one percent, (**GOK**, 2014). This confirmed the impact of SACCO societies in resource mobilization in Kenya and members' access to financial services. Similarly, loans accessed by members filtered into family investments and improving their living standards.

As member-owned, member-run and member-serving businesses, co-operatives empowered people to collectively realize their economic aspirations, while strengthening their social and human capital and developing their communities. They were a strong and influential factor in the management and expansion of the Nyamira County economy. Annex 1 showed that co-operatives entered the foray as early as 1952. SACCO societies comprised a significant part in mobilizing financial resources for economic performance. They served members who would otherwise be financially excluded (Bank 2000).

SACCO societies continued to enable personal and family development in rural areas (Muthuma, 2011). Savings mobilization and SACCO societies' management were important as they gave opportunities to members for active participation in personal investments; education, healthcare, emergencies and economic participation. They are democratic, member-controlled, independent and form strong networks for comprehensive coverage (**ICA**, 2014b).

The study recognized SACCO societies as important economic, social and cultural organizations that easily mobilized trust, set high operational standards and build cohesion among members. That showed the interdependence of economic and social performance within the membership at

all levels. The use of co-operative societies in Nyamira County showed the interpretive and qualitative analysis that enhanced the understanding and explanation of trust, norms and use of co-operative societies in resource mobilisation.

1.6 Significance of the study

Co-operatives were registered to serve the people who formed them and support government initiatives to offer services closer to citizens (ICA, 2015). Government reports for Nyamira County, covering the years 2000 to 2015 posted an increase in the number of dormant co-operatives (GOK, 2015). Out of the 108 registered co-operatives in Nyamira County, 70 co-operatives were active. It was interesting to establish the influence of social capital on the performance of co-operatives in mobilizing resources to support individual and national development. This study on co-operatives in Nyamira County looked at how norms, trust and networks of association affected the behaviour of the people participating in communal activities that improved their wealth. The research established the influence of social capital on savings mobilization in Kenya with the case of co-operatives in Nyamira County. The study established the level of influence of trust, norms, and networks of association in Nyamira County. It will be useful and easy for the National and County Governments to develop legislation and policies that encourage and support savings mobilization. The findings will be important towards government policy and policy makers, co-operative societies, members of co-operative societies, researchers and academicians.

1.7 Limitations of the study

In consideration for the study, Nyamira County was considered ideal as it covered the most productive part of Gusiiland. Its population comprises of the six sub-clans of Abagusii – Abagirango, Abagetutu, Abanyaribari, Abamachoge, Ababasi and Abanchari. The settlement area

is considered cosmopolitan and therefore exhibited the core considerations on social capital and savings mobilization. Due to that mix, it was deemed that the respondents were not biased or influenced by tribal considerations.

1.8 Delimitation of the study

Under this section, the research addressed delimitations and the scope of the study during the research.

Delimitations

The study target was all co-operative societies registered in Nyamira County. Co-operatives in the County comprise of people who deal in several economic activities which involve farming, dairy, tea production, horticultural farming, animal husbandry and industrial endeavours. Other major undertakings included produce marketing, savings mobilization, transport for both goods and public, investments and housing, and farm purchase. Support co-operative activities include construction, dipping and veterinary services. Participation in co-operative activities has other limitations and influences like education, cultural practices and interpersonal relationships.

The research was conducted in Nyamira County which provided a good mix of respondents who were conversant with co-operative business, savings mobilization and trends and therefore, gave pertinent information for the research. Nyamira County was an ideal place for the research because the inhabitants in the County were cosmopolitan and were presumed to have a reasonable number of entrepreneurs who were co-operators in the years 2014 to 2016. The study explored the ages of co-operators, their level of education, investment preferences and their sources of income. It also examined their choice of investment channels. The study took three months for field work and six months to conclude its compilation.

1.9 Assumptions of the study

The research covered Nyamira County and respondents were randomly drawn from members of co-operatives. It was assumed that all respondents would accept the research and would be truthful in their responses and would return the questionnaires within the required time. Similarly, it was assumed that the respondents, being active members of co-operatives, were familiar with co-operatives in the area, had participated in co-operative operations and had a passion for saving through co-operatives. The study made the assumption that respondents had no bias or were disillusioned against co-operatives. Finally, it was assumed that people did not assign political undertones towards the research.

Time and financial resources were the main constraints in the research which could have had a spill-over effect to the findings. The research was conducted within the proposed timeframe and the analysis concluded on time. The findings of this study are for educational uses only and not for other purposes.

1.10 Operational definition of terms

The operational definitions in this study are explained below.

Social capital: Social capital are those resources inherent in social relations which facilitate collective action (Putman, 2019) and whose elements include trust, norms and networks of association. It may be the facts, convictions and standards of mutuality characteristic in one's linkages. In the study, social capital are those resources that members of co-operatives bring together in support of their social thrift.

Collective action: Collective action is the exploit undertaken by a group of individual where the aim is to improve their position and attain a communal goal (Britannica). In the study, it is defined

as the deeds by co-operative members working together through their SACCO societies by improving savings to enhance their economic, social and cultural status.

Co-operative: According to (Altman, 2016), a co-operative comprises a voluntary network of individuals who own or control a business that distributes benefits on the basis of use or ownership where ownership is largely weighted equally across individual members. Members invest in the co-operative and thus have a financial stake in the organization. Bernardi and Monni (2016) give the definition of a co-operatives as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise'. The dictionary defines a co-operative as an organization in which there is collective ownership or control of the means of production and distribution (Britannica). In this study, the co-operative will be understood to mean an organization based on co-operative principles, ethics and values as defined by the International Co-operative Alliance (ICA, 2015).

Credit handling: It is the process of managing or lending money on condition that payment will be made within a specified period (Britannica). In the study, credit handling is the process of lending money to co-operative members on terms and conditions they set which guarantee that repayments will be made within a specified period.

Network: The Webster dictionary defines a network as a system of units or people consisting of a widely-spread organization and having a common purpose while Boyd and Ellison (2016) see social network as a critical organizing feature (Boyd & Ellison, 2016). Networking is the process of establishing a mutually beneficial relationship with other people and potential clients and/or customers in order to tell others about your business and hopefully turn them into customers. In

this study, the co-operative society is the network through which co-operative members market their produce, process payments and make savings from their surplus funds.

Norms: According to Merton (2016), a norm is defined as a principle of right action binding upon the members of a group and serving to guide, control, or regulate proper and acceptable behavior. It is an accepted standard of behaviour within a society. Norms in this study are the accepted standards of behaviour within a co-operative society in relation to the co-operative principles, values and ethics. They include the qualifications for membership contained in the society by-laws, qualifications for membership to elective posts, requirements of savings products and behaviour during meetings.

Savings Mobilization: According to Nuhul, Donye, Bzugu and Ani (2015), savings was defined as the part of income that is not immediately spent but is being kept for future consumption, investment and unforeseen contingencies. They also quoted Fazoranti (2007) defining savings and savings mobilization as being undertaken by mostly formal and informal financial institutions (Nuhul, Donye, Bzugu, & Ani, 2015). It is the act of making savings readily available for investment (Webster, 2016). In this study, savings mobilization is the accumulation of funds from the surplus realized from members' produce sales and other businesses through the SACCO society.

Trust: Castaldo, Premazzi and Zerbini (2010) defined trust as 'the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.' They argued that the meaning of trust, whose conceptualizations differ with respect to actors, relationships, behaviors, and contexts has no universally agreed definition (Castaldo, et al., 2010). According to the dictionary, trust is the worthiness of being relied on (Webster, 2016). In

this study, trust is the worthiness of being relied on by other members of the co-operative enterprise because of personal integrity, strength, ability and surety.

In the case of savings mobilization in Nyamira, social capital is the capability of individuals to pool resources for communal uses in clusters and enterprises. It is the presence of an assured set of familiar ethics and standards among co-operative members that allow collaboration among them (Fukuyama, 2019). It is the values of trust and forbearance that strengthen co-operatives, linkages, and relations (Inglehart, 1997).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter we explored the Social Capital Theory (SCT); its definition, background, development and practice. We also examined the theoretical and empirical review of scholarly papers on co-operative societies' participation in savings mobilization in relation to the predictions of the social capital theory. The theoretical and conceptual frameworks were developed and analyzed with proposals on their operationalization. It concluded with research gaps that emerged.

2.2 Theoretical review

In this section, we look at the social capital theory and its development.

Social Capital Theory

Research into social capital, origin and definition showed that there were many definitions on the term 'social capital' depending on the area of research. They covered many areas of study and were subjective to the interpretation of the Researcher. Social capital was looked at from the social field when members came together to socialize and in the process accomplished their aspirations (Putman, 2019). It was approached from the economic pillar through which a community resolved its economic challenges. It was also looked at from the human resource development angle through which a community developed its manpower. It was seen from its cultural perspective through which cultural aspirations blended with economic initiatives to surmount community needs. Accordingly, social capital answered to a concept that had many dimensions which were directly quantifiable (Koka & Prescott, 2019).

According to Putman (2019), social capital was defined as those resources inherent in social relations which facilitated collective action whose elements included trust, norms, and networks of association. Feigenberg, Erica and Pande (2013) posited that social capital was defined by Putnam (2019) as "structures of shared enterprise, reliability, standards and linkages that expanded the good performance of society by expediting deeds." It was considered valuable in low-income countries where formal insurance was unavailable and institutions for contract enforcement were weak. For instance, Guiso et al (2019) demonstrated that residents in high social capital regions undertook sophisticated financial transactions easily compared to others. While adding to the argument, Knack and Keefer (2019) explained how a country's trust level correlated with its expansion rate. According to Field (2013), Pierre Bourdieu defined social capital as part of a significant sets of resources, which included cultural capital (the ability to use cultural markers such as taste as a way of asserting distinctiveness and superiority) as well as economic capital. Field (2013) saw social capital as comprising the worth of communal relationships and linkages that supported the economic capital for financial growth of an enterprise and "social networks, the reciprocities that arose from them, and their value for achieving mutual goals". In the argument, Field (2013) stated that communal investments formed a vital contribution to the growth of an enterprise. The main community linkages relationships included staff confidence, contentment level with the job and the value of interactions with peers, supervisors and the supervised. Field (2013) averred that strong community linkages, combined with high level outputs by those employed to work, were crucial to a well-organized state of business for the enterprise. In that understanding, he argued that social capital enunciated the importance of communal connections, contacts and aims used for attaining the enterprise's goals.

Further, Field, (2013) stated that social capital was a form of cost-effective and important capital in which community linkages were crucial, operations were supported by mutuality, confidence, and collaboration, and producers produced merchandises and services for a common good. Therefore, 'social capital' referred to possessions and their worth: public spaces, private property and "actors", "human capital"- people. It showed that the interactions among the possessions and the influence that the connections had on the possessions involved in each connection, and on society were important. It was a form of capital that produced the requirements for a community and explained improved performance within different groups, the emergence and existence of entrepreneurial firms. That performance was exhibited through high quality management, good supply chain relations, the value derived from strategic alliances, and the emergence of communities.

According to Storberg (2002), the concept of capital had evolved from capital to neo-capital. The theories of social capital remained underdeveloped and fragmented in specific disciplines like sociology, psychology, social psychology, and the political economy. A new theory of social capital explored possible implications for the field of human resource development (Storberg 2002). The theory expanded social capital beyond actual resources into the impact of the human contribution. In Claridge (2002)'s argument, concepts of communitarianism and social capital used in the United States and in Europe focused on Robert Putnam's understanding of both concepts. They showed the apolitical analysis of the progressive developments in Northern Italy, and of the situation of labor unions in the United States which were insufficient and wrong. There limitations in approach and the issues in the two countries where the studies were undertaken.

According to World Bank (2000), social capital referred to standards and linkages that supported persons to take action communally. That definition brought into focus the foundations without

considering the outcomes of social capital as argued by Portes (1998) while distinguishing that significant features such as reliance and mutuality which developed in iterative progressions. It permitted the fusion of the various scopes of community investments and accepted that communities penetrated them (Bank 2000). As demonstrated in this study, norms, trust, and networks had influences in mobilizing resources. The study agreed that surplus investment in relation to savings mobilization, was important in all aspects: the economic perspective, social inclusion and cultural involvement.

Adler and Kwon (2019) argued that from the contextual impact, social capital was considered as a form of cost-effective and national wealth in which community linkages were central. Their operations were marked by trust, co-operation, and producers produced merchandises and facilities for the whole community. The phrase referred to resources, and their value, both tangible and intangible, the interactions among the investments, and the spread that the linkages had on the investments involved in each association, and on community. It was an asset that supported the production of public goods (savings), for a community.

Arefi (2019) explained that social capital could be measured through consensus building: shared interest and concurrence with other players keen to see how they influenced combined accomplishments. He identified agreed actions where players were contented as a positive pointer of community investment. Agreed action implied “shared interest” and concurrence among interested groups to encourage communal execution. As pointed out in many studies on the prominence of social capital in a communal setting, the question frequently asked was how much trusting others influenced collaboration. The major finding among large economies was interesting to note how the countries’ wealth generation had direct linkages with individual citizens’ wealth growth. They found that self-assurance and self-reliance helped in reducing inequalities and ethnic

grades among the people while enhancing the level of cohesion of a community which had a direct impact on wealth and community investments.

Social capital then required clear understanding on what it meant and its application. Depending on what analyses expected outcome of an argument, several authors had different interpretations. For example, Poder (2011) in his critical review of social capital argued the question on its reality (Poder, 2011; Engbers, Thompson & Slaper, 2017; Markowska-Przybyla 2012; Ramose-Pinto 2012).

Bhandari (2009) argued that importance of social capital in explaining economic and social phenomena was felt in recent years. It was centred on social relationships a complex multidimensional concept having different dimensions, types, and levels of measurement. It was measured and analyzed at individual and collective levels in terms of social perspective and micro-, meso- and macro-levels in terms of geographic perspectives. Its properties qualified it as a form of capital, though there were some criticisms about the use of 'capital' in social capital. Research on social capital remained in its initial stage and the concept was still elusive, prone to contextual definition, deficient in common measurement indicators, inability to explicitly quantify effects, and subject to various criticisms. (Bhandari, 2009).

Social Capital Theory Development

A learning society was the pre-condition of a well-informed society that contributed positively to wealth creation. The classes of knowledge and people, especially that imparted through adult learning, had contributed well to economic growth in the world for at least 50 years. The big number of educators had created distinctions between classroom teaching and that imparted through other avenues. Formal education concentrated in one area and was premised on brief and structured generalizations (Field, 2013).

The education offered outside the classroom described the knowledge and instructions acquired through bodies set up for other purposes such as workers' organizations, charitable organisations and enterprises. Such learning was acquired through associations or interactions, involvements or personal practices and others like watching television, visiting a library, seeking advice or visiting websites. That learning came through assemblies instead of secluded persons and its beginning was in communal efforts to find solutions to common challenges. Its impact was realised and appreciated when properly applied in an organizational setting (Field, 2013).

People's communal interactions played an important role in their ability for erudition. They got influenced by other people's approaches to issues. Society learned good abilities and understanding through life experiences. Interactions with new people introduced schooling as a source of life pleasure through which new knowledge empowered people to live and operate within an accepted system. Empirical evidence suggested that there were highly significant links between peoples' networks and their learning. However, given the significance of learning for understanding of changing patterns of social behaviour in contemporary societies, empirical data had a wider theoretical significance. A considerable amount of the attention paid to social capital concerned its relationship with education and related issues (Field, 2013).

The social capital history started during the 19th century when scholars trying to understand the relation between associational life and egalitarianism used comparable concepts. Alexis de Tocqueville observed that Americans regularly gathered to discuss issues of state, economics, or the world. French authors emphasized that the level of communal involvement in American society was directly connected to the parity of circumstances (Ferragina, 2010; 2012; 2013) while John Dewey (1900) used social capital in *The School and Society* in 1899. Hanifan (1916) articulated

that homegrown backing for rural schools referred to social capital in communal unity and individual ventures in the community.

In the expansion of the knowledge on social capital, Hanifan (1916) raised the thought of social capital as those perceptible elements that amounted for maximum interaction in the lives of society: namely kindness, companionship, understanding, and communal association among the persons and relatives who made up a communal entity. If a single person talked an idea to his close associates who had a similar need, and they with others of similar concern, there was a buildup of communal investment, which they immediately made to fulfill communal requirements. The action the persons took carried a societal possibility adequate to the significant enhancement of active circumstances in the whole society. After Hanifan, the idea re-emerged in the 1950's with Canadian metropolitan sociologists (Seely, Sim, and Loosely, 1956), and in the 1960's by an argument of theoretician (Homans, 1961) and a town intellectual (Jacobs, 1961). In the 1970's, an economist (Loury, 1977) revived interest in researching it.

Interestingly, the researchers did not make reference to earlier studies on social capital even though they used similar aegis term to summarize the liveliness and importance of public connections. Coleman (1987, 1988, 1990) on instruction and by Putnam (1993, 1995) on community involvement and organized presentation, gave the encouragement for furthering of the contemporary work. The study gravitated around studies in special areas involving people and youth character; instruction and tutoring; public life; labour and associations; fairness and authority or control; co-operative exploit; community well-being and setting; crime and violence; and economic development.'

Putman (2000) pointed out that social capital was formed by features of social organizations or social life that enabled participants to act together more effectively to pursue shared objectives.

Dekker and Uslaner (2001) argued that social capital was about the worth of community linkages, uniting comparable individuals and associating among different societies with standards of mutuality. Baker (1990) saw social capital as the total of the possessions, real or simulated, that accumulated to a person or a community by the simple reason of owning a lasting linkage of others or fewer established connections of reciprocal social contact and respect.

Garson (2006) added that social capital were those noticeable possessions that counted in the daily lives of individuals: kindness, friendliness, consideration, and communal interactions between the persons and relations who comprised a community. Consequently, social capital comprised of the connections, collective ideals and considerations in humanity that empowered persons and clusters to believe in one another and so take joint endeavours. The interactions between persons in a locality and their resolve to take joint action in a common idea or need achieved the necessary satisfaction to the initiator of the idea and the whole community through an accumulation of social capital. The satisfaction brought about through collaboration cascaded and cut across the whole community while the individual found in the relations the benefits of the assistance, compassion, and friendship of fellow citizens.

Jacobs (1961) used social capital by referring to the worth of systems. The systems strengthened internal relations and gave credence to outputs that benefitted the community. Salisbury (1969) argued that social capital was a serious factor when promoting the formation of a community. Bourdieu (1972) used social capital and clarified it in comparison to ethnic, financial, and representative investments. Coleman (1988) added that other scholars who contributed in developing the definition of social capital and popularizing the thought comprised Barry Wellman, Scot Wortley & Glenn Loury in 1977. In the late 1990's, the idea gained acceptance and was the emphasis of a World Bank study initiative and the theme of Robert Putnam's *Bowling Alone* and

Better Together (Putman 2019). Reciprocity in social capital inspired negotiating, concession, and diverse arguments while certainty in the fairness of citizens heartened the creation of important and critical associations (Rose, 2000). Just as a screwdriver or a college learning increased output, community interactions influenced the efficiency of personalities and clusters (Putman, 2019). The thoughts and ideas positively supported the expansion of the social capital idea (Stein, 1960).

Trust

According to Field (2013), the thinking on communal wealth was a progressively unique contribution in the communal disciplines and was predominantly significant in areas such as institute accomplishment, business modernization, communal growth and public presence. The notion emphasized the central part that individuals' interactions, and the morals they shared with their linkages, empowered them to collaborate for joint benefit. He argued that by treating social relationships forms of capital, they were a resource, which people drew on to achieve their goals. The fact that social capital was a resource that empowered people did not necessarily mean that everyone with some friends exercised power over everybody else. The argument continued that people used their connections to exert power over others and to exert power with others. Similarly, social capital was seen as one set of possible resources that was applicable in making a community achieve more. Therefore, social capital served as one possible resource that increased people's capacity for achieving their goals by securing the cooperation of others.

In the Nyamira County context, social capital was not a new idea as people had lived for many years applying the social capital theory to obtain community solutions. It was clear during important occasions like ploughing, weeding, harvesting, weddings, funerals and circumcision. The communal actions ensured sufficient resources from members to complete the issues at hand thereby making the community achieve more (Gweyi, et al., 2013).

According to the World Bank (2000), the communitarian perspective likened communal wealth with indigenous establishments like clubs and local organisations. Communitarians, who looked at the quantity and solidity of those clusters in a given society, held that community wealth was integrally a noble good and its occurrence continuously posted a progressive consequence on a society's prosperity. That perspective made significant inputs to studies of insufficiency by emphasizing on the uniqueness of communal links in aiding the deprived cope with threats and unexpected occurrences. As Dordick (1997) noted, the poor had a greater risk of missing their source of livelihood, which was, missing each other. That view was adopted in the study in considering the networks that supported savings mobilization and the attitude of members when evaluating their co-operative societies' performance. The communitarian viewpoint also tacitly supposed that populations were uniform units that inevitably comprised and profited all participants.

In that perspective, Narayan and Nyamwaya (1996) argued that evidence from the unindustrialized realm confirmed why only having high levels of community cohesion or informal clusters did not essentially lead to affluence. A World Bank (1989) report on Rwanda quoted that there were more than 3,000 recorded co-operative societies and farmers collections with an estimated 30,000 informal clusters, yet those clusters were incapable of averting one of history's most ghastly social and political conflicts.

In Kenya, a participatory poverty assessment documented more than 200,000 community groups (KNBS, 2015) that were active in rural areas, but the majority did not have contacts to outside resources and were unable to progress the fate of the poor. In majority South American states, ethnic clusters were repeatedly noticed with extraordinary ranks of community unity, but continued to be excluded from wealth generation because they required the assets and penetration

to authority that were required to alter the rubrics of the plans in their direction (Narayan, 1999). That similarity was evident in Haiti, where community prosperity was engaged by country-dweller assemblies to "address labour obligations, gained access to land, protected client-ship in the marketplace, promoted mutual aid, assured protection from State authorities, and generally managed risk." Even so, the groups could not defeat the negative impact of imperialism, exploitation, "regional seclusion, political segregation, and community polarity" (White & Smucker, 1998 pp. 1-3).

The World Bank Research Observer (2000) argued that there was another alternative viewpoint of social capital, referred to as the influential opinion, where the vitality of public systems and domestic culture was mainly the outcome of the political, legitimate, and established settings. In that scenario, the association and link views classified as community investments and as a sovereign variable gave rise to numerous results. The outcomes were either good or bad but the recognized interpretation regarded social capital as a reliant on variable. The Observer argued that that approach was the actual ability of communal clusters to perform in their co-operative concern and relied on the worth of the official establishments under which they existed (North, 1990). It stressed that the outputs of countries and organizations themselves were contingent on their own inside soundness, trustworthiness, and capability and on their outward culpability to domestic civilization. That argument was strongly supported by the study where co-operative societies operated under a strong legislation that supported their governance. Knack and Keefer (1995, 1997) equated communal investments with the value of a society's governmental, legitimate, and financial establishment. Knack (1999) also determined that communal wealth abridged deficiency rates and enhanced, or at a minimum never deteriorated, revenue disparity.

Collier and Gunning (1999) employed a difference of that interpretation in their investigations of the reasons of sluggish progress in Africa. Differentiating between community and government common investment, they demonstrated that sluggish progress happened in civilizations with both high levels of traditional disintegration and pathetic governmental moralities. In that regard, complementarity and embeddedness emerged as strong conditions for the success of social capital.

Norms

The social capital whose landscape and systems changed over time was measured using the measures of belief, sureness in management, elective fashions and social mobility. Numerous outstanding researches had acknowledged beneficial methods of social capital. One way of identifying growth was involvement in casual and recognized relations and linkages. In emerging countries and in rustic zones in specific, methods that took the casual give-and-take through public commemorations, sporting occasions, and other old approaches of nurturing community influences were actually essential pointers of the fundamental frameworks of community wealth (Bank, 2000).

An alternative indicator of social capital comprised customs and morals that enabled interactions, reduced operation expenses, lessened the price of information, allowed transactions in the lack of agreements, and encouraged accountable nationality and the communal organization of properties (Fukuyama 1995). The interrogations economists employed on communal investment found treasured are those on trust. Knack and Keefer (1997) applied the facts to demonstrate the constructive connection between conviction and ranks of ventures in a nation. Examination of the facts exposed that the scopes essential in social capital were comparable even when the situation was fairly changed. One of the qualities of the impressions and treatise on social capital was that

it availed a mutual dialect for those different participants, empowering them to connect in a simple manner with one another (Feigenberg, Field & Pande, 2013).

Bourdieu (1973, 1986), introduced the theory of economic, social, and cultural capitals as different types of resources for generating profits and suggested that economic capital, which referred to material resources directly convertible to money, could not sufficiently explain the disparities in children's educational attainment. In essence, social capital referred to resources that were mobilized from social relations and structure in which actors were located. Similarly, social capital had received much attention across disciplines as a factor for explaining outcomes such as civic and political engagement; performance of employees, groups, and organizations; and overall subjective well-being of individuals (Seunyoan, Jae & Namkee, 2016).

Seunyoan et al (2016) argued that studies found that cultural participation and cultural capital had impacts on strengthening social ties and community spirit as well as social solidarity and integration. Similarly, they found that cultural participation had a positive impact on social cohesion by bringing people together. It confirmed that as people stayed together, sharing their challenges, feasting and undertaking community solutions together, their social capital improved and their behaviour differences abated thereby enlarging social networks.

Networks of association

Lizardo (2013) suggested that participation in cultural activities was positively related to the size of one's personal network. The larger the network size, the more likely the exposure to communication of information, opportunities, and experiences of cultural activities. Researchers repeatedly found that certain characteristics of communication networks, such as size, density, and heterogeneity affected the overall capability and influence of social capital. That suggested that

social ties that allowed one to reach out to and interact with diverse people online contributed to one's perception of general life satisfaction (Seunyoan et al., 2016).

According to a study by Castro, Galan and Bravo (2014), one of the significant advantages which those nurturing new ventures proposed was the promotion of communal connections. The communal connections and the possessions which were implanted in them and organized by associates provided an increase to a serious virtue recognized as social capital. He concentrated on three scopes of communal investment: the organizational scope: the extent of the system, the interactive scope: confidence, and the supply scope. In the corporate setting, the disparity dissemination of communal wealth within participants in all three scopes clarified why they accomplished diverse stages of output. Therefore, effective fresh undertakings relied on the capability of memberships to create and tactically run a system of loyal connections.

Castro et al (2014) argued that social capital, according to the organizational features of the system, that is the organizational scope, landscapes of the association, such as trust, that was the interactive scope, and the possessions of co-operating organizations, that was the interactive-allied scope, connected to the scopes of new venturing firms to those of communal wealth, signifying, as an outcome, the presence of two important facets of venture nurturers: interacting connections and advising collaborations. Consequently, Castro et al (2014) argued that the intricacy connected to the diverse scopes of communal wealth and the different facets of co-operative societies offered actual encounters to associates. That was understood in relation to the organizational scope where co-operative societies got assistance because of the degree of their networks. In respect to the interactive-allied scope, co-operative societies enabled the growth of trust that was entrenched in the associations amongst fellow members and in relation to the resource scope, co-operative societies enabled the amassing of possessions and their availability when required by members.

Accordingly, the size of linkages was an important feature of the organizational scope of communal wealth. When co-operative societies possessed more linkages composed of a superior quantity of memberships, interacting connections were greater thereby enabling the growth of effective guidelines, which reinforced communal wealth.

The co-operative societies' networks exhibited high points of concentration in the associations it engaged or was manifested by regular links and interactions. It enabled the concentration of possessions, engendered responsibilities and prospects and disciplined unwelcome show-jumping members. The profits accumulated by co-operative societies relied on the numeral strength of members. In agreement with Granovetter's notion of fragile versus robust connections, the interactive scopes of communal wealth displayed how financial activities were influenced by the excellence of relationships (Granovetter, 1985, 1992). Thus, the dimension referred to the features and qualities of affairs such as trust and other composite encouragements that is associational value, which resulted from a co-operative society's history and character (Granovetter, 1992; Gulati, Nohria & Zaheer, 2000). Likewise, different scholars maintained that trust was the important influence in the conception and exchange of awareness and other possessions. It diminished the possibility of unprincipled dealings evolving and permitted for better changeability in the distribution and blending of possessions. Therefore, associations relished by gestating businesses were categorized by trust and by their strong points. Trust, therefore, performed as a central communal emollient enabling the movement of treasured possessions through diverse linkages (Castro et al., 2014).

According to Castro et al (2014), the key purposes of interactions were to expedite access to possessions and the gaining of understanding. In that situation, the interactive scope of communal wealth denoted the range to which the relations inside an association's system owned treasured

possessions. It essentially reflected on access to noticeable and imperceptible possessions, their construction in two points crucial to determining whether organizations were proficient in amassing the properties of their interactions. It meant that co-operative societies needed to be conscious of the possessions present within the system to be able to claim and utilize them. Also, they needed a communal arrangement, as associations open channels through which assets like information or economic backing were organized. As a result, Batjargal (2003) postulated that acquaintances with administrators who ran organizations and with financial institutions were beneficial to marshaling huge dimensions of possessions. Therefore, the formation of inter-enterprise and communal wealth systems were stirred by a co-operative society's longing to access and marshal their members' possessions. A co-operative society's linkage afforded access to possessions and information that members needed in order to attain reasonable improvements.

The conclusions by Castro et al (2014) exhibited that the capability of nurturing organisations to assemble possessions from outside individual associates powerfully and completely projected their output and profitability. The obtainability of economic possessions, recommendations and lawful and methodical guidance were crucial properties for the endurance and achievement of nurturing organisations. In that regard, co-operative societies were small entrepreneurial firms when they started their businesses. Scholars considered how individual linkages constructions were gauged by linkage extent or compactness and linkage worth as held together by bond power and influenced by project profitability. However, few researches had concentrated on opening and marshaling associates' possessions which were important for endurance and growth.

The modern approach to social capital conceptualization was a new way of keeping together the importance of community to building generalized trust, norms, networks and the importance of individual free choice, in order to create a more cohesive society (Ferragina, 2014). In *Bowling*

Alone, Putnam gave an enormous portion of the development of the Silicon Valley in the United States of America to official and casual co-operation between new firms in the region (Putnam 1995). Social capital predictions were used at various times to explain the growth of entrepreneurial firms (Stam et al., 2014) while in contemporary history and political science, sociability was thought to explain the roots of modern democracy (Foschi & Lauroia, 2014).

The predictions of social capital theory in the co-operative context explained how savings mobilization strengthened networks of association (Ferragina, 2014). The trust, norms and reciprocity helped to form and sustain strong networks that supported savings mobilization (Putnam, 1995). Co-operative societies built trust among members, supported production and built strong networks within local economies while members were educated on savings mobilization, standards and networks that facilitated collective action through social networking, mutual support, and self-reliant economic development (Fukuyama, 1995).

The study used social capital theory to explain savings mobilization through strong co-operative societies which facilitated members' actions that generated wealth and created employment. The theory was important to the study as it underpinned the co-operative philosophy of people saving part of their resources in a common pool and using them for benevolent purposes. In that collaboration, mutuality was a strong factor that kept them together out of which trust grew, norms crystalized and strong networks of association emerged. Communal wealth had its portion of advantages and disadvantages, but when applied correctly and effectively, it cemented the approach to co-operative society members in Nyamira County's prosperity and enhanced the impact on their economic lives.

The literature into social capital theory showed that social capital encompassed many things: ideas, mechanisms and ideologies that combined to have an impact in the community. It required a strong

and coherent system upon which it was based. Field (2013) contended that in explaining communal wealth and expansion, a repeated meaning was that community relationships afforded prospects for marshaling other progress-improving incomes. The communal wealth did not happen in a governmental void and that the environment and degree of the dealings between societies and organizations held the key to the projections for growth in a specified people. The proof backed the argument that communal wealth could be applied to sponsor or to destabilize the community advantage. And that was the gap that the study aimed to establish through its findings.

The study found it important for the persons concerned in learning about communal wealth and supporting its application in articulating improvement procedures to adopt trust, sincerity, and a readiness to share knowledge, philosophies, and openings in that area. It was over co-operative energies, with all that it involved concerning struggle, persistence, compromise, and common readiness to learn that sincere improvement were achieved.

According to the International Co-operative Alliance, co-operative societies were membership-based organizations whose activities centred on members' economic empowerment, social inclusion and cultural participation (ICA, 1995). They brought together individuals with special interests and a common purpose. Harold Laski emphasized that organizations existed to achieve purposes or interests which groups of men had in common and that every organization presupposed an interest which its members shared (Maclaver, 1932). When they mobilized resources for members and conducted business transactions on behalf of members, they in essence deducted part of the members' wealth to support their operations. At the end of the trading period, any surplus realized was shared amongst members according to participation. John Bates Clark stated that the distribution of income to society was controlled by a natural law, and that the law, if it worked without friction, gave to every agent of production the amount of wealth that agent created (Clark

1998). The distribution was in the form of dividends, rebates, interest on shares or on an acceptable format (**GOK**, 2004).

The value of production was compensated according to members' inputs at the end of the operating period. Indivisible balances were used to support community initiatives such as schools, hospitals, places of worship or appreciating committees that generated the surplus. That social responsibility made members, and the whole community, to blend together under activities that were for the common good. Indeed, under the 1966 Kenyan Co-operative Societies' Act, the Minister responsible for co-operative development was empowered to declare a monopoly for a co-operative society which demonstrated that it handled more than 60 per cent of produce under its area of operation (**GOK**, 1966).

According to Nuhul et al., (2015), savings was the part of income that was not immediately spent but was retained for future consumption, investment or unforeseen contingencies. Consequently, savings mobilization was the act of making savings readily available for re-investment. It defined the parameters within which savings mobilization thrived, thereby attaining the anticipated goals. Accordingly, the International Co-operative Alliance, (2015) averred that individual resources strengthened co-operative societies' growth and enhanced economic development because they built trust, set standards and strengthened their organizations. Similarly, Garson (2006), added that co-operative societies harnessed resources, social relations, facilitated collective action and gave a multiplier effect on savings' mutual support and self-reliant economic development without need for government intervention. Co-operative societies went deep into isolated zones of economic activities that changed native economies by marshaling possessions, availed money and established openings for members' merchandises and services (**WCM**, 2015). When integrated

with the sixth co-operative principle, social capital strengthened co-operative growth and enhanced economic development.

The influence of social capital in Nyamira County was considered from the viewpoint of supporting entrepreneurs in the County. The mobilized resources found their way into new ventures and expansion of existing ones. The research contributed to social capital and investments in Nyamira County. The research showed the association between SACCO societies and resource mobilization as measured by the number of new members joining co-operative societies and their quality. That was measured by the growth of savings, loans, number of borrowers, and how it influenced savings mobilization. The study analysed how social capital, defined ‘as those possessions availed by members’ was related to trust, norms and networking’.

The findings showed real-world suggestions that assisted executives in making judgments about communal wealth, in relation to the significance of the aspects concerning possessions, which were central in the organizational and interactive scopes (Batjargal, 2003). Thus, co-operative societies needed to assess and program wealth generation exchanges in newly registered co-operative societies: the capacity of young co-operative societies to help members mobilize their possessions which transformed the potential of co-operative societies’ communal wealth into appreciated benefits (Castro et al., 2014). That built trust, norms and strong networks of association.

2.3 Theoretical framework

The theory informed actions that culminated in savings mobilization. The involved people congregated together through trust, standards and norms. They appreciated the principles of co-operation, the importance of supporting and building strong associations, and the importance of supporting individual actions through strong co-operative societies. It showed how firms built strength by looking at their members’ contacts and how they used them to mobilize resources for

investment. Figure 2.1 showed how trust, norms and credit handling determined how savings mobilization through co-operative societies was encouraged.

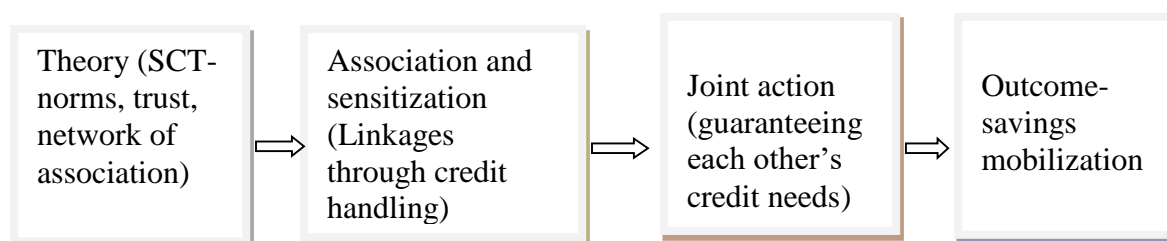


Figure 2.1: Theoretical Framework

Source: Author

2.4 Empirical review

The empirical review was done on studies and the elements of social capital: trust, norms and networks of association in savings mobilization.

In a study conducted by the Micro-enterprise Access to Savings (**MABS**), 2014 in the Philippines, savings mobilization was referred to as the forgotten half of rural finance: mobilizing deposit products that provided rural banks with attractive, stable sources of funds for expanding their microfinance operations. The **MABS** Program presented a novel approach to participants in 1997. The approach was grounded in globally accepted best practices that were specific to the requirements of Filipinos in countryside areas. The variables were savings mobilization and credit handling which was approached using careful market examination and trial analysis. The finding ensured proposing appropriate operational solutions to customer wishes. The package aided rural banks to present innovative savings mobilization and credit services for micro-enterprises and small-scale farmers. Innovative technologies such as mobile phone banking enlarged the limit of fiscal services' provision. The programme addressed the requirements of the micro-enterprise segment and low-earning persons through new savings and credit inventions. The arrangements encouraged banks to stress on deposit mobilization for raising finances than depending on

government loans or loan guarantee programmes. Participating rural banks were assisted in training and technical knowledge on mobilizing: time, money and people for investment. **MABS** assisted in training and appealed for government involvement and other partners like the private sector to assist in achieving its milestones. The rural banks' main agenda was on strategies that ensured deposits from customers' savings. Members were encouraged to maintain small-value savings accounts and continuously increase their deposit balances (**MABS**, 2014).

Members were educated to inculcate loan collection discipline through technical assistance and training. The strategies ensured a commercial, demand-driven approach which made the programme effective and sustainable. Additionally, the programme ably leveraged funding support from USAID, local and international companies. The impact of the programme supported some rural banks to disburse more than 44 billion PHP (\$960 million) in loans to several microfinance projects. Rural banks' savings increased to 1.4 million micro-deposit accounts with savings balances of 2 billion PHP (\$48 million). Majority of the banks generated a significant proportion of the loan funds they required from local savings efforts (**MABS**, 2014). In the study, the concept of saving mobilization was exhibited through the working conditions set by the micro-credit institutions but did not conduct scientific research on the impact or influence of norms, trust and networks or operations.

A research conducted by Agahi and Karami (2012) in the Kermanshah province of Iran looking at the part played by social capital management on success and development of production co-operative societies showed the impact of social capital. The study was conducted by descriptive-correlation methodology with members of production co-operative societies of out of season products. The statistical sample was selected randomly and studied by questionnaire. The validity of questionnaires was conducted by a panel of experts. Its reliability using Cronbach's alpha

coefficient was 0.83. Data was analyzed by the statistical packages for social scientists (SPSS) software. It established that given the political power and influence of tribal chiefs and landlords on land management with the connection to farmers, any feud led to non-cooperation and trust between the two lasting social classes. It concluded that social capital was a powerful concept for understanding the emergence, growth and functioning of a network of linkages. The results showed that several factors affected the success of production co-operative societies: individual motivation was 97%, members active participation was 96.4%, cooperation spirit among members was 93.6 %, goodwill among co-operative society members was 92.4%, willingness for upgrading occupational know-how was 91 percent, attention for upgrading quality of products was 90.2%, relation with other co-operative societies was 89.6%, using experiences of other co-operative societies was 88.4%, disposal of own experiences to other co-operative societies was 87.8%, awareness about global markets was 87%, attention for development of new products was 86.8 percent, concern for community and interaction with society was 86.2%, mutual trust among co-operative members was 85%, and the common image of future among members was 84.4%. However, the study considered the outcome of good management but did not consider the effects of social capital management on savings mobilization in co-operative societies and how social capital contributed to good co-operative management (Agahi & Karami, 2012).

A study by Nilsson, Svendsen and Svendsen (2012) on whether large and complex agricultural co-operatives were losing their social capital established that during the last 20 years, many traditionally organized agricultural co-operative societies were forced to abandon their business form. The research analyzed the social paradigm shift in co-operative societies and how it influenced the disappearance of social capital in large and complex co-operative societies. It established that the problems in co-operative societies were due to members having increasingly

little trust in the co-operative societies and in each other. It also stated that co-operative societies' decision-makers had no instruments for estimating how much social capital was lost when they pursued strategies of vertical and horizontal integration. Thus, the problems caused by co-operative societies' vaguely defined property rights were becoming serious (Nilsson, et al., 2012)

The research showed that the social capital theory was a useful tool for explaining the demise of many agricultural co-operative societies and posited that large and complex co-operative societies were gradually losing social capital: network resources that were invisible but had an economic impact on them. The drain of social capital was reflected in less involvement for mutual benefits, less collaboration, and members' decreasing trust in their co-operative societies' leaders and in each other. The strategies towards far-reaching vertical and horizontal integration created a gorge between members and their co-operative societies, which were lately rich on that particular form of capital (Nilsson, et al., 2012).

The study suggested that a social capital theoretical framework could explain why many of the large and complex traditionally organized agricultural co-operative societies lately failed. That led to less mutual trust and less face-to-face interaction between rank-and-file members, as well as between members and leaders, implying less involvement among members, less pride of one's co-operative society. It weakened democratic governance, and brought difficulties in solving collective action problems. The study urged co-operative societies to carefully evaluate strategies of vertical and horizontal integration given that changing markets very often required value-added processing of agricultural products. The research suggested that more studies were important to avail enough tools for assessing the extent of communal wealth within enterprises so that importance was taken into any cost–benefit study (Nilsson, et al., 2012).

The progress concerned the vast growth of agricultural initiatives and the increased rivalry due to inter-country challenges and technological developments. However, the study did not delve into the influence of social capital in savings mobilisation or why there was a slow diminution of social capital in large co-operative societies and why many SACCO societies were being registered to support members' efforts to evolve into success stories.

A study by Castro et al., (2014) on Entrepreneurship and Social Capital showed proof from a Colombian Business Incubator programme that most previous studies on social capital and enterprise nurturing only examined how the organization of individual linkages and their value affected business growth. Limited researches only addressed the effect on amassing members' wealth. The study examined in what way the scope of social capital: organizational, interactive and resources were interconnected to business nurturing linkages, counseling and management. The research applied the ordinary least squares regression on a sample of 83 nurturing organisations in Colombia. The outcome from analyzing the data showed that resourcing collaborations created the greatest important phase of enterprise nurturing for entrepreneurs. It showed that for enterprises, the major phase of enterprise nurturing was the chance they availed for resourcing exchanges – that was, raising assets from contacts. Consequently, investors were crucial in the expansion of developing economies such as Colombia and enterprise nurturers were amongst the valuable tools that assisted the growth of entrepreneurs in making linkages and enhancing the opportunities of endurance and achievement for developing enterprises. Nevertheless, the study failed to determine why entrepreneurs sought incubation in order to grow their enterprises or why more enterprises were applying social capital as their strength like it was in co-operative growth through savings mobilization.

According to Leakey and Lewin (1978) on the origins of man: the Lake people in Kenya, mutuality was explained as part of the actual composition and character of hominids. They stated that reciprocity was important in the growth of organizations because it was a robust defining aspect of hominid conduct and an influential technique for obtaining an individual's agreement to a request. It had the influence to evoke feelings of thanking somebody even when confronted with an unsolicited favour regardless of feelings towards the benefactor. Unknown individuals' influence impressively enhanced likelihoods of returning those favours basically by presenting a gift or favour before their petition. Additionally, nature obliged people to accept favours which impaired their facility to select those to be grateful to. They asserted that hominids endured because their fore-parents mastered how to share possessions and amenities in an honoured system of responsibility. Therefore, the knowledge that hominids were obligated to honour and return favours was a special characteristic of human philosophy. In the findings, the study did not include social capital as it influenced resource mobilization and obligation to enforce reciprocity which strengthened communities.

Norms

When looking at norms from a sociological perspective, social standards could not be explained through hard rules of knowledge that gave specific parameters for the behaviour of members of a society (Merton, 2016). Accordingly, sociology recognized that micro-units that were the order of governance supported norms within their settings which served as an addendum to cultural or societal expectations. Consequently, norms were regarded as the sum of behaviours within which group members acted or interpreted their understanding of particular group conduct. The norms, therefore, became social products (values, customs, and traditions) representing individuals' basic awareness of what members of the association were meant to do (Caldini 2003). Furthermore, the

contributions of standards were to lead performance in particular situations or surrounded as “mental representations of appropriate behaviour and sustainability (Gerber, 2009; Santos & Van Der 2016). Accordingly, social norms’ behavioural component related to how behaviours were demonstrated and how association accepted that conduct. Similarly, standards changed depending on the experiential conduct of neighbours.

Norms were not the law but their influence on social control at times overshadowed the formal laws since they regulated how people or members behaved in given situations. That was exhibited subject to ethos, background, belief, and topographical area. Norms enabled members, communities or society to build consensus, get on common ground and respect restrictions. In the study, the definition of norms as a principle of right action binding upon the members of a group and serving to guide, control, or regulate proper and acceptable behaviour was adopted. Norms were explained through the action of individual members who voluntarily applied to join co-operative societies and accepted to abide by their resolutions in the context of reigning behaviour and practice (Mackie et al., 2015).

A study by Ndi (2016) on, ‘From Polls to Academia, Stealing is now the Norm’, asserted that defense of academic fraud was emblematic of a society without moral compass. The study based its analysis on a Research Assistant whose qualifications lacked justification in output. It concluded that proper functioning of systems was predicated on most people being honest and that there was no system or institution that worked when dishonesty was the norm: from money to elections to qualifications where stealing was the normative behaviour in the public realm. However, the study on how norms and its dishonesty impacted in the academia did not in any way link the implications of dishonesty to savings mobilization. It did not acknowledge malpractices in recording tampering and frauds in SACCO societies by members and leaders.

A study by Prakash (2013) on the Relevance of Japanese Agricultural Co-operative societies' Experience for Developing Countries established that co-operative societies supported the provision of services in various sectors like health, food security, sustainable health and employment creation. The study looked at performances of post-war agricultural co-operative societies' performance as influenced by the number of agricultural co-operative societies, their size, crop yield and land size, organizational structure, training, and prefecture. The study was based on the analysis of factors of production and labour involvement with the size of the co-operative society impacting on the rates of return to members, the age factor and involvement of gender issues in co-operative management.

The study established that the rapid growth of the Japanese economy after the Second World War was attributed to the hard work of agricultural co-operative societies in consolidating people, land, resources, producing the needed food and services to the community. It confirmed that agricultural co-operative societies rose from ashes and demonstrated their economic, social and political strength through hard work, organizational and management capacities and capabilities. Co-operative societies continuously supplied food which gave confidence to Japan's economic and industrial development. It established that the education and training members received through co-operative societies supported improved food production. Similarly, it established that agricultural co-operative societies provided economic and social services to members with high economic returns, innovations and services which helped sustain and develop them. Norms and trust enabled Japan to strongly emerge from the War with a strong economy based on agriculture. However, the Japanese experience centered on customs of mutual help and assistance in rural areas but did not explicitly state the application of norms in resource and savings mobilization (Prakash, 2013).

A study by Ndirangu and Nyamongo (2015) on the effect of financial innovation on monetary policy in Kenya during the period 1998–2013 showed that the rapid financial expansion in Kenya did not occasion structural changes. Using the cumulative sum (CUSUM) of squares of recursive residuals, the study showed that monetary targeting was a feasible policy stance for Kenya during the period. That demand did not correlate savings mobilization as influenced by norms and how co-operative societies stabilized money demand through financial innovation like the Front Office Savings activity (FOSA). The study did not show that demand was not correlated with savings mobilization as influenced by norms and how co-operative societies stabilized money demand through financial innovation.

Trust

Trust, according to the Chambers Thesaurus (2016), was a dependence on integrity, vigour, capability, surety, etc., of an individual or object or the assured prospect of an outcome; credit: or that on whom an individual or thing relied on: like God is my trust. It was the onus or duty exerted on an individual in whom confidence or right was placed: like a position of trust. As a noun, trust was a financial correlation in which a trustor gave a trustee the right to hold titles to property or assets for the benefit of third parties, the beneficiaries.

In the study, trust was taken as both a noun and a verb where it was the determinant upon which members of a community were motivated to pool their resources together for their common purposes. It cut deeper than physical transfer of tangible resources from members to elected committees for safe custody. It explored and brought into the fore the absoluteness of that transfer and the readiness for taking responsibility over actions of trustees should the risks beyond the control of the trustee arise.

According to a study by Kimeli, Kimeli and Ogendo (2012) on the effect of saving and credit co-operative societies' strategies on members' savings mobilization, savings mobilization in Kenya was strongly influenced by training, investment opportunities and savings strategies. The research was done in Nairobi using simple random sampling to fill questionnaires. It used the multiple linear regression model to test the relationship and assessed the impact of the independent variables on savings mobilization. The recognized intervening variables which had important consequences on marshalling of financial resources were family size, the number of children in school and earning levels among savers (Kimeli, et al., 2012).

The study established that savings mobilization was not an end in itself and it played an important role in sustaining growth and development. The study showed that SACCO societies were community membership-based financial establishments designed and maintained by members in the advancement of members' economic aspirations which required to embrace the client connection and concentrated practice to command competitive advantages (Kimeli, et al., 2012).

The study concluded that trust was an important element in building customer relationships with honesty as a basic tenet. It noted that any interruption or misrepresentation impaired connections than bad news speedily exposed. Among the ethical values of co-operative societies was honesty while education was a fundamental idea. It showed that member drives needed to be directed at intensified education that helped people understand the importance of resource mobilization. The connection of SACCO societies ensured that there existed feelings of uniqueness, communal concern, co-operation, faithfulness and trust. Interestingly, the study did not consider the level and influence of trust in savings mobilization as expected by the social capital theory.

A study on housing by Hugo (2013) on the future of social housing: the Dutch case in the Netherlands, found that individually constructed housing inspired occupants of housing

programmes to explore co-operatives as enablers for getting their own houses or managing their housing estates. It looked at how the social rented sector developed in the Netherlands since 1995, the political debates regarding the future of Dutch housing associations, the economic justifications for social housing providers in a market oriented housing system in advanced economies, and how the power of tenants in social housing was strengthened. The housing associations developed and operated social properties in the areas of care, health care, education, culture, community and neighborhood facilities. Besides commercial actors, free housing markets needed investors and managers with social profiles, who gave priorities to households not able to independently take care of their own housing provision, invest even when economic conditions were not favorable and were willing to be active in areas which were not perceived to be commercially attractive in urban and rural areas (Hugo, 2013).

The findings showed that tenant control and Housing associations in the Netherlands had a strong track record and were at their best when commercial market parties were absent. Co-operative housing inspired a transition from housing associations to social organizations powered by occupants. The major and sustainable source of funds was the one locally mobilized through co-operative savings schemes. The co-operative advantage was evident in the Netherlands where there was a strong appeal for the transfer of housing units from housing associations to small-scale housing co-operative societies. Their participation was strategic and crucial in rural financing and critical in the economic activities that took place in the countryside as people needed funds to initiate and sustain enterprises. The contribution used development and debates in the Netherlands as points of departure and attempted to generalize the findings to other European countries with unitary rental structures. However, the study did not cover savings mobilization and how mobilized

savings enabled members to purchase housing units they wanted to occupy or how trust influenced tenants to support savings mobilization for co-operative housing (Hugo, 2013).

Trust made members form co-operative societies or joined the existing ones. The three main pillars on which co-operatives were formed were economic, social and cultural pillars. Co-operative societies were central in the socio-economic expansion and growth of the community within which they operated. The economic pillar encouraged members to put in some equity capital which accumulated as more members joined in. The influence in the public slowly pervaded all areas as memberships appreciated the co-operative processes which was one of the major explanations why co-operative societies existed. In areas where co-operative societies were large, their influence on socio-economic activities were not ignored. They influenced political decisions and government programmes because of the local involvement and participation of the citizenry. Leaders preferred associating their political success with that of the co-operative societies since national funds for vulnerable groups like women and the Youth were channeled through their SACCO societies. That action brought into co-operative societies enormous savings and resources that truly sustained the argument that loan demands influenced savings mobilization. The Kenyan law of 1966 (GOK, 1966) allowed the Honourable Minister responsible for co-operatives to declare monopolies for co-operative societies in areas where they were dominant in the marketing of members' produce.

Networks of association

Networks of association were understood from two perspectives: networks of likeminded persons or brains; or networks of business associations. The primary aims of linkages were to open opportunities for access to possessions and the attainment of education (Hughes, Ireland & Morgan, 2007). In the study, network was first examined from the psychological sense. Relationship in psychology referred to a mental connection between concepts, events, or mental

states that stemmed from specific experiences. Associations existed throughout several schools of thinking in psychology including behaviourism, associationism, psycho-analysis, social psychology, and structuralism (Castro et al., 2014).

A study by Castro et al (2014) on the evidence from a Colombia Business nurturing showed that social capital's three dimensions of structural, relational and resource dimensions were linked to business nurturing linkages, close supervision and availing capital with skilled manpower. The research examined emerging enterprises' external linkages and how the networks operated in entrepreneurship research. It drew distinctions between organization to organization linkages and individual linkages. It came up with the conclusion that the three dimensions were closely associated. The research expounded that solid internal-communal bonds and pathetic external-communal linkages were necessary for the elimination of repetitious assertions about the effectiveness of communal wealth.

The study observed that individual common linkages evolved out of individual players connected through natural connections. Earlier studies on social capital and enterprise nurturing delved deep into the organisation of individual linkages, which was weighed against the total members in the association which determined the enterprise's progress. It added that external networks enabled emerging organizations' link to institutions of higher learning or research centres; government bodies, other relevant bodies and institutions. It was evident that limited researches specialized on the marshaling members' wealth. Evidence on analyzed data demonstrated that linking wealth to interactions made up the most important characteristic of enterprise growth for budding investors. The study looked at the social capital inherent in co-operative societies that enabled them to leverage or use more resources efficiently in savings mobilization and credit products. Several known examples considered large SACCO societies in Kenya like Mwalimu (A SACCO society

whose membership was mainly drawn from teachers), Stima (A SACCO society whose membership was drawn from the energy sector), Harambee (an urban-based SACCO society whose membership was drawn from the President's office and the Provincial Administration) and Wakenya Pamoja (a Rural-based SACCO society whose membership was drawn from coffee farmers in south-western Kenya) had mobilized savings which ran in billions of Kenya Shillings with no external assistance. The study showed the trust and faith that farmers had in co-operative societies where they made low savings for the families' welfare. The challenges the study posed for Nyamira County was low membership recruitment into co-operative societies while others in the country rapidly grew.

A research by the World Co-operative Monitor in 2015 on the expected contribution of co-operatives to the social development goals looked at the areas that influenced sustainable development and how co-operative societies contributed to their sustainability given their performance under the millennium development goals and in the world after 2015. The variables to establish the level of influence were set according to each sector. The research established that sustainability was a key pillar likely to position co-operatives as an important cog of economic, communal and community protection by 2020. It showed that sixty per cent of humanity was involved in co-operatives as either members/customers, owners/workers or as both. It emerged that co-operatives employed over 250 million people whose daily lives were secured by co-operative enterprises.

The research was conducted under thematic areas covering economic issues, gender, energy, security, education and training, business and medicine, food production, healthcare, world peace and community involvement and established that the growth of co-operatives globally was explained through the clear definition of a co-operative society, principles and values. The

research's findings were premised on the definition of co-operative societies as a self-directed group of individuals held together without cohesive forces. The co-operatives addressed their financial, communal and social ambitions through a mutually-held and legitimately-organized initiative. It gave values as personal-assistance, ego-accountability, and respect for each other, parity, fairness, and unity. Its ethical values were openness, honesty, communal accountability and considerate for those in need. There were seven principles which guided co-operatives on their leadership and management. The research established that there was a strong link between trust and networks of association.

The study concluded that co-operatives were the most suited in addressing all areas in decreasing insufficiency and segregation. They facilitated their associates' enjoyment to economic wealth for personal needs and venture purposes. They formed springs of affirmative communal wealth while developing robust affinities to society, involvement, support and presence among partners. In the international scene, co-operatives actively restored member relations and tranquility. They bridged the trading divide amongst industrialized and unindustrialized nations by bringing parity in fiscal organisations during predicaments and availed the foundation for financial expansion globally. However, the study did not demonstrate how co-operatives influenced savings mobilization.

According to Prakash (2013), the growth of agricultural co-operatives in Japan was boosted by involving other countries in food security efforts, strengthened international aid and intensified educational programmes. Networks enabled amalgamations, better-living services, protection of interests, planned marketing and supply functions, quality consumer goods and services, higher economic returns, encouraging the farmer-members in controlling pollution. The challenges faced included aging populations, change of land use and excess savings by farmers.

But, co-operative members preferred to invest their funds in non-co-operative investments that attracted higher incomes, mistrust on their leadership, and unclear success cases from past performance. Leaders lacked management ability, product development, inadequate systems; insufficient study and research. Similarly, they lacked brand names, under-developed distribution channels and linkages. However, the study dwelt more on programmes and support from external initiatives without linking savings mobilization to members' efforts and their networks or co-operative societies.

A study by Frenzyied (2015) on saving mobilization strategies affirmed that the essence of SACCO societies was the marshalling of surplus funds and the availing of credit to members for investment thereby improving their standards of living. Constitutions of co-operative societies gave guidelines on what the co-operative was registered to do. Among them was the promotion of thrift and creating chances for marshalling savings from which credit was disbursed according to members' needs. It clearly stated that non-members could not be considered for any advances from SACCO societies. Since it traded with members, rates were fair and interest charged was finally rebated to members. The study stated that a conducive environment and members' trust needed to be present for the process to succeed. Co-operative societies needed to display good care of the savings; assure safety of investments; develop ways and modalities and exercise good organization through delivery of well-organized and excellent services. The study approached savings mobilization in co-operative societies from the perspective of benefits but did not show how SACCO societies' as networks influenced savings mobilization where services were not already defined.

A study by Tesfamarian (2012) on savings behaviour and determinants of savings mobilization by rural financial co-operative societies in Ethiopia, recognized and studied savings behaviour and

what determined their growth. The findings were gotten from 120 randomly selected rural household savers from six purposively selected rural SACCO societies. The factors taken into account when crafting strategies were intended at improving the saving mobilization of co-operative members in the population. Co-operative societies performed well and effectively in marshalling rural financial resources where they provided collateral for guarantor-based credits with very few defaulters.

The study affirmed that with financial liberalization in Ethiopia (1992) and the increasing influence of the cash economy in rural areas, associations like rural SACCO societies (RUSACCO's) were in the leading position of promoting financial inclusion through savings mobilization and access to micro-loans by members in rural areas of the country. The study found that landholding was a major factor that influenced not only how fast savings accumulated but what members received. Interest from savings did not act as a motivator to save. The study showed that accumulated resources were determined by household annual income, livestock holding, amount of loan borrowed and years a member had stayed in the co-operative society. However, the study concentrated on savings institutions and management without delving more into what drove members into saving through their co-operative societies and their low default rates.

According to a study by Muthuma (2011) on economic cooperation in Kenyan credit co-operative: discovering the influence of social capital and co-operative societies, Muthuma argued that common morals and unity ties were imperative in generating communal financial possessions while care of the joint possessions relied on systematic mutuality interactions, operative application and clear representation. It analyzed two SACCO societies in different environments on how members achieved economic cooperation using qualitative situation studies. The

investigation involved rural and urban co-operative societies with social capital being used to discover the common structures in enabling communal action.

The findings were that cooperation existed because co-operatives were voluntary associations. It asserted that co-operative societies contributed significantly to economic and social development in Kenya. The research averred that SACCO societies were enterprises that were communally owned and popularly run by members. Economic collaboration was effected as communal financial exploits that empowered single players to derive financial benefits through interactive membership. The research established that although SACCO societies were economic facilitators that accelerated involvement of vulnerable clusters in the financial domain, they also served as community reflectors of the wider income and gender imbalances prevailing in society. However, the study did not show how SACCO societies acted as individual incentives for members to effectively participate in savings mobilization.

In the study, co-operative societies were seen as small entrepreneurial firms when they started their businesses. In conclusion, scholars understood the individual linkages of investors as channels for the movement of important, cherished possessions (Vissa, 2012). Scholars mainly researched into ways individual linkages' configurations and system worth effected project output.

The study analysed how the scopes of communal wealth were defined as the norms, trust and the linkages were interconnected to connections in co-operative societies and savings mobilization. It brought out the mediatorial role that co-operative societies played in savings mobilization by supporting new co-operative members desiring to save. Consequently, co-operative societies formed one of the greatest important rewards which members needed to form when nurturing communal connections (Totterman & Stena, 2005).

Credit Handling

In the study, credit handling meant the process of managing or lending money to co-operative members on terms and conditions set by members which guaranteed that repayments were made within specified periods. It included how members seeking credit from co-operatives were treated and was measured by the duration it took members to access funds from the time of application. The availability of the money when needed was crucial. The volume of loans given and their repayment rate confirmed the importance of credit handling.

Credit handling was crucial in savings mobilization in co-operatives because it built confidence among members and gave them the motivation to save. For instance, in 2014, 2,285 SACCO societies in Kenya mobilized over KShs. 293.1 billion in deposits and disbursed credit worth over KShs. 256.2 billion (GOK, 2014b). Co-operative societies distributed funds for farm credit, provisions, promotion and agro-processing, which was their key purpose in rural areas (Prakash, 2013). Many experts argued that it was advisable for the poor to save first and then invest the money. SACCO societies as fiscal players, transformed savings into loans, afforded saving openings for the deprived, particularly in the countryside. The business model of most SACCO societies was to collect savings from their members and to intermediate them into loans. That enabled the rural and poor population to deposit savings as well as to take loans (Distler & Schmidt, 2012). SACCO societies with their “brick and mortar” structure were often the only formal financial institutions people in rural areas accessed. Accessibility was crucial: people in rural areas lacked places within range to deposit or withdraw money. Also, governance was important; people needed to trust the financial institution they entrusted their savings to.

A study by Mwalughali (2013) on household income and credit of member households of Community Savings and Investment Program (COMSIP) groups in Kasungu District in Central

Malawi analyzed the influence of COMSIP activities. COMSIP clusters were an arrangement of community-based micro-credit and communal-based savings organizations that played several parts in socio-economic development. The roles included recruitment of societies to participate in resource mobilization and how members employed their possessions into revenue creating enterprises and afforded credit. Applying figures from COMSIP, Co-operative Union limited for Kasungu District in Malawi on earnings per capita and right of entry to credit, the study verified the hypothesis that the variables were positively influenced by affiliation to the COMSIP groups. The study used Instrumental Variables (IV) methodology prepared to decrease selection bias as well as endogeneity complications among selected participants. The most important statistics on socio-economic and demographic variables were gathered using household questionnaires from a selection of 150 households.

The study found that variables such as sex of household head, age of household head, credit per capita, land per capita and distance of location of household to the COMSIP office, determined household decisions to join COMSIP groups. The analysis results showed that the effect of COMSIP groups on household income and credit was very strong because COMSIP facilitated household loans and gave saving opportunities to group members. The findings indicated that the modest aiming mechanism of COMSIP arrangement founded on household land possession was effective because members did not like to lose their land because of loan non-repayment.

The design and implementation principles by the COMSIP Co-operative Union Limited facilitated the transformation of social capital into economic capital aimed at creating a framework within which communities formed co-operative societies and mobilized savings from within themselves. Members of the primary co-operative societies then utilized their savings to prudently invest in productive ventures in various sectors such as small-scale businesses and agricultural production. The re-investment brought in income that availed more money for credit through the co-operative

societies. Membership to groups reduced the probability of default and the likelihood that the lending institution did not recover its loans from their securities (Mwalughali, 2013). However, the study did not elaborate on how credit-handling affected the performance of co-operative societies in Malawi in mobilizing resources that supported co-operative operations.

According to Wanyama (2013), co-operative societies in Kenya contributed significantly to economic growth, and demonstrated their economic, social and political strength through hard work, organizational and management capacities and capabilities. The study involved desk-top research, visiting and interviewing members of the identified societies and looking at government reports during the eras of government control and liberalization. The analysis was based on the responses to questions asked to members of both the co-operative movement and government officers. The performance of co-operative societies in relation to credit handling before, during and after liberalization was the same. Loans and savings continued to increase despite the stringent conditionalities on the financial sector. During that period, most co-operative societies sought support from the international community to undertake their staff development.

Among the development partners were the International Co-operative Alliance, International Fund for Agriculture and Development, European Union, United States Agency for International Development, Food and Agricultural Organization, Danish International Development Agency, Department for International Development and Germany Technical Development Agency (GTZ). Co-operative societies were significant in Kenya because they provided direct employment to 300,000, and over 1,500,000 indirect employment. There were several people who derived their jobs from marketing products produced by co-operatives.

The example of Oriri Farmers' Co-operative Society by Muthuma (2011) provided a case where members were economically empowered through soya bean farming. The study found that co-

operative societies provided job opportunities despite challenges that made their performance poor. The research noted that co-operative societies survived the era of liberalization and continued to grow in numbers, membership and income even though some weak ones fell by the wayside while others diversified operations and innovated to respond to members' needs making them post better returns. However, the study did not look at how savings mobilization was influenced by credit-handling or how the predictions of social capital were applied to explain the savings phenomenon.

According to a study by Uchenna (2007) in the Oyo State of Nigeria, it was established that co-operative enterprises gave individuals opportunities to pool resources together for carrying out small-scale businesses that improved people's social, cultural and economic conditions. It established that co-operative societies provided job opportunities through associated economies and showed resilience during economic crises by reducing poverty and exclusion. The research focused on Imo State where there were high levels of small-scale business activities and economic activities that included farming and trading. A sample of 45 co-operative businesses was taken and group-based interviews conducted. The study used group-focused interview sessions and physical observation of the businesses to collect data which was analyzed using descriptive statistical tools such as frequencies, relative and multiple percentages. It looked at business success as influenced by efficient management, types of business, sources of raising capital, raw materials for the business, the scope of marketing of their product, and the application of management-activities and inherent challenges.

The findings established that co-operative enterprises gave individuals who could not operate alone opportunities to pool their resources together to carry out small-scale businesses aimed at improving people's social, cultural and economic conditions even though some of them lacked

financial resources, managerial and technical skills. It identified the co-operative small-businesses in the Imo State by their sources of capital, fresh resources and appraised the marketing of products. It assessed the application of management activities like policy-making, budgeting, accounting, auditing and training, publicity, consultations and evaluation, and the challenges they faced (Uchenna, 2007).

The research established that possible sources of raising capital for co-operative businesses were share contributions, bank loans, members' contributions, members' personal savings, government grants, development partners, borrowings from friends, borrowings from members, and co-operative finance agencies. Raw materials were from the local area where co-operative societies operated and the main outlets for their products were the local trading centres. Few co-operative societies applied key management activities in the course of running their businesses. They operated and patronized small-scale businesses in palm oil processing, produce marketing, agro-processing and pure-water businesses. The study concluded that co-operative societies required business education on policy/objective setting, constant exposure to learning, and interactions with knowledgeable people. However, it did not come out strongly to explain the social capital theory in resource mobilization and how members applied social capital in running co-operative societies in the area.

Grootaert and Bastelaer (2007) argued that building social capital was a core element in the empowerment pillar of the poverty reduction strategy and demonstrated how differences in the human capital of academic entrepreneurs influenced their ability to develop social capital that addressed the barriers to venture development. They agreed that entrepreneurs with prior business ownership experience had broader social networks and were more effective in developing network ties. The argument showed that successful entrepreneurs needed education, social capital and

human capital to easily tackle the reduction of poverty through strong networks but did not include norms, trust and credit-handling. Credit-handling as a mediating factor to social capital needed thorough analysis in the study in order to explain the savings phenomenon as predicted by the social capital theory in Nyamira County.

2.5 Conceptualization

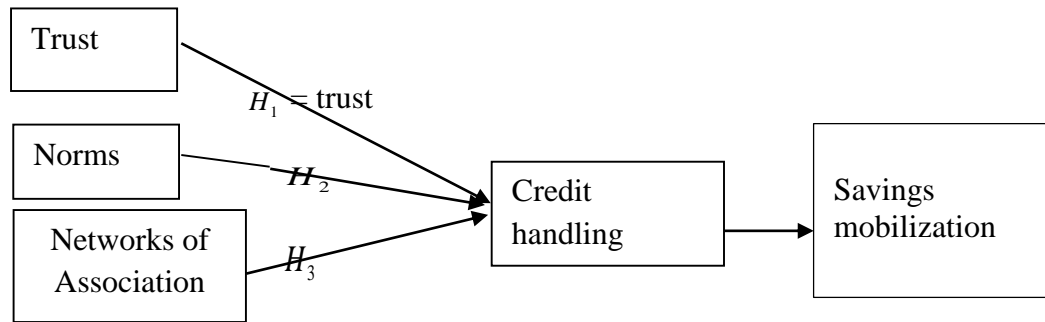
The theoretical review led to the conceptualization of the concept in a logical framework how social capital and co-operative societies influenced savings mobilization.

Conceptual framework

In the study, the social capital theory predicted that trust, norms and networks of association, with credit handling as a mediating factor, led to collective action that affected savings mobilization through co-operative societies. The concept in the argument was that as people understood each other, they built trust, worked together easily and took joint action which improved their aspirations' positive outcomes. The influence exerted by the expectation to have easy and efficient credit through the co-operative societies improved faster savings. Figure 2.1 showed how the concept demonstrated that trust, norms, networks of association and the way members were treated when considering their needs for credits at the co-operative society had influence over savings mobilization.

The norms, trust and networks enabled people to come and work together through co-operative enterprises that facilitated savings mobilization. The standards they set, the trust they built amongst themselves and within the network positively affected their interactions and the rate of the savings mobilized. The way the mobilized resources were appropriated through credit facilities encouraged members to save more through the co-operative society.

The study hypothesis that robust standards were operationalized on savings mobilization through co-operative societies was influenced by trustor norms and networks of association in Nyamira County was explained by looking at indicators of social capital and people as shown in Figure 2.2.



Independent variables

H_4 mediating variable

dependent variable

Figure 2.2: Conceptual Framework

Source: Author 2016

Where $H_1 =$ trust,

$H_2 =$ norms,

$H_3 =$ networks of association, and

$H_4 =$ credit handling as a mediating factor.

The conceptual framework showed that people came together in a co-operative because of trust. They were sensitized on the need to form a co-operative society and how the interactions at the society affected their associational life. They set their own norms and strengthened their association to form a strong business organization. There were several intervening and mediating factors that affected saving mobilization in co-operatives: the Co-operative law, opportunity, common bond, operating systems, savings/loan products, members' age and services. When members came together, they developed acceptable characteristics like decent dressing, salutations, sober mindedness and respect for each other. They had common values, cared for others, and were honest in their dealings at the co-operative society. In the spirit of respect and

acceptance, they attended co-operative meetings on time, opened their meetings with prayers and waited for each member's turn to moot ideas during deliberations. Through the co-operative society, they mobilized resources, opened opportunities and provided services thereby generating wealth and creating employment. The results of that organization were the provision of opportunities and services which led to improved local and national economies.

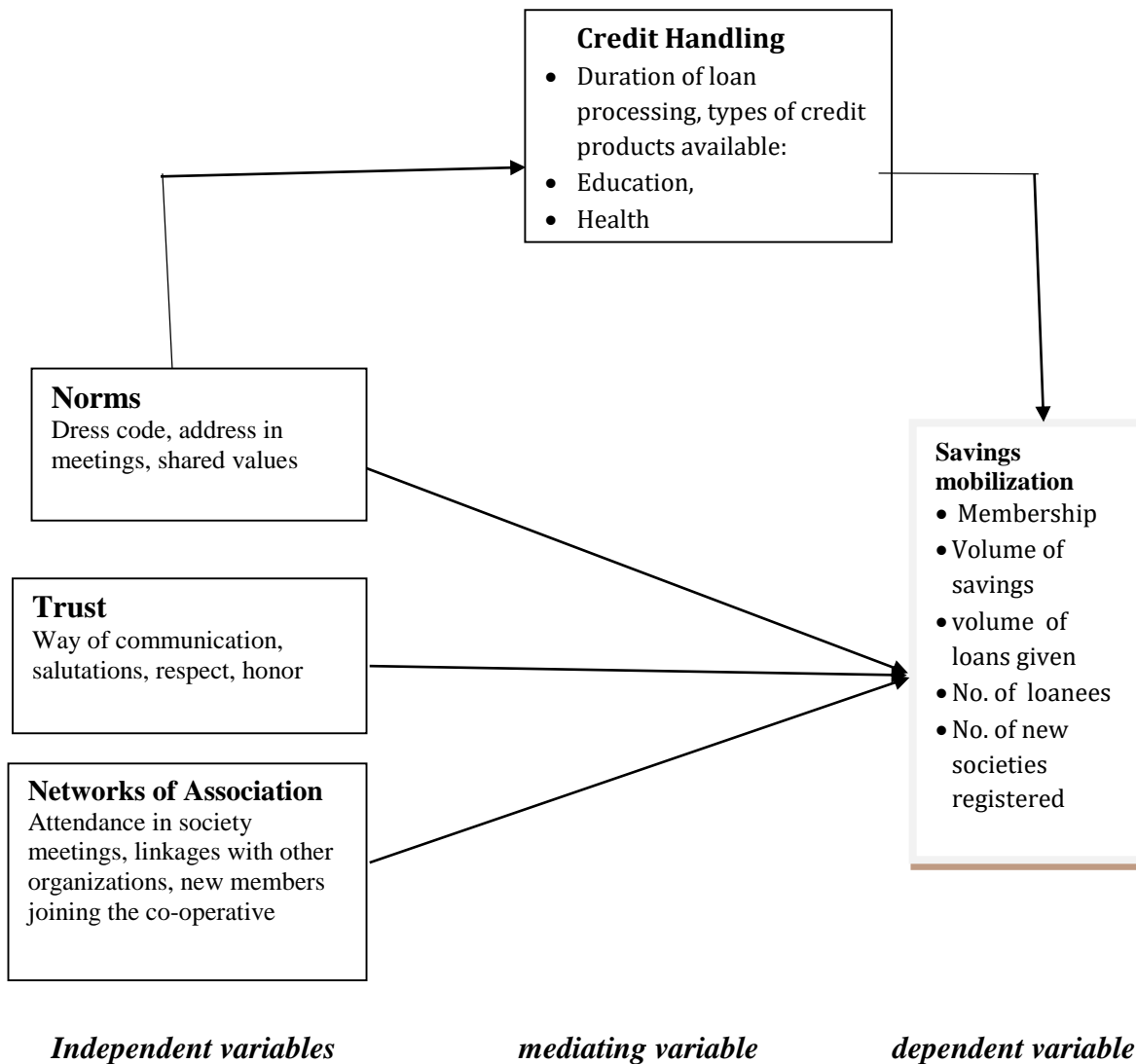


Figure 2.3: Operational Framework Structure

Source: Author 2019

Operationalization

The social capital theory was operationalized in Nyamira County by members coming together for their common good through co-operative societies for savings mobilization. Members identified gaps that needed addressing like marketing of milk, pyrethrum and maize then resolved to work together. Each member ceded part of their independence in their entrepreneurship through trust of neighbours to form co-operative societies which offered opportunities for member education and savings mobilization. The co-operative societies gave members opportunities to share ideas, discuss contemporary issues and a voice for their requirements to be heard in higher administrative settings through representation and attendance in development meetings.

The dependent variable in the study was savings mobilization through co-operative societies which was measured by changes in the volume of sales, savings and credits given during the period under study (one year). In order to understand the phenomenon better, the element of examination in the research were membership in co-operatives. Each variable in the conceptual framework was analyzed using the measures outlined in Table 2.1.

In Table 2.2, the study looked at previous researches undertaken by scholars and gave the summary of each study and its knowledge gaps.

Table 2.1***The Measure of each variable***

<i>S/No</i>	<i>Variable</i>	<i>Measure</i>
1	Trust	<ul style="list-style-type: none">• The number of people attending general meetings• Increase in membership in the co-operatives• Amount saved by each member• Length of membership in the co-operative• The type of services received at the co-operative• How members treat each other
2	Norms	<ul style="list-style-type: none">• The style of dressing in co-operatives• How time is kept during co-operative meetings• What shared values members have• Elected leaders' concern for members• The type of image members portray
3	Networks of Association (co-operative)	<ul style="list-style-type: none">• Number of co-operatives registered in the area• Number of new members joining co-operatives• Type of services the co-operative facilitates• Quality of services enjoyed
4	Savings mobilized	<ul style="list-style-type: none">• The amount saved by members each year• The number of savers in co-operatives• The relationship between savings and credits• The reasons for making savings• The influence of local politics on savings
5	Credit handling	<ul style="list-style-type: none">• The education received on credit administration

-
- The number of people taking credits
 - The amount of credits taking
 - The frequency of loans given
 - Duration of the loans given
 - Lending conditions in the co-operative
 - The number of loan products like emergency, school fees, development
 - The credits used on members' families and health
 - The impact of loans acquired on loanees
-

Source: Researcher, 2019

2.6 Summary of Previous Studies and Knowledge Gaps

The summary of previous research on savings mobilization and research gaps are shown in table 2.2.

Table 2.2

Research Gaps

Social Capital and Savings Mobilization in Co-operatives

Title	Author	Year	Methodology	Findings	Gap
The role of social capital management on success and development	Agahi & Karami	2012	A sample of 220 respondents using questionnaires	There was a high correlation of 83% on the Alpha Cronbach's coefficient scale. Social capital was a powerful concept for understanding the emergence,	The study did not consider the effects of social capital management on savings mobilization in co-operatives.

<p>of production co-operatives</p> <p>A study on Entrepreneurship and Social Capital: Evidence from a Colombian Business Incubator</p>	<p>Castro et al</p>	<p>2014</p>	<p>Ordinary least squares regression on a sample made up of 83 incubating firms in Colombia.</p>	<p>growth and functioning of network of linkages</p> <p>Resourcing interactions constituted the most significant aspect of business incubators for entrepreneurs.</p> <p>The most important aspect of business incubators was the opportunity they provided for resourcing interactions, Entrepreneurs played a critical role in the development of emerging economies such as Colombia</p> <p>Business incubators were among the most useful tools that facilitated the progress of entrepreneurs in creating networks and enhancing the chances of survival and success for emerging businesses.</p>	<p>The study did not determine why entrepreneurs sought incubation in order to grow their enterprises; or Why more enterprises were applying social capital as their strength like is the case of co-operative growth in Nyamira County through savings mobilization.</p>
<p>The Origins of man: The Lake People</p>	<p>Leakey & Lewin</p>	<p>1978</p>	<p>Excavation</p>	<p>Individuals had the power to greatly increase our chances of doing them a favour simply by providing us with a small gift or favour prior to their request.</p> <p>We are obliged to receive the gifts and favours which reduce our ability to choose to whom we wish to be indebted.</p> <p>Humans survived because our ancestors learned to share goods and</p>	<p>The study did not include social capital as it influenced resource mobilization and obligation to enforce reciprocity which should strengthen community</p>

From polls to academia, stealing is now the norm	Ndii, D.	2016	Studying one Research Assistant whose qualifications lacked justification in output	services in an honoured network of obligation. The idea that humans were indebted to repay gifts and favors was a unique aspect of human culture. Proper functioning of systems was predicated on most people being honest. No system or institution could work when dishonesty was the norm: from money to elections to qualifications where stealing was the normative behaviour in our public realm.	The study on norms and its dishonesty impact in the academia did not discuss the implication of dishonesty in savings mobilization.
Are Large and Complex Agricultural Co-operatives Losing Their Social Capital?	Nilsson, et al	2012	Analysing the social capital paradigm in Agricultural co-ops	Co-op leaders did not have the instruments of estimating how much social capital lost when they pursued strategies of vertical and social integration	The study did not delve into the influence of social capital among members to evolve into the success of savings.
The Relevance of Japanese Agricultural Co-operatives' Experience for	Prakash, D.	2013	Agricultural co-operatives' performance as influenced by number of agricultural co-ops, size, crop yield and land size, organizational structure, training, factors of production and	Co-ops supported the provision of services in various sectors like health, food security, sustainable health and employment creation. Agricultural co-ops rose from ashes and demonstrated their economic, social and political strength through hard work, organizational and management capacities and capabilities.	The study did not clearly state the application of norms in resource and savings mobilization.

Developing Countries			labour involvement, impact on the rate of return to members, age, gender issues.		
The effect of financial innovation on monetary policy in Kenya during the period 1998–2013	Ndirangu & Nyamongo	2015	Used the cumulative sum (CUSUM) of squares of recursive residuals	The fast pace of financial development in Kenya had not caused structural shifts. That monetary targeting was a feasible policy stance for Kenya during the period of study.	The study did not show that demand may not have correlated to savings mobilization as influenced by norms and how co-ops could stabilize money demand through financial innovation
The effect of saving and credit co-operative societies' strategies on members' savings mobilization	Kimeli, et al	2012	It used simple random sampling to fill questionnaires and multiple linear regression models to test the relationship and assess impact of the independent variables on savings mobilization.	SACCO's were formed and owned by their members in promotion of their members' economic interests. They needed to embrace the customer relationship focused culture to gain a competitive edge. Trust was an important element in building customer relationships with honesty as a basic tenet.	The study did not determine the level and influence of trust in savings mobilization.
The Future of Social Housing. The Dutch Case.	Hugo, P.	2013	Survey of housing units and associations in the Netherlands	Self-build housing inspired occupants of housing schemes to explore co-ops as enablers for acquiring their own houses or managing their housing estates. The co-op advantage was evident in the Netherlands. Co-op	The study did not explicitly cover savings mobilization that enabled members to purchase the housing they wanted to occupy

				participation was important in rural financing and critical in the economic activities that took place in the countryside. The major and sustainable source of funds was the ones locally mobilized through co-op savings schemes.	and how trust influenced savings mobilization for co-op housing.
Co-operatives and the Sustainable Development Goals	ICA	2014	The study was conducted under thematic areas: economic issues, gender, energy, security, education and training, business and medicine, food production, healthcare, world peace and community involvement.	One billion people were involved in co-operatives. The growth of co-operatives globally could be explained through the clear definition of a co-operative society, principles and values. Sustainability was one of the five pillars that would position co-operatives as builders of economic, social and environmental sustainability by 2020. Co-operatives were the organizations most suited in addressing all dimensions of reducing poverty and exclusion.	The study did not demonstrate how networks of association would influence savings mobilization.
Saving mobilization strategies	Fenzyied	2015	The study approached savings mobilization in co-operatives from the perspective of benefits	The essence of savings and credit co-op societies was the mobilization of savings, the provision of credit and improvement in the standards of living of their members.	The study did not show how savings and credit co-op societies as networks influenced savings mobilization.
Savings Behaviour and Determinants	Tesfamarian	2012	The study identified and examined savings behaviour and determinants of savings	Associations were instrumental in savings mobilization and provision of micro loans to members in rural areas of the country. Accessibility to the	The study did not determine what drove members to save through their networks of

of Savings Mobilization by Rural Financial Co-operatives in Tigray Region, Ethiopia			mobilization by rural co-operators in Southern Tigray, Ethiopia. The findings were obtained from randomly selected 120 rural household savers from six purposively selected rural savings and credit co-operatives.	financial institutions was important in savings promotion. Landholding strongly influenced the rate of total saving; interest earned was not a motivator to save. Savings mobilized was determined by household income, livestock holding, amount of loan borrowed and years of a member's stay in the co-operative.	association (co-operatives).
Economic cooperation in Kenyan credit co-operative: Exploring the role of social capital and co-operatives	Muthuma E.	2011	The study analyzed two savings and credit co-operative societies on how members achieved economic cooperation using qualitative case study research involving rural and urban co-operatives with social capital being used to explore the associational features in facilitating collective action.	Cooperation existed because co-operatives were voluntary associations. Co-ops contributed significantly to economic and social development on Kenya. Savings and credit co-ops were financial institutions jointly-owned and democratically-controlled by members. Savings and credit co-op societies acted as financial catalysts by enabling the participation of disadvantaged groups in the economic sphere.	The study did not show how savings and credit co-operatives acted as individual incentives for members to effectively participate in savings mobilization
The Impact of Community Savings and Investment Promotion	Mwalughali O. G.	2013	The study tested the hypothesis that the variables were positively impacted on by membership to the	The variables were sex of household head, age of household head, credit per capita, land per capita and distance of household to the COMSIP office, determined household decision	The study did not elaborate on how credit handling affected the performance of co-operatives in Malawi.

<p>Program on Household Income and Credit Market Participation in Kasungu District, Central Malawi.</p>		<p>COMSIP groups. It used Instrumental Variables (IV) methodology organized to reduce selection bias as well as endogeneity problems.</p>	<p>to join COMSIP groups. The effect of COMSIP groups on household income and credit was very strong. The design and implementation principles the COMSIP Co-op Union Limited facilitated the transformation of social capital into economic capital.</p>	
<p>Surviving Liberalization : The Co-operative Movement in Kenya</p>	<p>Wanyama, F. 2013</p>	<p>The study involved desk-top research, visiting and interviewing members of identified societies and looking at government reports during the eras of government control and liberalization.</p>	<p>Co-ops in Kenya contributed significantly to economic growth, social and political strength through hard work, organizational and management capacities and capabilities. Co-ops provided many job opportunities despite challenges. Co-ops survived the era of liberalization and continued to grow in numbers, membership and income.</p>	<p>The study did not look at how savings mobilization was influenced by credit handling.</p>
<p>Management and Challenges of Operating Co-operatives' Small Business in Imo State.</p>	<p>Uchenna 2007</p>	<p>The research focused on Imo State, Nigeria. A sample of 45 co-operative businesses was taken and group-based interviews conducted. It used group-focused interviews, physical</p>	<p>Co-operative enterprises gave individuals opportunities to pool resources together; provided job opportunities; showed resilience during economic crises. Possible sources of raising capital for co-operative business were several. Few co-operatives applied key</p>	<p>The study did not come out strongly to explain the application of social capital in savings mobilization.</p>

<p>From Human Capital to Social Capital: A Longitudinal Study of Technology-Based Academic Entrepreneurs.</p>	<p>Grootaert & Bastelaer 2007</p>	<p>observations to collect data. It looked at business success, as influenced by efficient management, type of business, sources of raising capital, raw materials, scope of marketing and the application of management-activities.</p>	<p>management activities in the course of running their businesses. Co-operatives operated and patronized small-scale businesses. Co-operatives needed entrepreneurial education on policy/objective setting, sustained training, and consultation with experts.</p>	<p>Building social capital was a core element in the empowerment pillar of the poverty reduction strategy. Differences in the human capital of academic entrepreneurs influenced their ability to develop social capital. Entrepreneurs with prior business ownership experience had broader social networks and were more effective in developing network ties. Entrepreneurs needed education, social capital and human capital.</p>	<p>The study did not include norms, trust and credit handling in analyzing resource mobilization.</p>
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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter introduced research methods employed during field work. The research methods used were qualitative and quantitative (Bryman & Bell, 2014). The chapter presented the research design, target population, the sampling design (sample frame, sample size, sampling techniques), and measurement of variables, data collection instruments and procedures. It explained data analysis (methods and units of analysis), reliability and validity of data collection instruments, and ethical issues of the study and methods used. Confidentiality was adhered to and respondents remained anonymous.

3.2 Research Philosophy

Challenges at the Ministry of Co-operative Development majorly lay in solving members' concerns in co-operative enterprises. The reasoning for working together somehow puzzled me because naturally, most people in society sought individual glory by posting huge investments and returns. However, in co-operatives, people made economic strides by teaming together. It was necessary to understand why and how their joint action enabled them to build industries, mobilize resources and empower members to improve their lives.

In that context, there was need to understand the structure and operations of what motivated members to faithfully patronize their co-operative societies and the social capital theory emerged. The philosophical argument on social capital and savings mobilization in co-operative societies was not only based on the end-effect of savings mobilization but also provided long-term ways through which co-operative societies provided sustainable ways in which constant supply of development funds were generated from the beneficiaries or members. It was not

about the quantifiable volume of savings but axiological: the motive and incentives on members that made real impact and which could not be recognized by ordinary members. Research philosophy was concerned with the way in which the world viewed things (Saunders et al., 2009) and addressed the assumptions that supported the research methods and strategies used in the research. It took practice, relationships to knowledge and the steps that made them known in real-life situations.

Epistemological study questions the assumptions made on what was acceptable as knowledge in the field of study as argued by Saunders, Lewis and Thornhil (2009). It classified the study into quantitative and qualitative aspects of the research. In the qualitative approach, the researcher networked with those who provided the knowledge or from long time observations of the behaviours of the study target from which an interpretation was drawn. In the quantitative approach, it questioned the relationships between the researcher and the researched. It became necessary and clear that the researcher kept a safe or researcher distance from those being researched so that bias was minimized and the selected sample was objectively determined. Therefore, the study took a positivistic understanding, that was, determining whether or not statements received from respondents were meaningful.

When the research processes were looked at, Saunders et al (2009) argued that it was appropriate to postulate questions on whether to adopt a one philosophical position in a study given that ontology, the science that dealt with the principles of pure being or that part of metaphysics which dealt with the nature and essence of things (Chambers Thesaurus, 2016) and epistemology had explained actions in the research. The rationale was that taking one position or the other in a research was not ideal because some researches required multiple methods in answering them. Due to that understanding and circumstances, the study considered axiology,

which was the ultimate nature, reality and significance of values; realism and pragmatism, that is the practicable rather than the theories and ideals or the philosophic method that made practical consequences the test of truth.

The study took the positivism approach which supported the use of methods which were applicable in natural sciences to study social reality and associated phenomena. In that way, it was easy to deduce from data when research theories were tested. Positivism approach was found suitable for collecting data that was associated with social capital, savings mobilization and co-operative societies in Nyamira County. The conclusion was that the descriptive design, and in some areas the analytical design, were appropriate in the research design which achieved the study objectives.

3.3 Research design

The research design was a strategy on how the research work was undertaken. An investigation strategy was the plan and construction of exploration so conceived to obtain responses to study enquiries, the structure of the research problem and the plan of investigation used to obtain experiential confirmation on the relationship problem (Kerlinger, 1986; Sekaran & Bougie 2009).

The first step in the research was to identify a researchable topic that was agreed with the University Supervisors. A research proposal was developed in collaboration with the Supervisors. The study objectives and hypotheses were presented in a colloquium and approved. Before the research was undertaken, a research permit from Kenya Methodist University and the National Commission for Science, Technology and Innovation (NACOSTI) was obtained. During fieldwork, clearance to undertake the research was given by the local Administration office and the County Director for Education. A team of four Research

Assistants was hired and trained in the County Co-operative Officer's office in Nyamira on how to conduct the research and assist in correctly filling questionnaires.

A questionnaire (Appendix I) was developed and a pilot test was carried out in Nyamira County. After the pilot stage, necessary amendments and improvements on the questionnaire were made before it was ready for administration. When the questionnaire was ready, the Researcher was assisted by four Research Assistants to administer the questionnaire on respondents. Due to the vastness of the County, the research team was divided into four teams with each team covering a Sub-County. The questionnaires were proportioned to each Sub-County according to the number of registered co-operative societies and their membership.

Each team returned its filled questionnaires in the evening and reviewed the progress. Where respondents were unwilling or unable to fill the questionnaire, a team member took time to explain on the importance of the exercise. The Researcher remained accessible to the team and visited all the Sub-Counties. The questionnaires were randomly given to co-operative members who were requested to spare their quality time to fill them. Some respondents were not keen in the way they responded so some questionnaires were returned with mistakes or incomplete information. Those incomplete questionnaires were disqualified from the analysis. The exercise took five weeks to complete. Of the 220 questionnaires that went out for filling, 186 were considered properly filled and accepted for analysis.

After the completion of field work, a Research Assistant was assigned to do data entry and the analysis was done using STATA 13 computer software. The results were captured using tables. In the research, descriptive methods were applied as the study was to determine the current status of the variables under study.

3.4 Target population

According to Malhotra (1999), population was the aggregate of all the elements that shared some common set of characteristics and that comprised the universe for the purpose of the research problem. That was supported by Sekaran (2009). In the study, the target population was taken as the total savers from the registered co-operative societies in Nyamira County. About 40 per cent of them were newly registered while another 40 were dormant. The total number of co-operative societies in the County according to the activities under which they were registered was shown in table 3.1. It showed that there were 40 marketing co-operatives, 41 SACCO's, 25 other co-operatives and two unions. The County was divided into five (5) blocks representing the five Sub-Counties of Nyamira County. Each block was represented by co-operative society members randomly selected in each Sub-County. From each block, a study sample was randomly selected from the target population. A total of 220 members was selected which formed the unit of analysis.

Table 3.1

Registered co-operative societies in Nyamira County by type and Sub-County

<i>Category</i>	<i>Population (No. of Registered Co-ops)</i>					<i>Total</i>
	<i>Borabu</i>	<i>Nyamira South</i>	<i>Nyamira North</i>	<i>Masaba North</i>	<i>Manga</i>	
Marketing co-operatives	10	10	3	12	5	40
SACCO societies	5	19	4	10	3	41
Other societies/unions	6	4	9	6	2	27
Total	21	33	16	28	10	108

Source: MOITC Annual Report, 2015

3.5 Sampling method and procedures

In the study, random sampling was used since the study sought to have the results from the research generalized to other co-operative societies and enterprises in Kenya. A random sample was taken from the SACCO societies in the County.

The sample frame for the research comprised of members who saved their earnings through SACCO societies in Nyamira County. That was ideal because the number of members who saved their earning in registered SACCO societies in Nyamira County were originally drawn from marketing co-operative societies, majority of which were dormant. It was also not possible to conduct a full census. According to Bryman and Bell (2014), a census was a count of all the elements in a population and in that case the sample ensured that all registered co-operative societies in the County were covered.

The research took a sample from the target population which was 136,949 members of co-operative societies in Nyamira County. The random sample of 220 members was requested to fill questionnaires. In the sample, 87 respondents were from marketing co-operative societies, 106 members from SACCO societies and 27 from other co-operative societies. Because of the large area covered by the population and the generality of the number of members who filled questionnaires, a sample of 220 members was considered adequate for the study as supported by Sekaran (2009) who contended that if the purpose of the study is to understand a phenomena, a sample of 30 percent of the population was almost always used. The degree of confidence associated with that estimate was pegged at 95 percent, taking into account the sample size.

The sample size of a research study depended on the size of population and the structure of that population. According to Government statistics from Nyamira County, more than 40 percent of

the registered co-operative societies were dormant (MOITC, 2016). Kamindo (2008) argues that studying the entire population was the most ideal situation for any researcher which was not used in the case, table 3.2. The study used the adjusted sample size from the target population by applying the formula by Saunders et al., (2009). Thus:

$$n^1 = \frac{n}{1 + \frac{n}{N}}$$

Where:

n^1 = required adjusted sample

n = sample size for target equal or greater than 100,000; usually 384 (Saunders et al., 2009)

N = Target population (=136,949 members)

However, in the study, a sample of 220 members with savings accounts was used due to the high number of inactive members in the large co-operative societies and newly registered co-operative societies whose records were new (Appendix III). The results showed that there were 65 active co-operative societies out of which only four were SACCO societies having 63,432 members most of whom were newly recruited. The estimated sample size was 220 members.

The respondents were selected using both proportionate stratified sampling and systematic sampling. The techniques were chosen because of the diversity and size of the target population and ensured homogeneity within each stratum and heterogeneity between strata. The membership in each stratum, Table 3.2.

Random sampling and triangulation were based on the type of co-operative: marketing, SACCO and others. Systematic sampling was used to select the k^{th} case from each stratum. Respondents were mapped and their answers tallied.

Table 3.2***Sampling Technique***

<i>Stratum</i>	<i>No. of co-operatives</i>	<i>Target Population</i>	<i>Active Membership</i>	<i>Sample size (members)</i>
Marketing co-operatives	40	67,735	27092	87
SACCO societies	41	67,599	63,432	106
Other co-operatives	27	1,615	626	27
Total	108	136,949	91,150	220

*Source: MOITC, 2016***3.6 Data Collection**

To test the questionnaires, a pilot study was conducted and the findings were used to improve on their quality and applicability on the study. The improved questionnaires were distributed to each Sub-County according to the number of active members who made their savings in registered SACCO societies in that Sub-County, table 3.3. Each Sub-County was given the number of questionnaires proportional to the active membership in registered co-operative societies.

Table 3.3**Distribution of questionnaires to each Sub-County**

<i>Type of Co-operative</i>	<i>Name of Sub-County</i>					<i>Total</i>
	<i>Borabu</i>	<i>Nyamira South</i>	<i>Nyamira North</i>	<i>Masaba North</i>	<i>Manga</i>	
Marketing	20	24	8	28	7	87
SACCO	21	45	10	24	6	106
Other	4	4	9	6	4	27
Total	45	73	27	58	17	220

Source: Researcher 2019

The distributed questionnaires were filled and returned as shown in table 3.4. Before the questionnaires were administered, permission was sought and obtained from NACOSTI, the County Government and the County Director of Education. The overall percentage return of filled questionnaires was 84.5 per cent which were considered adequate.

Several authors (Kothari, 2004; Saunders, Lewis and Thornhil, 2011) emphasized that a pilot study should be undertaken to pre-test the questionnaire. Pilot study enabled the researcher to obtain assessment of the validity of questionnaires as well (Saunders et al., 2011). According to Cooper and Schindler (2014), research instruments needed to be pilot-tested to detect weaknesses or errors in the instrument. A pre-test study of 10 questionnaires was undertaken to test the accuracy and relevance of the data collected. Necessary adjustments were made to the questionnaire before it was administered in the whole County. A self-administered questionnaire was applied to collect data. The data was collated using the Likert-scale with the answers classified into strongly agreed, agreed, neutral, disagreed and strongly disagreed. Strongly agreed had the weight of five while strongly disagreed had a weight of 1 with the others lying between.

The questionnaire comprised six sections: personal information, assessment of trust, norms, credit handling and savings mobilization in co-operative societies. The measure of each variable was shown in Table 2.1. The researcher engaged four research assistants to assist in data collection and one Data Analyst Assistant for data entry. The Researcher and his Assistants were careful not to stay in one area of the Sub-County for too long in order to minimize bias. The filling of questionnaires was done over several days and members were requested not to fill more than one questionnaire even if they were members of more than one co-operative society. The Researchers were careful, courteous and thankful to respondents.

3.7 Data analysis

Analysis of the data from each block was done by regression analysis using analysis of variance and co-variance. Data collected was analyzed using quantitative and qualitative methods. Quantitative data was analyzed using descriptive statistics, measures of central tendency and inferential statistics, specifically correlation and regression analysis. Pearson's coefficient of correlation was used to analyze data obtained through the Likert scale-type of questions to determine the significant effect of each variable on savings mobilization.

Correlation and regression analysis was used to determine and explain the relationship between variables and their influence on co-operative growth. The formula the researcher used for regression model was:

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

Where Y=Dependent variable (savings mobilization);

β =Beta coefficient;

μ =disturbances, and

X_1, X_2, X_3 and X_4 were the independent variables.

Where X_1 = the norms,

X_2 = trust,

X_3 = Networks of association, and

X_4 = credit handling.

Qualitative data was categorized into themes, guided by the study objectives from which interpretation and conclusions were made. The analysis provided a prediction about the dependent variable (savings mobilization) based on its covariance with all the independent

variables (Kothari 2004). The STATA computer programme was used to analyze data (Saunders et al, 2011).

3.8 Validity and Reliability

The main sources of data for the study were from desk review, that was, the information provided by Government officers in the County and questionnaires. The data was collected using trained Research Assistants and co-operative societies' operational managers who ably identified respondents according to each stratum. In the SACCO societies, access was allowed by the managers to use their banking halls to fill the questionnaires.

To control the study and ensure collection of standard and adequate data, the questionnaires were pre-tested on three respondents from each category (stratum) to ensure its validity and reliability, and then adjusted accordingly to ensure the collection of reliable and accurate data. 220 questionnaires were distributed and a random sampling done in each stratum. The used methodology safeguarded against contamination and bias in data collection and the resultant study findings. Due to the amount of the research work, the Research Assistants and I were collectively involved in data collection. The data collection started at 8.00 a.m. and run through lunch time to 5.00 O'clock in the afternoon so that the respondents were found within the co-operative premises. The first act on arrival at each co-operative society was to clearly identify ourselves and explain the reason for being at the venue. In that way, the team ably bought into the co-operative management, gained their confidence and support. They in turn invited the respondents and assuaged their concerns about the study. That made the work easy and smooth. From Table 3.3, the response rate was 186 of the 220 questionnaires that were distributed. That translated to 84.5 percent of the distributed questionnaires. For the savings mobilization model, the histogram showed that the residuals formed a normal distribution with the mean of zero and

the standard error of 0.99, Figure 3.1. It confirmed that the shape of the probability density function (PDF) of savings mobilization formed a normal curve with the mean value of zero. The result showed that the model was accurate, which was one of the normality assumptions of the classical linear regression model.

The Cronbach’s Alpha coefficient of the four independent variables on the reliability of the statistics was 0.80 (Table 4.6). The result confirmed that the independent variables were independent and none was a factor of the other and, therefore, acceptable for analysis. Similarly, it implied that there were no other major factors affecting the research. However, it was inferred that savings mobilization was influenced by other mediating and moderating factors which were not included in the model. The reliability of the statistics implied underlying cross-sectional influences due to the large sample sizes on norms, trust and networks of association.

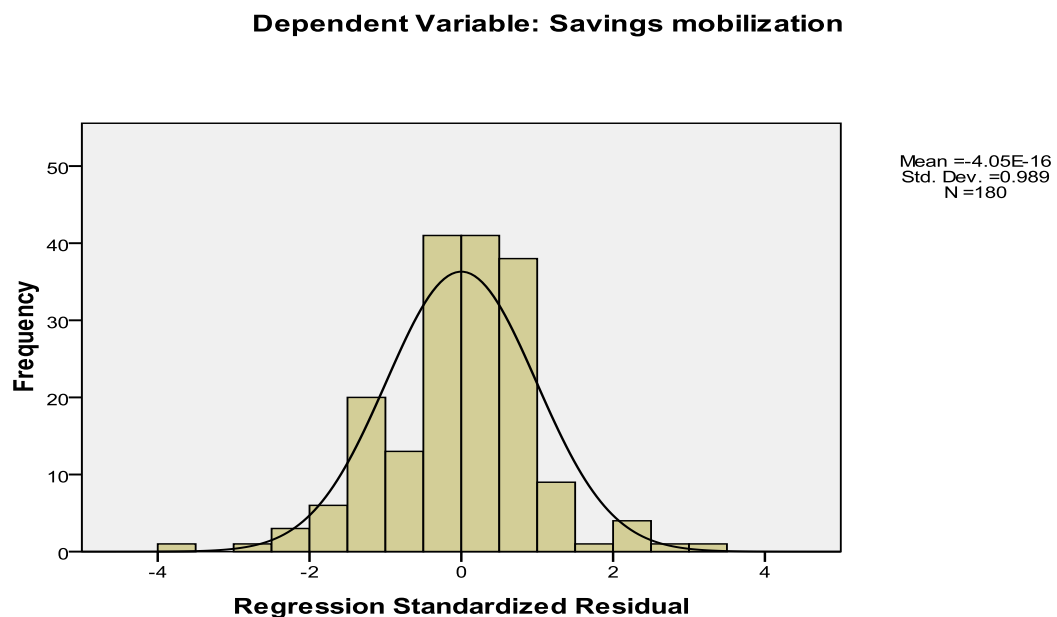


Figure 3.1: Histogram of Residuals

Source: Research findings, 2019

3.9 Ethical issues

Ethics are important in any field of study and in this study, ethical issues were guided by the Kenya Methodist University's Policy on post graduate studies and research. Before the field assignment was undertaken, a research programme was presented to the Post Graduate Committee of the School of Business and Economics of the University which approved it and wrote an authority letter addressed to the National Commission for Science, Technology and Innovation which duly approved the research. The Commission in turn wrote a letter of authority to conduct the research in Nyamira County to the local Public Administration and the Director of Education. In the County, similar authority letters were written to whoever the researcher contacted during the research. The research design included commitments of protection of the information obtained, privacy, non-interference of respondents' rights and provision of a copy of the research findings to the National Commission of Science, Technology and Innovation upon completion of the research.

With all authorities and access for the research granted, individual voluntary participation was sought from respondents. The confidentiality of the respondents was preserved and all information collected was for academic purposes only. Any errors and omissions were the responsibility of the researcher and any questions were sent to him. Data collected for the study was not shared with other parties nor used to adversely affect any institution. To enforce confidentiality, code names were used and respondents were given pseudonyms (code numerals). No information acquired by virtue of the study were reproduced or used in a court of law.

It was not possible to go back and thank the research participants but it was hoped that the summary of the findings filtered back to the County for acknowledgement and possible use.

However, collaboration with peers and other reputable scholars was sought to add credence and confirmation to the findings.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

In the chapter, the study looked at the analysis of the model summary, parameters that impacted on social capital and savings mobilization in Nyamira County. The analysis looked at membership, gender, type of co-operative society, age of members and their involvement in the co-operative. The study results on the influence of trust, norms, networks and the mediating influence of credit handling on savings mobilization were reflected through the level of savings and credit given to members.

4.2 Demographics

The people of Nyamira County were analyzed using their contact and use of services in co-operative societies. Table 4.1 shows the measures of other parameters that influenced resource mobilization in Nyamira.

Age of Members

The research showed that membership into co-operative societies commenced as soon as people turned 18 years old, that is, when they were legally recognized by the law as being able to make their own decisions. Table 4.1 shows the spread of members in co-operatives against the age-bands data.

Table 4.1 showed that 12 per cent of the membership fell within the age-band of 18 years to 25 years, while 25 percent of membership fell between the ages of 26 years to 35 years old. Further, 31 percent of the membership was aged between 36 years and 49 years old while 24 per cent of the membership was aged between 50 years and 60 years old and 8 percent of the membership was aged over 60 years old.

Table 4.1*Measures of other parameters*

<i>Parameter</i>	<i>Age (years)</i>	<i>Frequency</i>	<i>Per cent</i>
1. Co-operative members' ages	18 – 25	22	12
	26 – 35	47	25
	36 – 49	58	31
	50 – 60	45	24
	Over 60	14	8
2. Length in co-operative membership	Less than 2	55	30
	2 – 5	58	31
	5 – 10	36	19
	10 – 20	24	13
	20 – 30	9	5
	Over 30	4	2
3. Sources of income	Business	55	30
	Farming	77	41
	Farming & salary	25	13
	Salary only	27	15
	Others	2	1
4. Reason for co-operative registration	No response	1	1
	marketing	40	22
	Savings and credit	133	72
	Unions	10	5
	Other	2	1
5. Type of services offered by co-operatives	Type of service		
	Lobbying	15	8
	Marketing produce	43	23
	Savings and credit	117	63
	Farm inputs	9	5
	others	2	1

Source: Research findings, 2019

The results showed an interesting trend of members' involvement with co-operatives and their age correlation with saving through co-operatives. The finding was that as members matured and were able to engage in economic/income-generating activities, they joined co-operative societies thereby enhancing their opportunities and capacity to grow. Another result from Table

4.1 was that the youth age-group of members in co-operative societies comprised 37 percent, (the age between 18 years and 35 years old). The finding was that the inclusion of the youth in co-operative activities gave them a good induction into co-operatives early in life. That result was double the national demographic figure which put the youth percentage figures at 19 percent of the Kenyan population in 2009 (KNBS, 2010). That early induction made the youth to develop trust in co-operative enterprises.

The result showed that there was a proportional growth or decline on the level of investments with age depending on what was at the centre of analysis. It confirmed that the response of people to the introduction of new products started from a suspicious position before they develop confidence and trust in any new product. As people aged, they acquired more responsibilities and knowledge which enabled them to commit themselves more wisely. The responsibilities included having families, spending more money on school fees or settling disputes with neighbours due to expanded investment portfolios. It also meant having to discharge associational obligations or contractual commitments in society, with peers or with colleagues in the work place.

The research captured the spirit of members pooling their resources together through a mutually-owned and popularly-controlled initiative which involved all segments of the population for an effective impact. The spread of membership, according to age, showed a normal curve with the concentration in the ages between 36 years and 49 years old. The research results were in conformity with empirical research which expected a normal curve in life where one enters at the bottom, as a youth, and slowly inches to the top and exited as an old person.

The results showed that co-operative enterprises gave individuals, through collective action, an opportunity to pool their resources together so that they could carry out their undertakings in

any area. That action improved their social, cultural and economic conditions even though some of them initially lacked the financial resources, managerial and technical skills. The results similarly stressed the part of communal wealth and co-operatives with reference to shared values and unity ties.

The ideals and standards were vital in creating co-operative economic resources whose maintenance depended on systematic mutuality exchanges, effective enforcement and clear representation. The research concluded that building social capital was a core element in the empowerment pillar of the poverty reduction strategy and entrepreneurs needed education, trust, standards with a joint enterprise and human capital so that they could easily reduce poverty through strong networks and proper handling of mobilized resources.

Members' Education Level

The results showed that members of co-operative societies had an appreciable exposure in formal school. Of the respondents, only 1 percent had no formal education while majority of the members, 77 percent, were those with secondary school and post-secondary school education. It also showed that 1 percent of the respondents had university education. The finding was that more than three-quarters of the membership of co-operative societies in Nyamira County had formal education. Further, even the well-educated in the County cared to be members of co-operative societies.

The results showed a strong influence of education in savings mobilization. The spirit of formal education and the education level among members was very important and had a great influence in savings and co-operative growth. The display showed a normal curve with the median being secondary school education if one were building steps to climb in life. That result was in line

with national demographics on literacy levels where Government efforts to provide compulsory basic education bore positive fruits.

The correlation was measured using the Pearson Correlation coefficient which showed a coefficient of -0.06 in Year 3. That was a damaging value which confirmed that there was an undesirable association within items in Year 1 on education. The Pearson Correlation coefficient increased in the second year to 0.07 and then increased farther to 0.08 in the third year. The results showed that as people got formal education, individual savings increased. The finding agreed with empirical research in most SACCO societies where members saved more as they aged in the service because of their understanding of the administration and use of credit. Similarly, members got more demands for funds as they got involved in family commitments whose credit qualifications relied on their savings.

In practice, SACCO societies granted loans as a factor of a member's savings hence the positive correlation between savings and loans. It was also true that as people got more exposed, they acquired more knowledge, new tastes, sophistication and association which dictated new lifestyles and higher degrees of spending. The new demands made members save more so that they borrowed more to respond to the dictates of their transformed lives or peer pressure.

The research established that in the second year, the Pearson Correlation coefficient was $.069$ which showed that as members got formal education, the individual level of savings increased. The results showed that savings mobilization was positively influenced by the level of education among members of co-operative societies. As the years increased, the membership also expanded and the level of education went up. The philosophy and understanding of co-operative education existed since the outset of co-operatives in 1844. Education for members was one of the main activities that was given a special allocation from the operating surplus. It

was a certain percentage of the surplus realised during the co-operative's trading period as appropriated in a general meeting, Rhodes (1995). Many years later, the International Co-operative Alliance, (1995) promulgated the fifth co-operative principle that embodied the ideals of co-operative education, information and training. That finding was in agreement with observations by Kimeli et al (2012) who established that savings mobilization in Kenya was strongly influenced by training, investment opportunities and savings strategies.

Marital Status

Co-operative members have one qualification that the law demands of them: they must be aged over 18 years old. That is the age allowed by law for Kenyans to enter into legally recognized contracts. One of such contracts is for individuals to enter into marriage. Appendix 4.1 showed the marital status of co-operative members in Nyamira County and their participation in co-operative activities.

The results showed that majority membership of co-operatives, 80 percent, was married, while 6 percent were widowed with only 3 percent being single. In the analysis, the youth comprised 11 percent. The responsibilities of married people made them build trust on other members because they shared common aspirations, needs, prospects and community expectations. They cared about their ability to integrate with others and be relied upon for family support. Married people empathized with others when confronted with emergencies.

The research showed that co-operative membership cut across all phases of human life with those who had major responsibilities or intending to invest for more returns from investments forming the bulk of members. That high figure of individuals participating in co-operative activities showed that the people had trust in co-operatives. Those people were ready to associate with others for more strength in addressing their needs. However, there was 6 percent

which was neither single nor unmarried. That percentage needed to be integrated into the co-operative family within the County and beyond.

Members' Age in co-operatives

The participation of members in economic activities through their co-operative societies showed their strong belief in organizations they initiated, managed and led. The length of stay in membership strengthened the argument that co-operative societies provided the only viable option through which members guided their productive and marketing processes. It helped in creating employment, sustainable development and ultimately influencing social integration and enriching cultural participation. In the process, the members took charge of their destiny and indirectly influenced that of the others with whom they associated. Table 4.1 showed the length of stay of members in their co-operatives.

The research showed a pyramidal growth of age of members' stay in co-operatives with the youth forming the majority of members at the base. The youth proportion was 60.8 percent which confirmed that the membership in co-operatives had a sure future. At the top end, the members with more than 20 years in membership formed only 8 percent. That was in conformity with natural life expectations where the aged are expected to exit the stage to allow for youngsters to take charge. The finding showed that social capital among humans matured with age given that norms, trust and associations grew strong as people stayed longer together, sharing their successes, challenges and visions. Life expectancies also confirmed that there were fewer grandparents than grandchildren for a growing population. True to expectation, the co-operative membership had a large base made of members whose age was below 35 years.

The age of membership in co-operative societies showed that more people joined co-operatives as soon as they qualified for membership and could raise the resources required by the society

by-laws. The results showed that the people joining co-operative societies were more compared to those with many years of membership. The rapid growth of membership showed that there was reciprocated trust between members, starting at the time members joined co-operatives. The opportunity to become a co-operative member motivated potential members to join co-operative societies and participate in the co-operative leadership and management. The older members passed the co-operative torch to the young members of society who also eventually passed the co-operative message to their children at every available opportunity.

Ownership of other businesses

The strength and future of co-operative societies in Nyamira County heavily relied on how members handled their resources. The channeling of their savings through co-operative enterprises formed a sure and reliable source of co-operative support and development. The research looked at how members viewed their future and co-operatives. The results showed that members engaged in other businesses brought the incomes from their businesses into co-operative societies. The members also borrowed from their co-operative societies to expand existing businesses or venture into new areas. The urge to venture into new areas, and expand members' financial stability brought out the members' entrepreneurial aspirations. The act provided more opportunities for job creation, increased incomes and savings.

The effect of increased co-operative activities created more avenues for social entrepreneurship. The research established that nearly 61 per cent of co-operative members, in Table 4.1, engaged in other businesses besides the main business that they did through their co-operative societies. For those venturing into other businesses, they were convinced that there was ready market through co-operative societies. Members entrusted the co-operative societies with their merchandise, accepted the prices offered by them and believed that the merchandise was

available whenever needed. Some of the auxiliary businesses that co-operative members engaged in were those that supported the co-operative enterprises and made the local economies strong. Those included local hotels, retail shops and public transport.

The businesses' savings found their way into co-operative societies where they formed a strong financial base from which members borrowed for re-investment. The improved earnings added more savings into their co-operatives. The confidence showed in co-operative activities confirmed the social capital theory where people pooled their resources through strong networks of associations, like co-operative societies. It further showed that savings and credit played a crucial role in diversifying co-operative members' aspirations into other business concerns in the local economy. The 39 percent of the population that had no other business endeavors were deemed as those who were young in co-operative membership, 30 percent, or those working on new investment projects.

The members confirmed that they owned other business enterprises besides their membership in co-operative societies so that they could help or lead in transforming the rural economy. That was in line with general expectations of society and empirical evidence that people who made savings diversified into new areas. The new investments in turn enhanced members' earnings out of which more investments were made at the co-operative where trust and the ability to get more credit were some of the main influences.

Sources of income

The research delved into the sources of income for co-operative members in the County and the results are shown in Table 4.1. The results showed that over 41 percent of the members of co-operative societies made their savings in co-operative societies from farming activities. A further 30 percent made their savings from their business enterprises while 15 percent of

members channeled their formal salary incomes through co-operative societies. There was 13 percent of the members who made their savings from both farming activities and salaries from formal employment. Finally, one per cent of the members saved their earnings from whichever sources available to them through co-operative societies.

The research found that the sources of income included farming, business and formal salaries from employment. Of those sources, the largest source of income was farming at 41 percent. That result confirmed that members who were farmers relied on their co-operative societies for farm inputs, marketing the produce realized from farming and processing of their payments from their marketing. The next major source of income was other businesses which accounted for 30 percent. The two sources formed more than 71 percent of the sources of income for members of co-operative societies in Nyamira County. The results confirmed that farmers had trust in mobilizing their resources through co-operative societies from where they accessed it. Members opted for co-operative societies because they were treated with dignity. Further, members on salaried employment, 13 percent, saved their external earnings through co-operative societies. The motivation to transact savings through co-operative societies was attributed to the flexibility and easy access to co-operative societies due to trust and good standards.

Types of activities under which co-operatives were registered

A search at the co-operative registry showed that co-operative societies in Kenya were registered under activities which included agricultural marketing, savings and credit, housing, handicrafts, unions and transport. The results indicated that members joined co-operative societies for various reasons: 72 percent joined for savings and access to credit. The next major activity was marketing of agricultural produce at 22 percent. Co-operative unions had a low

rating of less than 5 percent with others below 2 percent. However, the unions formed an integral part of marketing co-operative societies as they played a critical role in management, lobbying, advocacy, procurement and re-investment (Table 4.1). The research further showed that members sought registration of co-operative societies because of aggregating their produce and delivering it to markets at low operational costs. They also wanted a medium through which they pooled their resources for re-investment.

The finding was that the highest need for co-operative members in Nyamira County for which co-operative societies were formed was marketing and saving the income generated from the marketed produce. In that regard, the savings and credit activity accounted for 72 percent of savings mobilization. That was in line with the social capital theory where trust, norms and developed networks by members were important. The networks formed by members in turn developed norms, built trust and served as channels for advantageous transactions.

The research established the explanation why majority of co-operative societies in the area were registered as either marketing or savings and credit co-operative societies (SACCO's). It naturally followed that of the services offered by co-operatives, the savings and credit activity, was the dominant service followed by the marketing of members' produce. Again, members' trust in co-operative societies motivated them to channel their savings into co-operatives.

In line with that result, Table 4.1 showed that of the services offered by co-operatives, the savings and credit activity was 63 percent followed by marketing of produce at 23 percent. Lobbying for better prices and procurement of farm inputs occupied very low priorities in the members' reasons for joining co-operative societies even though they were crucial. That high concentration of co-operative activity was evident in the days immediately after Kenya attained

its political independence when co-operative societies were seen as the panacea for small-scale members' social and economic problems.

The results showed that most co-operative societies were registered as savings and credit co-operative societies (SACCO's) and as marketing co-operative societies. The need for members in the County was marketing of produce and an opportunity to save part of the earnings for re-investment. Members who earned from other sources were those whose involvement in the activities gave them an opportunity to access services that co-operatives offered. Similarly, the study found that 5 percent of members joined co-operative societies because they believed that joint action through co-operative societies yielded competitive prices for their produce, products and services. The reality was that co-operative societies had a level of cohesion that affected their behaviour.

The results established that investments marshalling was the channel that played an important role in sustaining growth and development of the areas in which co-operative societies were the only medium of desired services. The observations affirmed that SACCO societies were communal membership-based financial organizations started and owned by members in support of their economic benefits. And because of that important fact, service to members was of paramount importance since co-operative societies also offered services to non-members in rural or remote areas. In the Kenyan context and prior to 1997, the Co-operative Societies Act of 1966 (**GOK** 1966) allowed the Hon. Minister responsible for Co-operative Development to declare a monopoly where a co-operative society was dominant in produce marketing. Every producer was therefore required to market his/her produce through the co-operative society even if s/he was not a member of that co-operative society.

Commodity producers look for the best way to reach markets for their produce at low operational costs in order to optimize their returns. One method is marketing co-operative societies which bulk the produce, store it and later transport it to markets or processors. The results showed that marketing of members' produce emerged as the second important reason for the formation and registration of co-operative societies. It also established that the level of marketed produce through co-operative societies formed an incremental trend as years progressed.

Table 4.2

Volume of marketed produce

<i>Amount saved (KShs. '000)</i>	<i>Year 1</i>		<i>Year 2</i>		<i>Year 3</i>	
	<i>Frequency</i>	<i>Per cent</i>	<i>Frequency</i>	<i>Per cent</i>	<i>Frequency</i>	<i>Per cent</i>
	2	1	4	2	4	2
Less than 100	148	80	114	62	115	62
100 – 1000	35	19	34	29	48	26
1000 – 10000	0	0	9	5	11	6
10,000 – 100,000	1	1<	2	1	5	3
Over 100,000	-	-	-	-	3	2

Source: Research Findings 2019

The results in Table 4.2 showed the trend in the three years prior to the research. An analysis of the trend showed that the level of the marketed produce was 80 percent for those whose volume was worth less than KShs. 100,000/= in the first year while those with the value of their produce between KShs. 100,000/= and KShs. 1,000,000/= was 19 percent. There were no members whose volume of marketed produce was worthy over KShs.1 million. However, in

the second year, the scenario changed as the volume of marketed produce's percentage reduced from 80 percent to 62 percent for those whose value of produce was below KShs. 100,000/=. The level of the volume whose value was between KShs. 100,000/= and KShs. 1,000,000/= improved from 19 percent to 29 percent in the second year. In the third year, the level of marketed produce remained almost the same in the first two levels. However, it increased by nearly 6 percent of the marketed produce and the value moved into the two higher levels of between KShs. 1 million and 10 million and between KShs. 10 million to KShs. 100 million.

The trend was in line with natural expectations because as membership increased in the co-operative societies, so did the marketed produce increase due to demand for services. That showed that members increased their produce each year. The increase was attributed to improved crop husbandry, application of modern technology and increased trust in the co-operative societies which handled the produce. The timely payments from marketing outlets also acted as an impetus for improved and increased production. It was instructive to understand the nature of the community whose social life claimed heavy reciprocity, competition and complementarity. The hardworking farmers who lived on limited land in a congested area had taken over the traditions of their ancestors who learned the art of sharing. The co-operative societies harped on that aspect and attribute to contribute to socio-economic development through shared goods and services in an honoured network of obligations. In that setting, the economic collaboration established a resilient combined economic accomplishment that empowered separable players to cumulate activities that assured economic gains through participatory involvement.

4.3 Influence of social capital on savings mobilization

The model summary showed the number of entries that were returned being properly filled and acceptable for analysis. The analysis was done on 186 questionnaires that were received for each observation, Table 4.3. The conclusion from Table 4.3 showed that trust, norms and networks of association significantly influenced savings mobilization in Nyamira County.

The model showed that the F-value was 67.30 from three and 182 degrees of difference. The 'R'-square was 0.53 and the 'R'-squared adjusted was 0.52 and the root mean standard error was 0.41. The value of the probability of F was greater than 0.00. The coefficient of regression was 1.10 with a standard error of 0.24 and a 't'-value of 4.66. The probability $p > |t|$ was 0.000 meaning that the elements of social capital significantly influenced savings mobilization. Table 4.3 shows the model summary without credit handling considering regression of savings mobilization on Trust, Norms, Networks of association and the regression coefficients.

The regression of the model summary showed that there were 186 observations with the $F(3, 182)$ of 67.3. The Probability $> F$ was equal to 0.000 with an R – squared equal to 0.53, the adjusted R – squared was 0.52 and the MSE was equal to 0.41.

When taking each element of social capital separately, it was established that the coefficient of trust was 0.07 with a standard error of 0.05 and a 't'-value of 1.40. The probability $p > |t|$ was 0.16 which was very low. That implied that the coefficient of probability of trust lying within the interval of -0.03 and 0.17 was 16%. The conclusion from the study was that the null hypothesis that trust did not influence savings mobilization in Nyamira County was rejected.

On norms, the coefficient of regression for norms was 0.14 with a standard error of 0.05 and a 't'-value of 2.47. The probability $p > |t|$ was 0.01 which was low. This implied that the coefficient of probability of norms lying within the interval of 0.03 and 0.24 was 1.4%. The conclusion

from the finding was that the null hypothesis that norms did not influence savings mobilization in Nyamira County was rejected.

Table 4.3

Model Summary without credit handling

<i>Source</i>	<i>SS</i>	<i>df</i>	<i>MS</i>				
Model	33.9	3	11.3				
Residual	30.6	182	0.17				
Total	64.5	185	0.35				

<i>Savings mobilization</i>	<i>Coef.</i>	<i>Std. err.</i>	<i>t</i>	<i>p> t </i>	<i>[95% Conf. interval]</i>	
Trust	0.07	0.05	1.40	0.16	-0.03	0.17
Norms	0.14	0.05	2.47	0.01	0.03	0.24
Networks of association	0.48	0.04	12.53	0.00	0.41	0.56
_cons	1.10	0.24	4.66	0.00	0.63	1.56

Source: Research Results 2019

Considering the networks of association, the coefficient of regression was established at 0.48 with a standard error of 0.04 and a ‘t’-value of 12.53. The probability $p>|t|$ was 0.00 which was negligible. That implied that the coefficient of probability of ‘t’ lying within the interval of 0.63 and 1.56 was zero percent. The conclusion from the study was that the null hypothesis that networks of association did not influence savings mobilization in Nyamira County was rejected. When credit handling was introduced as a mediating variable and regression was done on the model, there was a slight variation, Table 4.4. The results were that trust and norms influenced savings mobilization in Nyamira County. However, the networks of association did not influence savings mobilization in the County. The model had four and 181 degrees of

significance. The F-value was 18.73 with the probability of 'F' being greater than 0.00. The 'R'-square value was 0.29 and the 'R'-squared adjusted was 0.28 with a root mean sum of errors of 5.02. The coefficient of the model was 14.68 with a standard error of 2.73 and a 't'-value of 5.38. The coefficient of probability of $p > |t|$ falling within the interval of 9.29 and 20.07 was 0.00 which was negligible concluding therefore that even with credit handling as a mediating variable, the elements of social capital significantly influenced savings mobilization. Regression of savings mobilization on Trust_credit handling, Norms_credit handling, Networks of association_credit handling, Credit handling is given in Table 4.4

Table 4.4

Model summary with Credit Handling

Source	SS	df	MS
Model	1889.06	4	472.26
Residual	4563.39	181	25.21
Total	6452.45	185	34.88

Savings mobilization	Coef.	Std. err.	T	p> t	[95% Conf. interval]
Trust_credit handling	0.44	0.28	1.58	0.12	-0.11 0.99
Norms_credit handling	-0.74	0.52	-1.41	0.16	-1.77 0.29
Networksofassociation_credidhandl	0.11	0.51	0.21	0.84	-0.91 1.11
Credit handling	0.65	0.08	8.49	0.00	0.50 0.80
_cons	14.68	2.73	5.38	0.00	9.29 20.07

Source: Research Results, 2019

The regression of the model summary showed that there were 186 observations with the F(3, 182) of 18.73. The Probability > F was equal to 0.000 with an R – squared equal to 0.29, the adjusted R – squared was 0.28 and the MSE was equal to 5.02.

The model summary established that when the predictors were constant, the ‘R’ was 0.54, while ‘R’- squared was 0.29 and adjusted ‘R’-squared was 0.28. The root mean standard error of the estimate was 5.02. The values of ‘R’-squared of 0.29 and the adjusted ‘R’-squared of 0.28 have a difference of 0.02 which is very small. The apparently low ‘R’ values were encountered in cross-sectional data with a large number of observations. The conclusions drawn were that the association between the savings and trust, norms, networks of association and credit handling was important and there was no collinearity among the regressors in the model. The model was applied to analyze the findings among the people of Nyamira County. The ANOVA table is shown below with the given statistics.

. alpha Trust Norms Networks of association Credit handling Savings mobilization

Test scale = mean (unstandardized items)

Average interim covariance: 0.156

Number of items in the scale: 5

Scale reliability coefficient: 0.72

. Anova: Savings mobilization Trust Norms Networks of association credit handling

Number of observations = 186 R – squared = 0.64

Root MSE = 0.37 Adjusted R –squared = 0.60

Table 4.5**ANOVA Table**

<i>Source</i>	<i>Partial SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>Prob. > F</i>
Model	41.09	15	2.74	19.87	0.00
Trust	0.53	4	0.13	0.96	0.43
Norms	1.54	3	0.51	3.73	0.01
Networks of association	26.43	4	6.60	49.92	0.00
Credit handling	1.74	4	0.44	3.16	0.02
residual	23.44	170	0.14		
Total	64.52	185	0.35		

Source: Research Analysis 2019

The model was tested using the analysis of variance (ANOVA) and the results were tabulated in Table 4.5. The average inter-item covariance was 0.16 with the number of items in each scale being 5 and the scale reliability coefficient was 0.72. The number of observations was 186 with a root MSE of 0.37. The R-squared was 0.64 and the adjusted R-squared was 0.60. The model F-value was 19.87 with the probability of 'F' being greater showing 0.00.

The results in Table 4.5 showed that there was a positive inter-correlation among the items of analysis. Trust had an 'F'-value of 0.96 with probability greater than 'F' being 0.43, while the 'F'-value for norms was 3.73 with probability greater than 'F' being 0.01. The 'F'-value for networks of association was 47.92 with probability greater than 'F' being 0.00 and 'F'-value of credit handling was 3.16 with probability greater than 'F' being 0.01. The results showed that all the variables were independent of each other and had positive inter-item correlations.

The positive coefficient showed that members forming co-operative societies started from getting some knowledge of the benefits of a co-operative and that they were willing to make some equity contributions towards the registration of the co-operative society. The promoters

of the co-operative society also spent their own resources in the formative stages of the co-operative. For example, potential members are invited by the promoter to meet at a certain point at his/her cost to discuss the idea of forming a co-operative society. In the case of savings when members needed services at the co-operative society, members guaranteed others because of reciprocity and future transactions. Trust, at 0.53, did not influence savings mobilization.

The Cronbach's Alpha coefficient showed an average inter-item covariance given in Table 4.6 was 0.16 when there are five items in the scale. Similarly, the scale reliability coefficient was 0.80. The reliability levels given by the Cronbach's Alpha coefficient of 0.80 confirmed the independence of each regressor.

Table 4.6

Unstandardized Cronbach's alpha coefficient for Independent variables

<i>Item</i>	<i>Obs</i>	<i>sign</i>	<i>Item-test correlation</i>	<i>Item-rest correlation</i>	<i>average interitem covariance</i>	<i>alpha</i>
Trust	186	+	0.71	0.53	0.18	0.77
Norms	186	+	0.71	0.52	0.17	0.78
Networks of association	186	+	0.84	0.73	0.14	0.71
Credit handling	186	+	0.67	0.47	0.18	0.79
Savings mobilization	186	+	0.79	0.65	0.16	0.73
Test scale					0.16	0.80

Source: Research results, 2019

The statistics and analysis on the unstandardized items in the test scale is shown below.

. alpha Trust Norms Networks of association Credit handling Savings mobilization

Test scale = mean (unstandardized items)

Average interitem covariance: 0.16
 Number of items in the scale: 5
 Scale reliability coefficient: 0.80

When considering the standardized items in the Cronbach's Alpha Coefficient for Independent variables, Table 4.7, the average interitem co-variance coefficient was 0.44 on the 5 items and scale reliability coefficient was 0.80.

Table 4.7
Standardized Cronbach's Alpha Coefficient for Independent variables

<i>Item</i>	<i>Obs</i>	<i>sign</i>	<i>Item-test correlation</i>	<i>Item-rest correlation</i>	<i>average interitem covariance</i>	<i>alpha</i>
Trust	186	+	0.71	0.53	0.46	0.77
Norms	186	+	0.70	0.52	0.46	0.78
Networks of association	186	+	0.84	0.73	0.38	0.71
Credit handling	186	+	0.66	0.47	0.49	0.79
Savings mobilization	186	+	0.79	0.65	0.41	0.73
Test scale					0.44	0.80

Source: Research results, 2019

The statistics and analysis on the standardized items in the test scale is shown below.

. alpha Trust Norms Networks of association Credit handling Savings mobilization, std

Test scale = mean (standardized items)

Average interitem covariance: 0.44
 Number of items in the scale: 5
 Scale reliability coefficient: 0.80

. Alpha Trust Norms Networks of association Credit handling Savings mobilization, std item
 Test scale = mean (unstandardized items)

When considering the item-rest correlations in the model, in Table 4.8 – Correlation Matrix, trust on savings mobilization had a correlation coefficient of 0.40 while savings on norms had a correlation coefficient of 0.01 with savings mobilisation on networks of association having a coefficient of 0.05 and savings mobilisation on credit handling as a mediating factor having a coefficient of 0.52. Paired against trust, the coefficient with norms was 0.08 while with networks of association was 0.11 and with credit handling was 0.49. Considering the correlation coefficient of norms with networks of association was 0.70 and with credit handling was 0.02. The correlation coefficient between networks of association and credit handling was 0.09. The correction coefficient was positive pointing to influence of each variable on the other and therefore influencing savings mobilisation.

Table 4.8

Correlation matrix

	<i>Savings mobilization</i>	<i>Trust</i>	<i>Norms</i>	<i>Networks of association</i>	<i>Credit handling</i>
Savings mobilization	1.000				
Trust	0.40	1.000			
Norms	0.01	0.08	1.000		
Networks of association	0.052	0.11	0.70	1.000	
Credit handling	0.52	0.49	0.03	0.09	1.000

Source: Research results, 2019

Table 4.8 showed the correlation between savings mobilization, trust, norms, networks of association and credit handling with 186 observations. The coefficients showed that trust had a coefficient of 0.4 on savings mobilization of the item correlations in the model with norms having a coefficient of 0.01 on savings mobilization of the item correlations in the model and networks of association having 0.05 on savings mobilization of the item correlations while credit handling as a mediating factor had a coefficient of 0.52 on savings mobilization of the correlations among the items in the model. At the same time, norms had a coefficient of 0.08 on trust, 0.7 on networks of association and 0.03 on credit handling. The networks of association had a coefficient of 0.11 on trust and 0.7 on credit handling. Finally, credit handling had a coefficient of 0.49 on trust, 0.03 on norms and 0.09 on networks of association. The results confirmed the empirical evidence that members cared much on whom they entrusted their wealth with and how quickly they accessed funds for benevolent purposes. It did not matter whether the co-operative was strong or it had any standards for members' behaviour!

The same arguments were extended to trust and norms. The correlation coefficient was only 0.08 meaning that trust had only 7.6 percent influence on norms or norms had only 7.6 percent influence on each other when considering savings. That was in line with empirical evidence among co-operative societies where members guaranteed loan applications for other members who eventually defaulted on their loan repayments as long as the applicants had mobilized enough savings to qualify for the amount of loans applied for.

When looking at trust in relation to networks of association, the coefficient value of 0.11 was low meaning that trust explained about 11 percent in the formation of co-operatives. The explanation was concluded from the results where members stated that they joined co-operatives because of the expected services. Some of the explanations were that members joined

co-operatives because the options were limited and it was fashionable within the community to join them. In some instances, there were no credible organizations nearby that provided similar services competitively. In that case, the members joined co-operative societies by default.

The coefficient of correlation between trust and credit handling was 0.49 meaning that nearly 49 percent of credit handling was influenced by trust. The result showed that trust had a big influence on credit handling in relation to savings. That was a natural phenomenon because members applied for loans which needed to be guaranteed by fellow members. Further, the variables were tested for significance using the 't' and 'F' tests. The results on the general hypothesis captured in Table 4.4, showed that the F-value was greater than zero and the $p >$ was greater than zero. The $F(4, 181, 0.05)$ was 18.73 compared to the critical F-value of 2.42 which was much less and therefore the null hypothesis was rejected. It showed that the elements of social capital theory influenced savings mobilization in Nyamira County.

The model was further analyzed using interrelations between savings mobilization and the independent variables of trust, norms, and networks of association. The results under Table 4.4 showed a model which was tested using the 'F' statistic with 4 and 181 degrees of freedom. The study established that the probability of F was greater than zero and the 'R'-squared (R^2) was 0.29 and R adjusted was 0.28. That confirmed that there was no multi-collinearity problem in the model, no independent variables were related or one was a linear multiple of another. The regression showed that the average distance of the estimator from the mean was 0.41 points in estimating SAT scores. The F-Statistic from Statistical tables, the critical value of $F(4, 181, 0.05)$ was given as 2.42 at 5 percent significance level. The F-calculated (4, 181) was 18.73 meaning that the general hypothesis that trust, norms and networks of association did not influence savings mobilization was rejected. The general conclusion from the model was that

social capital theory influenced savings mobilization in co-operative societies in Nyamira County.

Looking at the elements of social capital theory separately, the analysis in Table 4.3, established that trust whose p-value was 0.16 influenced savings mobilization. The probability of 16 percent in every 1000 was significant meaning that the hypothesis that trust did not influence savings mobilization in Nyamira County was rejected. The inference from the result showed that as trust increased among members, the level of savings correspondingly increased because of its positive coefficient. Similarly, the calculated 't' – value for trust was 1.4 which was greater than the critical t-values from the statistical tables for a model with 4 degree of freedom and 185 variables while the critical value is 1.96. This meant that the null hypothesis that trust did not influence savings mobilization in Nyamira County was rejected.

The 't'-value for norms was 2.47 and the p-value was 0.01. The result showed that the 't'-value was greater than the significant value of 1.96 and the probability was very negligible at 0.01 or 1 percent. The conclusion of the finding was that the null hypothesis that norms did not influence savings mobilisation in Nyamira County was rejected.

The 't'-value for networks of association was 12.53 and the p-value was 0.00. The result showed that the 't'-value was greater than the significant 't'-value of 1.96 and the probability was very negligible at 0.000 or zero percent. The finding was that the null hypothesis that networks of association did not influence savings mobilisation in Nyamira County was rejected.

When considering credit handling as a mediating variable, the 't'-value for credit handling was 8.49 which was greater than the critical value of 1.96 and the p-value was 0.00. That showed that credit handling was highly significant, Table 4.4. The conclusion was that the hypothesis that credit handling, as a mediating factor did not influence savings mobilization in Nyamira

County was rejected, hence accepting that credit handling, as a mediating variable, influenced savings mobilization in Nyamira County.

The results on networks of association explained the observed behaviour of members when in need of solutions to financial issues. At times, networks of association were not important as long as a member accessed credit to address the pressing need. It also meant that the sources of the funds or the means to access funds were not important: the source of the funds could be a shylock while the medium was a person not friendly to the needy case. Those in need approached the source of credit individually and undertook to satisfy all the lending conditions as long as they accessed the credit. Similarly, people wanting to optimize their rates of return on invested capital did not mind much on the means to get it as long as the lenders were guaranteed of their return on investment.

From Table 4.4, the results showed an intercept coefficient value, of $\alpha = 1.10$. The values for the other coefficients were $\beta_1 = 0.07$ in relation to trust, $\beta_2 = 0.14$ in relation to norms, $\beta_3 = 0.48$ in relation to networks of association, and $\beta_4 = 0.65$ in relation to credit handling. That showed that trust contributed 7 percent to savings mobilization while norms contributed 14 percent to savings mobilization. The networks of association contributed about 48 percent of the influence of savings mobilization with credit handling influencing nearly 65.3 percent of savings mobilization.

The model tested the relationship between savings mobilization, social capital and co-operatives. It was represented by a linear function,

$$Y = 1.10 + 0.07(\text{trust}) + 0.14(\text{norms}) + 0.48(\text{Networks of Association}) + 0.65(\text{Credit Handling}).$$

The model showed the influence of social capital theory and co-operative societies on savings mobilization. It was clear that trust, norms, networks of association and credit handling

increased as savings increased. The collective effect was of people working together to get savings and credit services. It explained the empirical evidence that as people saved more, they became rich even though they tended to ignore procedures and became more self-centered. They were likely to skip queues, demand recognition, give more attention to their wealth and require more security for fear of being molested. It confirmed that new entrants to a network or those highly dependent on the benefits of a network were more keen or sensitive to the norms of an association. The fear of loss of resources was real in the lower-end of the network.

4.4 Relationship of social capital, credit handling and savings mobilization

In this section, the research explored the relationship and the influence of social capital, credit handling and savings mobilization in co-operative societies in Nyamira County.

The result of trust on savings and co-operatives

Table 4.9 showed the research results of savings levels in Year 1 as the base year. It exhibited that the bulk of those with surplus to save, 52 percent, fell in the category of less than KShs. 20,000/= . The next level of savings were the members whose savings levels fell between KShs. 20,000/= and KShs. 100,000/= at 44 percent. The third concentration was for those members whose savings levels fell between KShs. 100,000/= and KShs. 200, 000/= at 3 percent. The percentages for the higher savings levels were very low: 2 percent and less than one percent.

In Year 2, there was a remarkable change in the savings levels. Table 4.9 showed that the percentage of savers in the first level of less than KShs. 20,000/= was 33 percent. The next level of savings was those members whose savings level fell between KShs. 20,000/= and KShs. 100,000/= which was 39 percent. The third concentration was for those members whose savings level fell between KShs. 100,000/= and KShs. 200,000/= at 18 percent. The percentages for the

fourth level of savings which was between KShs. 200, 000/= and KShs. 500,000/= was 7 percent and those in the level of savings with over KShs. 500,000/= was 3 percent.

Table 4.9

Average level of annual savings per a member

<i>Average savings (KShs. '000)</i>	<i>Year 1</i>		<i>Year 2</i>		<i>Year 3</i>	
	<i>Frequency</i>	<i>%</i>	<i>Frequency</i>	<i>%</i>	<i>Frequency</i>	<i>%</i>
	2	1	1	1<	2	1
Less than 20	94	56	62	33	56	30
20 – 100	81	38	72	39.	53	28
100 – 200	5	3	33	18	34	18
200 – 500	3	2	13	7	22	12
More than 500	1	1<	5	3	19	10
Total	186	100	186	100	186	100

Source: Research results, 2019

In Year 3, the change in the savings levels continued to grow. The percentage of savers in the first level, of less than KShs. 20,000/=, was 30 percent which was a decreased percentage compared to what was captured during year 1. The next level of savings was those members whose savings level fell between KShs. 20,000/= and KShs. 100,000/= which was 29 percent. The third highest concentration was for those members whose savings level fell between KShs. 100, 000/= and KShs. 200,000/= at 18 percent. The percentages for the fourth level of savings which fell between KShs. 200, 000/= and KShs. 500,000/= was 12 percent and those in the level of savings with over KShs. 500,000/= was 10 percent.

The results under the base level of savings mobilized in Nyamira County showed an incremental trend over the three years. As savings increased, members' savings also increased from below KShs. 20,000/= to the higher savings levels. By the end of Year 3, those who had saved over KShs. 500,000/= had increased from less than one percent in Year 1 to 10 percent. Compared:

the growth in marketing volumes shown in Table 4.2 with those in Table 4.9, the results showed a direct correlation that as the level of marketing increased, the savings levels correspondingly increased. That explained the savings phenomenon which was influenced by the level of the volume of the marketed produce.

The effect of norms on savings in co-operative societies

The effect of norms on savings mobilization in co-operative societies showed the statistical test on norms that the probability of the 'F' statistic (Prob > F) as greater than zero at 0.77 while the critical 'F' value [F (1, 181)] was 0.08 and a standard deviation [$\text{display invFtail}(1, 181, 0.05)$] of 3.89. The test confirmed that norms influenced savings mobilization in co-operatives in Nyamira County.

It was established that members participated in savings mobilization because they were individually responsible for their ability to borrow for their benevolent purposes. The motivation to save was determined by the need for social inclusion, loan demands, produce marketing options and access to external linkages for input supply. There was a remote option that a members anticipated elected positions in co-operative leadership and thereby influencing the whole community's development.

The participation in guaranteed co-operative services like FOSA played a special role in motivating members to participate in savings mobilization. Other considerations among members for social inclusion were the opportunity to invest their surplus earnings in an enterprise whose outcome benefited the whole community: building health facilities, schools, offering dipping services, artificial insemination facilities and road networks. It was concluded from the research that members' participation, individual motivation, goodwill and the co-

operation spirit among members were important in the success of production co-operative societies and savings mobilization.

The FOSA innovation among co-operative societies considered norms as a crucial determinant in their successes and that was why norms had a significant influence on savings mobilization. Members addressed their credit needs through the FOSA because it was the most suitable and convenient avenue to access the service promptly. The conclusion drawn from the results explained the major reasons that underpinned members' affinity to save. Co-operative societies will, therefore, need to create synergies in co-operative savings to enable members and the community to participate in savings mobilization. That would contribute to the influence on norms and enable co-operative societies to stabilize money demands through financial innovation. The results explained that norms had a significant effect on savings mobilization in Nyamira County.

Effect of networks of association on savings in co-operatives

The emergence of resilient and operative co-operative enterprises and systems went into encouraging members to effectively participate in co-operative products and services. As argued by Kimeli, et al (2012) that although savings mobilization was not an end in itself, it played an important role in sustaining growth and development. Members needed to build trust in co-operative networks which enhanced their ability to influence the local and national economies. By strategically placing themselves in the centre of economic development, co-operative societies as membership-based financial institutions, promoted their members' economic interests. The major economic thrust was in addressing all dimensions of reducing poverty and exclusion. The conclusion was strong networks and improved savings in the local economy.

Another strong motivation for savings was the facilitation of members to access financial capital for benevolent and investment purposes. The facilities would not perform efficiently if co-operative societies were weak and did not have standards that encouraged members to patronize them. A few co-operative societies marshalled resources and became bases of progressive social capital, nurturing a sturdy unity of community, involvement, capability without discriminating any member. Co-operative societies brought interactive linkages and peace which were very vital. The growth of membership in co-operative societies developed strong linkages between members and encouraged savings thereby securing household incomes because there was an alternative source of credit influenced by members' participation. That showed that norms influenced saving mobilization in Nyamira County and played a critical role in assuring members' respect within co-operative societies and were a source of motivation in membership growth in co-operative societies.

4.5 Influence of social capital on savings mobilisation

In this section, the research looked at influence of trust, norms, and networks of association on savings mobilization in co-operative societies. The results showed that savings correspondingly grew with the level of marketed produce and that savings mobilization continued to grow over the three years prior to the study.

The average level of members' savings in co-operative societies over the three (3) years prior to the research was captured in Table 4.9. There was an incremental trend over the three years of study where the cumulative percentage in the lowest band of less than KShs. 20,000/= reduced from 56 percent in the first year to 37 percent in the third year. In the highest band of savings, the percentage increased from one percent in the first year to ten percent in the third year. That increment showed a high rate of growth over savings and confirmed the expected

performance of a community where there was high trust, acceptable norms and a strong networks of association with reciprocity. As Table 4.9 showed, the average level of annual savings per a member in co-operative societies in the County proved their trust in the co-operative enterprises. The results confirmed what was established in Table 4.3 that trust, norms, networks of association and credit handling were significant factors in influencing savings mobilization. That growth was confirmed by the results in this section.

The savings growth agreed with the results in Table 4.9 and gave the reasons why members mobilized savings through co-operative societies. The number of entrepreneurs in the County was increasing and had confidence in co-operative societies when considering the sources of savings among members. The savers in co-operative societies were strategic savers who needed funds for re-investment. The reason for forming co-operatives in any country or economy was to afford members opportunities to aggregate their produce for easy, convenient and collective marketing at competitive prices while minimizing financial and operational costs. Similarly, members needed to access services and manufactured goods at the manufacturers' prices. The goods that co-operative societies procured for members included farm inputs, machinery, dairy processing implements, pesticides and acaricides. Due to bulk purchases, there were discounted prices and reduced collective transportation costs. That action gave members advantages over local retail prices and market leverage for their farm produce, products or services.

The income realized from increased volume levels of produce and savings made from sales were re-invested in other economic activities that raised members' ability to lead decent lives. The surplus earnings were saved in co-operative societies from which they accessed credit. That gave members the ability to resist external influences that negatively affected their associations

in society, reduced trust and lowered their norms. Through the increased wealth and shared norms, the study established that norms influenced savings mobilization.

Table 4.10

Additional factors influencing savings

<i>Measure of factor</i>	<i>score</i>
Member relations influence savings	38
Saved through co-operative societies	87
Saved from all sources	82
Member numbers influenced savings mobilization	80
Loan size influenced savings mobilization	84
Education influenced savings	51
Loan depended on savings mobilized	81
Members' needs influenced loan	74
New co-operative societies influenced savings	75
Local politics' influenced savings	40

Source: Research results, 2019

Among the things that were considered critical in co-operative societies' performance and outputs were local politics, education and group dynamics. The results indicated that associate interactions had no substantial effect on investments. Table 4.10 showed that 38 percent agreed that member-relations influenced co-operative investments while 51 percent did not. The important observation from the result was that members made savings in order to access a service even though they disagreed with part of the co-operative society membership. There were members whose savings were higher than their loan demands and entitlements but they saved as a service and support to the community. That involvement and participation gave them

the opportunity to socialize with other members for their economic benefits. It emerged that when higher leadership responsibilities arose, those active in co-operative society leadership and were interested in joining national leadership responsibilities were ahead. The participation in cultural practices gave members warmth in the local community where involvement in activities like communal work, construction of schools and hospitals, cattle dipping services gave members opportunities to exploit their talents.

The confidence members built in their co-operative societies enabled them to make savings' decisions from where they got satisfying returns for their investment. The results, Table 4.10, showed that 87 percent channeled their savings into co-operative societies.

An examination on the source of savings for funds accumulated in co-operative societies showed that 82 percent made their savings through co-operative societies (Table 4.10). There were many reasons members gave in justification of their decisions to save through their co-operative societies. Chief among the reasons was fair treatment, recognition, friendly services and leadership participation. The result of the test on norms showed that 80 percent of the membership in co-operative societies influenced the level of savings. It ensued from the argument that members joining co-operative societies brought along more savings. Those with no answer, it was clear, had not internalized the real impact of membership in membership-based organisations since such organizations or enterprises thrived and prospered with increased membership. The growth in membership definitely demanded for more services and innovations in service delivery making co-operative societies continuously improving organizations that attracted and retained members' confidence and patronage.

As a consequence of more numbers, loan demands proportionately increased. Members seeking credit from co-operative societies whose main consideration was based on level of savings and

integrity within the co-operative society required to save more. At the individual level, the loan size depended on a member's level of savings. The result showed that 86 percent agreed that loan size influenced savings. Another result was that 81 percent averred that the volume of loan business depended on members' level of savings.

The results made sense because co-operative societies did not accumulate resources at corporate level but only traded with what they raised through members' involvement. The more the members saved, the higher the amount of funds available for loaning to members hence the need for the development of loan products that attracted members' participation within co-operative societies. It was established that each loan product had a savings component as a qualification for loans. The increased product diversification within co-operative societies, savings improved and members became contented with co-operative society services.

Another result from the research was that the demand for loans had a strong influence on the level of savings. It emerged that each need for loan needed a corresponding supply of savings. Table 4.10 showed that 74 percent agreed that the need for loans made members save more. The rationale for improved savings was premised on trust, norms and the co-operative society through which members interacted for services. The levels of investments from borrowed funds made members introduce friends, relatives and neighbours into benefits they enjoyed through co-operative societies. Those who learnt about co-operative societies either joined existing co-operative societies or formed new ones. Whichever action potential members opted for, the end result was more savings.

The results in Table 4.10 showed that the number of new co-operative societies influenced the level of savings through the admission of new members. 85 percent agreed that the number of new co-operative societies influenced savings mobilization. However, 16 percent disagreed

with that argument which contradicted the increasing level of savings in co-operative societies. Unless it could be proved that there was no increase of new members into existing co-operative societies or increased individual level of savings, new co-operative societies positively influenced savings mobilisation.

Among the tenets and philosophy of co-operatives, co-operatives do not subscribe to any person's ideology. They are politically non-aligned and non-religious (Rhodes, 1995). The neutrality of co-operatives made them handle political turbulence and conflict times efficiently. An analysis of factors that affected the level of savings from the research results showed that the effect of local politics on savings mobilization was balanced. The results in Table 4.10 showed that 44 percent did not agree with the statement that local politics had any significant effect on savings while 40 per cent agreed with it.

Indeed, recalling the three main pillars of co-operatives: economic, social and cultural considerations on which co-operatives were based, it was not surprising to get such a finding. In some instances and in some areas of Kenya, national political leaders who meddled in co-operative matters easily lost their political seats. Interfering with the sources of livelihood for many residents and therefore reducing their opportunity to create wealth was unacceptable. That made political leaders careful in the way they handled co-operative societies. Mostly, they supported co-operative societies operating in the areas they derived political leadership from. The nearly even score on local politics' influence in savings mobilization was a pointer to the sensitivity of co-operative politics within co-operative organizations. That result confirmed the Cronbach's Alpha coefficient figure of 0.80, Table 4.8, showing the strength of the internal relationship in co-operative enterprises. It was concluded that co-operative politics had a negative influence on the level of savings and members should shun co-operative politics.

Further, the research delved into the relevance of education in savings mobilization and to establish whether it influenced savings mobilization. The research was alive to the true circumstances that the bulk of credit obtained from co-operative societies was spent in supporting education for members and their families. The co-operative philosophy included co-operative education and training as a strong tenet for co-operative growth. The results showed that 51 percent saw the level of education as influencing savings.

The results confirmed that education was a crucial factor in savings mobilization. When clustering the level of education exposure among the respondents, it was observed that those with high educational qualifications went for higher volume loans like development loans which was spent in the purchase of land, animals and transport. Considering the two sides of the coin, members with low levels of schooling went for loans that were recurrent in nature or those that addressed short-term needs like school fees, medical attention and household needs. More to that, it was easy for some negative propaganda to easily find space in members who were not able to read and understand figures that co-operative auditors presented during General Meetings. Such misinformation easily led to low levels of savings or withdrawal from co-operative membership. In either case, the wealth of members was affected and it took longer to respond to their loan requests because the savings level was negatively affected.

Similarly, the research looked into personal integrity which showed that 81 percent saw personal integrity as critical in savings mobilization, Table 4.10. Personal integrity in co-operative societies played an important role in building confidence within co-operative operations which was crucial in bulking resources at the co-operative society. The governance structure required that members exercise their voting rights at meetings with each member having an equal voice. Any manipulation of the election system discouraged members thereby

seriously affecting co-operative operations. That contentment in the electoral system of co-operative societies enhanced increased confidence and trust which brought in more savings.

When looking at member relationships and their influence on savings, the study established that 51 percent agreed that member relationships influenced savings mobilization, Table 4.11. The philosophical argument was that organisations that relied on member participation for their excellent performance needed superb member relations. That was so because any little member discontentment had far reaching consequences. The result of the Cronbach's Alpha coefficient of 0.80 as the strength of the internal relationship meant that members had high trust within the co-operative society hence high levels of savings mobilization. That went along with rational expectations that members may not behave rationally and could become difficult when required to support fellow members' requirements and expectations. Even though the savings members made in the co-operative society translated into the society's financial strength and for member use when borrowed, some first considered the risks involved before committing themselves. Personal integrity came into full play when considering one of the conditions for borrowing from a co-operative society: a loan must be guaranteed by at least three (3) members whose shares and savings were equal to or more than the total loan requested.

When member relations were sour, no member offered to guarantee another member's loan application, hence the savings level dropped because of suppressed motivation from members. The co-operative society got insufficient funds to satiate the needs of all members as requested and members would not borrow on a factor greater than one due to lack of guarantors. In that scenario, members would not save, thereby negating the effect of social capital theory. The results confirmed that member relations influenced savings mobilization in co-operative societies and enhanced members' prosperity.

Table 4.11***Co-operative services' influence on savings mobilization***

<i>Measure of service</i>	<i>% score</i>
Loan processing time	78
Loan products	85
Services improved savings	89
Willing guarantors	78
Friendly credit handling	78
Credit products	77
Proud association	85
Stringent lending terms	67
Cumbersome and resource wasting credit service	82

Source: Research findings, 2019

Influence of Services at co-operatives

Kenya is a country where most citizens are net borrowers as their savings levels are low. Moreover, when savers deposit their money in commercial banks, the rates of return were equally low. The low rates of return from savings at commercial banks discouraged savers from investing their savings so that they qualify for credit. Similarly, lending conditions by commercial banks were stringent for those intending to borrow. That made it hard for majority of citizens to qualify for loans. That disparity attracted action from the Kenya Government when it enacted a law in 2015 that capped interest rates on loans from commercial banks at 4 percent above the Central Bank Rate (CBR). The Central Bank Base rate was 10 percent in 2017 which translated into a savings interest rate of 70 percent of the CBR (Njoroge 2017).

Apart from being able to qualify for commercial bank loans, access to credit had requirements and levies like assessment of security fees, negotiation fees, applicant's ability to repay the loan, legal fees, and collateral whose costs were levied on the borrower.

Loan demands and requirements set by commercial banks led to innovations within the co-operative movement where savings and credit co-operative societies started offering quasi-banking services. To cushion members and instill confidence in co-operatives, the Kenya Government allowed co-operative societies to operate front office services activities (FOSA's) in 1986. That development within the co-operative movement brought co-operative banking services closer to members. That paradigm shift gave citizens easy access to credit at rates that completely revolutionized banking as the FOSA's were also available to non-members. Given the co-operative set-up, co-operative banking first recognized the saver as a person in need of self-advancement, but more importantly, as the owner-user-client. That move gave co-operative members easy and quick access to credit. The emotional and psychological investment by members made it easy for members to increase their savings in co-operative societies.

The purpose for the formation of co-operative societies was for members to associate together for certain services. As was discussed under Table 4.11, the types of services that co-operative societies offered to members included marketing, savings and credit. In joint action, the services included defense, commodity bulking, construction of communal facilities and cultural practices. Shared costs made it easy for members to contribute proportionately according to their ability and need thereby feeling socially included. That social inclusion motivated members to save through co-operative societies. That way, they participated in co-operative growth, prosperity and success. The services at co-operative societies naturally influenced the level of patronage and resource contribution.

The ratings of services at co-operative societies were in Table 4.11. The results showed that 79 percent of co-operative members agreed that loan processing procedures in co-operative societies were very good. The high percentage of members who agreed that co-operative societies' loan processing was good was a clear reflection of the expectations and confidence that members had when joining co-operative societies. Members' economic investments in co-operative services were not disappointed in that finding making it easier for more savings to flow into co-operative societies.

Concurrently, 86 percent agreed that co-operative loan products were very exciting and members enjoyed borrowing from co-operatives, Table 4.11. The high score of those who endorsed doing business through the co-operative business model showed that there was true value in forming strong co-operative societies and faithfully patronizing them. Members showed that co-operative societies were ideal institutions for doing business because they were close to them. Similarly, the leadership was from amongst them and the benefits remained within their local economy. The loan products were good because they were developed using the local conditions in mind with members endorsing them. It was established that loan processing time had a 79 percent approval rating score while loan products had a score of 86 percent. The results showed members trust and confidence in co-operative society business.

The conclusion in the section was that co-operative services and loan products were important in the expansion of co-operative societies and they positively influenced savings mobilization.

Influence of Services on Savings

The services a person obtained at any organization determined the relationship that person developed with that organization. If the person felt mistreated, and there were options, the relationship would collapse almost immediately and the organization would miss that person's

patronage. In membership-based organizations, such a move translated into a member withdrawing from that organization's membership. The move of members' withdrawal from a co-operative would lead to other consequences within the co-operative movement. Depending on the withdrawing member's influence, that would lead to panic withdrawal and a ripple effect on the whole co-operative membership.

The finding was that services were important and significantly improved savings mobilization through co-operative societies. The results in Table 4.11 showed 89 percent agreed that the services members received at their co-operative societies influenced their savings' decisions. That finding was in line with the result that 72 percent of members joined or formed co-operative societies with the savings and credit service as the main reason, Table 4.10. However, there was 6 percent of members who did not see services as influencing savings, Table 4.11.

In that result co-operative societies, being membership-owned organisations, thrived on the goodwill of members who participated in co-operative activities and patronized their services, only if they got true value for their investment. The quality of services and the way the services were delivered determined what members' next course of action was. If members felt alienated, they withdrew from the co-operative's services or quit the membership of the co-operative society. The withdrawal from membership meant that there would be a corresponding decrease in the savings at the co-operative society.

The result was important because many other factors came into play and affected different areas. One area that was directly affected was the ability to implement projects that loans from the co-operative society supported. The next casualty of such action was support to education and medical care for the families which relied on borrowings from the co-operative to pay for their school fees and hospital bills. Other areas included the size of landholding under

cultivation and the local economy, if the refunded savings were misapplied. The result showed that co-operative services strongly influenced the rate of total savings at 89 percent. However, it was found that the interest earned from savings was not a motivating factor to save. It was, therefore, important for co-operative societies to strive to offer quality services to members at the best cost in the market.

Members are willing to guarantee others

The reason members went to get services from their co-operative came with a cost to the member and colleagues who were willing to attest to the member's honesty, commitment and ability to afford the service. The cost to a member was the willingness to guarantee the borrower and undertook to repay a loan if the borrower was unable to honour that obligation. In many instances, relationships broke down and families got wrecked when a member of the family serviced a defaulted loan.

The results showed that 78 percent, Table 4.11, agreed that willingness by members to guarantee each other's loans was an important factor which influenced savings mobilization. The membership which did not consider guaranteeing as an influence on saving mobilization did so because they were either large savers whose savings covered their borrowing ability or had exhausted their ability to repay loans given to them. They continued saving because they wanted to avail funds for their fellow members to benefit. That class of members, called net-savers in co-operatives, were influenced by other factors. The emotional investment of such members in co-operative societies could easily be upset if there were misapplications of their resources at the co-operative society.

However, the net savers were happy to invest their resources in the co-operative society because members were willing to guarantee each other thereby securing the co-operative society's

funds. The net savers also participated in other benefits like recognition in the community as enablers of development. The finding confirmed that willing guarantors strongly influenced savings mobilization in co-operative societies.

Rating of co-operative services by the community

Co-operative societies operated in communities where there were high expectations from citizens. That meant that whatever happened in the community had a direct bearing on co-operative societies and their performance. The results showed what the community said about co-operative societies and they pointed to the community's assessment of co-operative societies in the County, Table 4.11. It emerged that 58 percent felt that co-operative societies were good organizations that offered equal opportunities to members and hence the community. 16 percent saw co-operative societies as organizations that enabled members to reach their economic, social and cultural aspirations within the community and beyond. However, 24 percent saw co-operative societies as not different from other organizations that only targeted members' resources for squandering. Finally, 2 percent felt that co-operative societies were associations whose aim was to waste members' hard-won incomes which could be productively employed using a different mode of investment.

The results in Appendix VI showed that co-operative societies offered positive services to the community. The public evaluation of co-operative societies as enterprises that gave members identical treatment was likened to what transpired in the expansion of the Silicon Valley in the United States of America, Ferragina (2014). People pooled their resources, assets and expertise to build an integrated village where services were correlated within proximity. It was clear that majority of people in the community viewed co-operative societies positively and said that co-

operative societies had a strong support in their lives. When analyzing the correlation between co-operatives and local development, it was found to be at 99 percent.

However, a minority saw co-operative societies as not different from other organizations and felt that co-operative societies were associations whose aim was to misappropriate members' incomes which income could be productively invested using different avenues of investment. Those with such views showed that more emphasis needed to be put in addressing their concerns. That minority who were outside the co-operative community because of fear of their assets' loss needed to be integrated into the co-operative fold.

The 25 percent who felt that co-operative societies had little impact on their economic and social lives posed a challenge for co-operative societies in the area: the co-operative societies needed to re-examine their performance and approach to issues so as to improve their service delivery in order to bring more people into the fold. The study confirmed that despite the splendid performance of co-operative societies, there were operational, organizational and supervision challenges that needed to be addressed. The people of Nyamira and the Government needed to develop elaborate systems that support co-operatives through marketing of produce, co-operative saving schemes and coherent operating systems. The emotional investment in co-operative societies needed nurturing by those entrusted with co-operative leadership and management so that members continue to thrive.

The overall conclusion on the level of credit, savings mobilization and social capital was that there was a close correlation between the three elements and any effect on one would affect the others.

4.6 Mediating effect of credit handling

The results showed a strong influence of mediating variables on savings mobilization. One of the major variables was credit handling which affected the co-operative surplus and employment in the area. It also affected the performance of financial intermediaries as members preferred co-operative societies to commercial banks and micro-finance institutions.

Friendly Credit Handling

Credit was a major consideration when forming savings and credit co-operatives because members needed credit for various reasons. On how members felt about their credit requests, the results in Table 4.11 showed that 78 percent of members were influenced by the lending terms applied in the co-operative society's credit policies. Credit handling formed an important and crucial part of saving mobilization in co-operative societies because members needed credit for benevolent purposes. The credit needs were at times so sudden and crucial that any mishap in the way members' requests were handled at the co-operative society easily affected many members. For example, during an emergency, a member needed financial support. At that time, the member's need was a solution; and that was money. Other considerations came later.

The results showed that 12 percent were not influenced by the way credit was handled at the co-operative society. In the finding, members felt happy and appreciated the way their credit requests were handled and pledged to market their co-operative society's services to others or potential members. The more the members joined the co-operative society because of the quality of services offered at the co-operative society due to good credit handling, the more they saved. Increased savings in co-operative societies enabled members to enjoy co-operative services since the amount of credit available to member was a factor of the amount each member saved. In the Kenyan case, the general credit policy guided that a co-operative society granted

members up to three or four times their savings depending on the co-operative society's liquidity position. However, there were some co-operative societies that developed credit products whose terms were determined by other factors. Of that category were those co-operative societies operating FOSA's.

The credit terms in co-operative societies were critical during a member's loan application period and its processing. The availability of sufficient funds for lending determined the number of members who got their credit requests processed speedily. The results in Table 4.11 showed that 77 percent agreed that savings mobilization was influenced by the credit products available in the co-operative. The results confirmed what most members felt about credit because when in need, the major consideration of a member was to get an answer to the need. It was evident that members cared less on the source of the assistance.

The credit products available in co-operative societies showed that members were in need of credit and co-operative societies were the ideal places to secure it. The variety of available credit products provided members with the flexibility to choose the right products with acceptable lending terms. Table 4.11 showed that 78 percent agreed to the existence of a variety of credit products in co-operative societies. The results confirmed the philosophy behind formation of SACCO societies which based their capacity to offer credit on the savings raised from members since the amount of credit to a member was a multiple of that member's savings. The factor element motivated members to save more for higher credits from their co-operative societies. The advantage of participating in credit acquisition programmes through co-operative societies was that members got money to use on buying a facility they enjoyed while repaying the loan. The end effect of faithfully servicing society credits was that members qualified for more and the acquired asset was a member's property.

The existence of varieties of savings and credit products in co-operative societies made it easy for members to integrate within the co-operative society. Members freely associated with the co-operative society because through them, they expressed themselves in a respectable manner and at equal footing with others. The results in Table 4.11, showed that 86 percent agreed that co-operative societies were important in their economic lives. The neutrality of members in that area was explained based on the duration of their membership in their co-operative societies. Members who were new had not accumulated the requisite amounts to enable them qualify for substantial credits.

Despite the pride of being members of co-operative societies and saving for their benevolent purposes, the results in Table 4.11 showed that 67 percent of members felt that lending terms were stringent. The sentiments about stringent lending terms were real because of conditions under which co-operative societies operated: most co-operative societies strictly enforced the policy of 'first come, first served' since members had equal rights, obligations and responsibilities. The negative feelings were expected in any society where some members expected preferential treatment but did not get it, even from close friends.

However, in reference to that feeling, members were further asked if they found the credit service in their co-operative societies cumbersome and resource wasting. The result was a resounding no. Table 4.11 showed that 54 percent of the respondents strongly disagreed with the statement that credit services in their co-operative societies were cumbersome and resource wasting. There was no resource wasting because the mobilized funds were given to members in terms of credit as per their requests. On the contrary, 35 percent of members agreed that loan services were cumbersome and resource wasting. The results went on to show that co-operative societies provided a vital service to members which they would, otherwise, lack in the

community. The other important result was that services were offered from members' pooled resources thereby reducing the burden of servicing commercial bank loans with high interest rates. The reliance on commercial bank loans meant transferring their wealth to capital-based or capital-venture institutions.

Credit services and lending terms in co-operative societies were mooted and discussed at the Management Committee of the co-operative society before they were presented to members in a General Meeting for adoption. The adopted resolution was thereafter passed down to the management staff for implementation. That showed that there was a high level of respect for members' wishes and trust. The ability to make independent decisions in co-operative societies was real and respected by members. With the result, it was clear that services offered at co-operative societies influenced savings mobilization. Co-operative societies in the County were therefore advised to strictly abide by members' resolutions.

Effect of credit handling on surplus in co-operatives

The results in Table 4.13 showed that the percentage of members getting credits of less than KShs. 50,000/= in the first year was 68 percent while those getting between KShs. 50,000/= and KShs. 100,000/= was 21 percent. That percentage decreased significantly to 7 percent in the next band and to 3 percent in the highest band of more than KShs. one million.

In the next year, the percentages changed and those borrowing less than KShs. 50,000/= reduced to 50 percent while those who borrowed between KShs. 50,000/= and KShs. 100,000/= increased by nearly 7 percent to 27 percent. In the next band, the increment was higher by nearly 12 percent. The next band increased by over 2 percent and those who acquired loans of more than KShs. One million emerged at 1 percent. The rate of credit uptake was appreciable and consistent with normal expectations of a growing organization.

In the third year, the trend persisted and the level of credit in the first year remained the same but the percentage of membership going for loans of less than KShs. 50,000/= had decreased by 5 percent to 45 percent. The increase in the next band was 4 percent while the next band had an increase of 3 percent and the highest band had increased by 2 percent. The increment over the years showed a corresponding increase in the level of savings and the finding that credit handling significantly influenced savings mobilization in Nyamira County was confirmed.

The results showed the growing influence of the cash economy in Nyamira County where rural savings and credit co-operative societies operated FOSA's. That action was instrumental in savings mobilization and provision of loans to members. The SACCO's brought accessibility to financial services closer which was an important factor in the promotion of savings. The general transformation of the area was evident when the environment was assessed over the three years. Members had improved their livelihoods by buying land and building either permanent or semi-permanent houses. Others bought vehicles for public transport and procured loans for construction of shopping complexes.

Members felt happy and appreciated the way their credit requests were handled. The credit products available in the co-operative society attracted more members because members needed credit. The major consideration was a solution to the problem at hand no matter from which source. As more members joined the co-operative because of the quality of services, more deposits were noticed in the co-operative society agreeing that credit to members was a multiple factor of members' deposits.

Trust

Trust was the first independent variable to be tested in the model hypothesis when the other independent variables were kept constant. Table 4.3 showed that the $F_{Calculated}$ was 18.73

compared to the critical value of 3.89 and the probability of F was greater than 0.0000. The p-value of 't' was greater than the critical value so the null hypothesis was rejected. The results on trust showed the 'F' statistic for trust as 7.76 when the other variables were kept constant. The probability of 'F' was greater than zero at 0.01 which confirmed that trust influenced savings mobilization in Nyamira County. Similarly, the probability of 0.12 was insignificant thus concluding that trust influenced savings mobilization in Nyamira County.

It was imperative to look at trust from the perspective of building a strong enterprise through which members mobilized their resources for their own use. The first and most important facet of working together was that members needed to trust each another. They needed to trust the people they entrusted their resources with. They also needed to know that their resources would be available whenever they needed them and to the full extent of the need. Trust formed the basis for association and collective action.

A summary of ratings in the results on the test on trust showed that $F(1, 181)$ was 7.76, $\text{Prob} > F$ was 0.0059 and the $\text{display invFtail}(1, 181, 0.05)$ stood at 3.89. Trust as a reason for joining co-operative societies had a positive percentage influence of 78 percent while respect to members at co-operative societies had a high percentage of 88 per cent. Commendable salutations had a rating of 81 percent. It showed that access to important services through co-operative societies was 89 percent with encouragement to work hard in other assignments scoring 86 percent and honesty among members was 72 percent. Similarly, honourable treatment given to members scored 78 percent with members' personal integrity getting 82 percent while the trust given to elected leaders got 82 percent and clear communication was 76 percent. The percentages were very high given the diversity of members' backgrounds, needs and orientations.

Considering each parameter and the elements of social capital theory as they influenced performance of co-operative societies in Nyamira County, the results showed that 88 percent of members joined co-operative societies because of their trust in co-operative societies, their leaders and relevance of the co-operative society. There were 7 percent who joined co-operative societies due to other reasons such as savings facilities, networking, links to outside opportunities and sharing of ideas.

The results confirmed that trust was a major reason for forming and joining co-operative societies. The trust that members in co-operative societies enjoyed like the services for which co-operative societies were formed encouraged people to join them thereby bringing along their savings. If trust was removed from the savings model in co-operatives, members would have no reason for patronizing co-operative societies. The absence of trust would remove the glue that kept members together, that was mutuality. Members would slowly withdraw their savings and the co-operative society would cease to exist. When members uttered negative statements like 'the co-operative society and its leadership cannot be trusted', it led to panic withdrawal of savings, thereby negatively affecting savings mobilization. It was, therefore, important and necessary for trust among members and within co-operative societies to be solid so that savings continued flowing into co-operative enterprises.

The study established that members were happy with co-operative societies due to the respect they received by other members and employees. The analysis on trust showed that 88 percent agreed that they were happy with the way respect in the co-operative was extended to them. The respect brought out the humanity of members and the explanation that each member was unique with needs, wants and expectations. Some members argued that members brought on board unique traits and characters that needed to be blended with those of other members for

continued growth. In that sense, they stated that respect was relative and needed to be given recognition. Since the analysis showed an 80 percent on model strength, respect therefore formed one of the pillars that kept members united. The members who had no opinion showed that there was reason for other members to visit them and explain the importance of being loyal to the co-operative society that gave hope and direction in the economic and social field of their association.

The other factor that had a strong influence on members' participation in co-operative society affairs was the way members were saluted at the co-operative or when attending to co-operative business. Table 4.12 showed that 81 percent agreed with the way salutations were done at the co-operative society. The interaction among members and the calling of members by their first names in co-operative meetings served as recognition that the members belonged together and that they were important. That kind of interaction broke down barriers with members feeling that their ideas, expressions, sentiments and proposals would be well treated. The salutations in co-operative societies made members feel part and parcel of the co-operative society and thereby entrusted their resources to the elected committees. It broke down any fears that separated members from realizing their full potential in economic activities through their co-operative society. It was implicit that members used their first names during salutations which were a commendation fete.

Consequent to member integration into the co-operative society, members made resolutions that were relevant and those that addressed their economic needs. 89 percent felt that the co-operative society enabled them to access important services. Members had an obligation to support and patronize an organisation that they freely joined for their personal growth and development. That contentment enhanced members' determination to save using the co-

operative society. Members were motivated to cede part of their independence, thinking and action to build a strong co-operative society which supported joint action.

Table 4.12

Measure of effect of trust on savings mobilization

<i>Measure of trust</i>	<i>Total score</i>
Trust as a reason to join co-operative societies	78
Respect at co-operative societies	88
Commendable salutations	81
Access to important services	89
Encouragement to work hard in other assignments	86
Honesty among members	72
Honourable treatment	78
Members have Personal Integrity	82
Elected leaders are trusted	82
Clear communication	76

Source: Research results, 2019

A people united for a common purpose need respect and recognition during their participative contributions to the organization's well-being. That provided the motivation for hard work in assignments given to them by members. Further, when members are well treated, they put in more for the common good of other members. 86 percent agreed that member treatment determined their way of work at the co-operative society. That understanding strengthened the

savings culture within the membership of the co-operative society as per the social capital theory on reciprocity and networks of association.

A co-operative is kept together by the way members viewed each other and the operations that enable members attain their aspirations. Mutuality kept them together and motivated them to be honest. When members were not honest, the reason for staying together weakened leading to individualism. That created disrespect, wrangling within and campaigns for elective posts within co-operative societies in order to protect sectional leanings and parochial interests. 72 percent of members agreed that most members in co-operative societies were honest. That explained the confidence of members which enabled them to save through their co-operative societies.

The honesty of members made it easy for the passage of co-operative society resolutions and their implementation. Due to the openness of members, they trusted that whatever was agreed upon would be done at the appropriate time and in the way it was resolved. That trust contributed to the mobilization of savings through co-operative societies and its utilization. The few dissenters about the honesty of members explained the rate of defaulting, adulteration of co-operative produce and non-payment for farm inputs and credit advanced to members. That finding confirmed the International Co-operative Alliance's ethical values which required co-operators to be honest. It partially explained the rapid growth of savings and credit co-operative societies in Kenya.

Similarly, 78 percent of members in co-operative societies treated each other honourably. Members felt that they were treated with dignity and respect at the co-operative society as expected in membership-based organizations. That treatment positively encouraged members to channel their resources through organization thereby confirming that trust contributed to

savings mobilization. It ensured personal integrity which stood at 82 percent. The results showed that the strength and growth of co-operative societies was highly dependent on the calibre of leaders and managers they employed. When elected leaders lost their integrity and credibility or managers showed little respect to members, membership growth slowed down and members withdrew their resources thus affecting the financial stability of the co-operative society, including savings. It was important for co-operative memberships to be of high truthfulness, remain good role models thereby attracting members' assurance, confidence, investments and support.

The research showed that trust on elected members was 82 percent which was a strong approval of the elected leaders' trust. The message in that result was that without trusting those entrusted with leadership roles, little could be achieved in savings mobilization and service delivery in a membership-based organization. The behaviour of elected leaders determined the reaction of members and relationships that members developed towards their co-operative societies. Good leaders made members build trust that made them aggregate their savings through the co-operative society. Decisions made by trusted leaders were easily accepted by members hence positively supporting savings mobilization.

Disputes in most organizations arose because of poor or incoherent communication. When that happened, members became disillusioned and lost confidence in their organisation. 76 percent averred that communication within co-operative societies was clear and members easily understood what was expected of them. The communication contained information on their roles, responsibilities, obligations and performance. The clarity on communication made way for rapid co-operative growth and high savings mobilization. There was no ambiguity which made it easy for determination and implementation of members' resolutions; among them the

improvement on produce bulking, marketing and savings mobilization. Therefore, saving mobilization was progressive, Table 4.10. Members understood and appreciated one another so there were no disputes as to what some words meant. Communication, therefore, was found to be a strong influence on members' actions, trust and behaviour.

Norms

The result on norms as individual variable showed the analysis of the influence of norms on savings mobilization within co-operative societies in Nyamira County when the other variables were held constant. The 'F' value $F(1, 181)$ was positive at 0.08 while the probability $\text{Prob} > F$ was greater than zero at 0.77. The critical 'F' value $[. \text{display invFtail}(1, 181, 0.05)]$ when the other variables were constant was 3.89. The finding on norms showed that the 't'-value was 1.41 compared to the critical value of 1.96 and the probability of 't' was 0.01 as obtained from Table 4.3. The p-value of 't' was 1.4 per cent which was not significant and hence the null hypothesis was rejected. The conclusion therefore was that norms significantly influenced savings mobilization in Nyamira County.

In the general analysis, the model confirmed that norms were statistically significant in influencing savings mobilization in Nyamira County. Knowing that norms were the accepted standards of behaviour within a co-operative society in relation to co-operative principles and that they formed a strong base on which members operated without causing offence to other members, it became important to see how norms made collaboration strong within co-operative societies.

Table 4.13 showed that 82 percent agreed that there existed leadership standards in co-operative societies in Nyamira County. 88 percent said that they were happy due to the respect they were accorded at co-operative societies and 75 percent said there were 'shared values'. Further, 57

percent said time was observed in co-operative meetings and 61 percent stated that there existed 'care' among co-operators. 89 percent agreed that co-operative functions started with prayers and 72 percent saw co-operators as decently dressed during functions. In conclusion, 57 percent said that co-operative leaders followed-up on members' concerns whenever they received them. The results showed that there existed norms within co-operative societies in Nyamira County. They showed that 82 percent agreed that co-operative societies had clearly set standards which guided members and leaders on co-operative societies' organization, leadership and management. However, 10 percent did not give any opinion and 8 percent did not agree with that statement. The existence of standards within co-operative societies ensured that members played within established parameters that enhanced respect, tranquility and order in co-operative societies. The standards for operations guided on savings mobilization and enhanced members' trust. Among the set standards include the principle of 'one-member, one-vote' in all co-operative decision-making meetings, consultations among members and leaders, and responsibility over collective action taken in the name of any co-operative. The standards strengthened the co-operative philosophy that capital was not a major consideration during the initiation of modern co-operative societies in 1844, but the human or member who needed to be recognized and treated with respect was. Members felt that they were treated with dignity and respect at the co-operative society. The treatment encouraged them to channel their resources through the co-operative society thereby confirming that norms contributed to savings mobilization.

The co-operative societies had set leadership standards, Table 4.13. The set standards brought harmony within the co-operative and enabled members to relate well. It guided on how to elect leaders who met a set criteria for assumption of office. The set standards encouraged and

enabled members to build trust amongst themselves and strengthened the co-operative. The setting of leadership norms, standards and practices strengthened self-regulation and governance within co-operative societies. The cohesion so developed made it easier for members to relate and resolve any discontent within the co-operative society thereby creating an enabling environment for improved savings.

Table 4.13

Influence of norms on savings mobilization

<i>Measure of Norms</i>	<i>% score</i>
Leadership has standards	82
Happiness due to Respect at co-operative societies	88
Shared values	75
Observed time	57
Care	61
Start with prayers	89
Decently dressed	72
Follow-up on members' concerns	57

Source: Research findings, 2019

According to the results, the contribution of member relations to savings mobilization may not be significant but it held members together and hence cemented the avenue for savings mobilization. The philosophical argument was that need would strike at any moment and the community did not have an immediate individual response. Staying and working together provided the solution because unity was mighty. The research established that respect and courtesy were among the guiding factors in co-operative societies which encouraged member

loyalty. Members practiced appreciation for actions done for them, like thanking the provider and showing respect. According to the results, 72 percent agreed that members thanked others for favours and respect given to them.

In any organization, it is impossible to meet the exact aspirations and expectations of every member but the majority must be contented. Recognition, respect and acceptance built one's morale and served as a motivation to effective participation in the organization's activities. That level of contentment made members happy, played by the rules set within the organization and trust to place their resources together. The recognition of the existence of contentment within co-operative societies in Nyamira County was pivotal in the production processes, marketing and savings mobilization. Members willingly delivered their produce to co-operative societies, built facilities for storage, allowed for their marketing by elected leaders, accepted and trusted the prices fetched, and made savings from the surplus realised from the sales. The favours and respect extended to members without discrimination within the co-operative society equated members who built confidence and self-esteem. That gave them the motivation to utilize the services offered through the co-operative society and with it, improved savings.

Similarly, the research established that members of co-operative societies had shared values, vision and common purpose. Table 4.13 showed that 75 percent agreed that co-operative societies had shared values. Cultural practices helped solve problems within society and families. Shared values went a long way in strengthening trust as any mistrust was addressed in its context. Those implicated were counselled and given a chance to reform and refrain from future recurrences of the offence. In the co-operative context, co-operative by-laws gave guidelines, rewards and sanctions applicable to member performances and practices. Members patronize their co-operative societies well when they understood the treatment they expected

based on shared values. Once members were in sync with their responsibilities, roles and obligations in the co-operative society, peace was maintained without the co-operative society disintegrating.

The existence of norms and shared values within co-operative societies gave a major boost to service delivery and market leverage. Members patronized co-operative services because they felt that they operated in an organisation that was guided by strong norms which transcended national borders and hence was sustainable. That motivation gave credence and surety to resource mobilization.

In the research, shared values confirmed the belief by co-operative members that a member's success or strength, if properly safeguarded, was the strength for the whole co-operative society. Co-operative and ethical values were found to be important and strong tenets in co-operative growth and savings mobilization. However, it was important to understand that norms, values and ethics within co-operative societies influenced savings mobilization when members agreed to set aside their preferences and acted with decorum in the leadership and management of co-operative societies.

On the issue of keeping time in co-operative functions, the results showed that 57 per cent of members observed time for co-operative society functions. Accordingly, 24 percent did not consider punctuality in co-operative society meetings as an issue. Punctuality to any meeting or appointment saved time and resources. It prevented resentments and wishes for lost opportunities. Time observance created trust and bonded members as buck-passing was minimized and members felt justified. It is a given fact that blaming members for things they have the power to control kills morale and creates groupings within an organization. The feeling that a member was punctual justified and motivated members to channel their resources, savings

and interests into their co-operative societies. Empirical evidence attests to that unless co-operative society meetings were General Meetings, during which elections were conducted, there was always lethargic attendance by members. In some instances, some members did not understand the importance of attending co-operative society meetings because they associated the co-operative society ownership with their elected leaders.

Considering the reason for forming co-operative societies and the relationship between members, the results showed that 61 percent agreed that members cared for each other. However, 21 percent did not see that care among co-operative members or if they did, they did not declare it. The results on the motivation to register co-operative societies were shown in Table 4.8. The care shown to needy persons and how the needs were addressed helped build long-term relationships. Leaders who showed concern for their members built trust and won members' confidence which made members receptive to their leaders' ideas. That strong bonding built strong co-operative societies and influenced what happened there. The happenings included working hard on their undertakings whose marketing the co-operative society handled, savings and amount of savings that flowed into the co-operative society continuously grew.

The people of Nyamira County were deeply religious and invoked God's name any time they wanted to undertake an assignment. Empirical evidence showed that even during funerals, most speakers spent more time in praising God than eulogizing the departed person. The research established that in co-operative society meetings, prayer was very important. The results showed that 89 percent agreed that co-operative functions started with prayers. The strong practice or norm brought members psychologically together before transacting any co-operative society business. People who professed God were expected to be honest, loving, caring and of

high integrity. In a country with more than 80 per cent of its population professing religious practices, starting meetings with prayers gave members the motivation and confidence that the meeting was guided by God and the attendants would not be crafty. The developed confidence, fear of the Lord and belief that those who trusted in God do not steal, brought in more savings. Prayer and the goodwill of the people influenced savings mobilization and credit handling honesty.

Among the norms of the Abagusii were that members of the community, especially those who had undergone initiation into adulthood, needed to be decently dressed when in public or when in front of children. On how co-operative members dressed while attending co-operative society meetings, the research established that 71 percent agreed that members were decently dressed during meetings. It was a little bit difficult to define what decency in dressing meant but it was generally agreed that for men, tightly fitting attires or torn clothes did not meet that definition. For the women, mini dresses and dresses that left large parts of the body exposed did not meet that natural definition of decent dressing.

In most communities, an outward appearance for new acquaintance gave the impression of what was expected from that individual. It was presumed that decently dressed persons were well-esteemed than those whose physical appearance was not decent. The first impression was that the person was also well-organized and worthy of trust. Decency in co-operative societies was important and members strived to be so thereby building trust and bringing in more resources. It would be hard to convince members that a person who was disorganized could be entrusted with leadership and the management of their co-operative societies. The conclusion was that decent dressing influenced savings mobilization.

The mode of dressing and decency were relative and in the eyes of the beholder. However, in economic, social and cultural meetings, decency was well safe-guarded as those attending cut across all ages, relations and respect – parents with their children, daughters-in-law, sons-in-law and other dignitaries. That finding was consistent with the expectations of a self-respecting community like the Abagusii and co-operative societies (Gweyi et al., 2013).

Members of co-operative societies had strong faith in their leaders whom they expected to guide them into realizing their aspirations. The leaders are, therefore, expected to reciprocate that trust and deliver on their assignments promptly. Table 4.13 showed that 56 percent of members agreed that elected leaders followed up on members' concerns.

It is a natural requirement that a people working together and joined for a common purpose needed to show concern for each other. Such a strong bond influenced association, resource employment and trust within that enterprise thereby making people receptive to products aimed at savings mobilization, trusting that the organization was relevant and leaders were credible.

The co-operative value of caring for others or the principle of concern for community had strongly permeated the co-operative community in Nyamira County and co-operative leaders took it as their cardinal duty to show concern for colleague members. Members even demanded for such action and whenever it failed, threatened their leaders with dismissal from their leadership roles. That finding strengthened the staying together of members as a co-operative community and hence enhanced savings in the co-operative society.

The happiness and contentment in conformity with the social capital theory was exhibited through salutations when attending to co-operative society business. A warm welcome and calling members by their first names in co-operative society meetings strengthened the bonding. That served as a recognition that members belonged together and that they were important. The

bond and trust among members enabled easy access to important co-operative society services. In the same light, the way members were treated determined their relationship and work at the co-operative society. The cumulative effect of the member relations affected their ability to work hard and trust their elected members.

The trust, norms and networks of association were strong among members as co-operative society membership cut across all phases of human life in the area. Those with major responsibilities or intending to invest for more returns from investments formed the bulk of members. The norms set within co-operative societies and the trust members developed in them showed that co-operative society members engaged in other businesses besides the main business through their co-operative societies and they made savings at their co-operative societies. The sources of income included farming, business and salaries from formal employment. The cumulative conclusion on the influence of norms on savings mobilization was that norms significantly influenced savings mobilisation in Nyamira County.

Networks of Association

Networks of association bring together like-minded people to achieve their common interests in a structured way through joint action. Networks may be within an enterprise or external but they all play the same role in satisfying members' aspirations. In the same analysis and from Table 4.3, the results on networks of association showed that the $F_{Caclculated}$ was 18.73 compared to the critical value of 3.89 and the probability of 'F' was 0.00. The 't'-value was 12.53 compared to the critical value of 1.96 while the p-value of 't' was significant at zero percent. However, when regressed with savings mobilisation and credit handling as a mediating variable, the 't'-value, Table 4.4, was 0.21 and the $p>|t|$ was 0.84 thus concluding that networks of association were statistically significant in influencing savings in Nyamira County.

The growth in any business or organization depended on the strength of its networks, marketing strategies, collaboration with suppliers and the spread of its product mix. In the research, the networks of association were defined as the co-operative society. The co-operative member was the base of examination in the research as that was the person of interest in savings mobilization and the results were explained under the section.

Family fabrics became important and strong as people stayed together, worked together, ate together and shared challenges together. When families shared and handled challenges together, they emerged stronger after overcoming those challenges. As they learned to appreciate the crucial roles that each person played and how it could not work if any of them was missing in action. The network so created became an enabler of daily success and a centre of convergence. Members of the family learnt to cede part of their independence and power so that they could achieve more at lower costs by working together. Co-operative societies had become important links between members and their projected outcomes in areas where the co-operative business model was embraced.

A summary of the total percentage of the parameters of networks of association on savings mobilization showed that 85 percent of members said that co-operative societies expressed their level of association. The rate of attendance to meetings was 82 percent with 89 percent stating that co-operative societies enabled them to access important services. But on linking members to other services, only 34 percent agreed that such links existed. On co-operative growth, 86 percent agreed that there was an annual increase of new members joining while 72 percent stated that services were outstanding. 81 percent saw new area networks and opportunities developing through co-operative societies.

The results showed that members felt that the co-operative societies expressed their level of association, Table 4.14. In the results, 85 percent stated that the co-operative society confirmed their level of association. The research established that members liked attending co-operative society meetings. The way people related in society said much as to their interest, priorities and performance. Where there was trust and norms, the people easily associated and brought out their satisfaction. The co-operative society provided such an opportunity and people voluntarily mobilized their savings through it.

Table 4.14

Measures of Networks of Association on savings mobilization

<i>Measure: networks of association</i>	<i>% score</i>
Express level of association	85
Attendance of meetings	82
Access to important services	89
Links	34
Annual joining	86
Outstanding services	72
New area networks and opportunities	82

Source: Research findings, 2019

In that argument, the co-operative society served a dual purpose: First, as a forum at which members shared ideas for personal and collective development, and second, as an agent for mobilizing and bulking members' products and services. The level of interaction with an enterprise was determined by the level of members' needs and the availability of the expected services at the enterprise. Many people in the community joined the enterprise for the shared

services' benefits even though they did not want to belong there. That action of participation influenced the growth of the finances of the enterprise and determined an easy access to desired services.

In Table 4.14, 82 percent agreed that they liked attending co-operative society meetings without inducements because it was their right to do so. The message from the table was clear: members did not need to be enticed or coerced to attend meetings of organisations that they formed and built. They were motivated because they valued their contributions to the co-operative society's growth and the expected returns. In certain instances, members did not miss co-operative society meetings because by doing so, they threw away part of their earned respect.

Attendance in meetings showed the philosophical reasoning behind people attending co-operative society meetings. Members attended because they had obligations to the co-operative society: to pass resolutions, approve operational budgets and elect officials to lead the co-operative society. When people had little or no value and regard, they did not attend meetings or if they did, they arrived late or simply attended to raise issues that portrayed poor performance of the co-operative society and its leadership. That was not the case according to the results.

Table 4.14 showed results obtained when delving deeper into what motivated members to attend co-operative society meetings. The primary reason was to access co-operative services. It was established that 89 percent agreed that their involvement in co-operative societies enabled them access important services. Among the services that members received through their co-operative societies were marketing of produce, procurement of farm inputs, savings and credit, advocacy, lobbying and networking. That finding explained why more than 89 percent of members took advantage of their membership in co-operative societies to leverage the market

and synergize their advantage to do more. As long as members relied on the co-operative principles, values and ethics, they continued to lead in the areas that they got involved.

A major motivation of members working together through co-operative societies was the need to optimize their rates of return and to avoid the free-rider phenomenon. In the co-operative enterprise, members wanted to access the services for which it was formed and at minimal cost. When good conditions prevailed, members willingly increased their rate of association and resource mobilization.

The results in Table 4.14, identified one of the main advantages of co-operative membership as linkages with suppliers and dealers. Dealers could be those who dealt with co-operative products and services while suppliers were those who brought the co-operative members' requirements from outside the co-operative's span of control or production. 34 percent agreed that co-operative societies provided the vital links to markets and suppliers according to members' needs. In that observation, 31 percent disagreed that the co-operative linked them to suppliers and dealers.

An enterprise provided members with links to the external environment. Members joined co-operative societies because it provided the vital links that they would not access individually at affordable costs. If the rate of patronage determined the rate of return to members, then members would mobilize more resources for higher benefits. That motivation yielded more savings into co-operative societies. The results showed low rates for the determination on the influence of links to markets. That explained the disinterested way in which members dealt with co-operative enterprises. As long as they got what they expected, they did not bother to hold their leaders accountable for the resources they entrusted them with. Most members visited their co-operative societies when with need and once the need was satiated, they waited for the next

season. That explained the great trust members had in their co-operative societies and leadership for resource mobilization and management.

Looking farther down in the scale and disaggregating, 20 percent agreed that co-operative societies provided links to dealers and suppliers while 14 percent strongly agreed that co-operative societies were crucial in getting suppliers and dealers. That result confirmed what was true in marketing co-operative societies where each Committee did individual marketing and procurement. The role played by co-operative unions was weakened to the extent that members paid more for farm inputs due to individual procurements and low quantity of requirements.

In conclusion, co-operative societies needed to re-examine their development, growth and expansion strategies so as to ease the burden of procurement and trading deals off the members' shoulders. It was recommended that further studies be undertaken in that area so that the low percentage of members with feelings that co-operative societies did not link them to suppliers and dealers can improve.

The results in Table 4.14 strengthened the argument that co-operative societies were important in mobilizing resource in their areas of operation despite the low rating of linking members to dealers and suppliers. 64 percent agreed that new members joined co-operative societies annually. The 64 percent result that co-operative societies were important in recruiting new members painted a positive picture of co-operative societies as a strong business model that could be relied upon to transform rural economies by creating important links that members required. It confirmed that networks of association influenced resource mobilization in the area. The growth of an enterprise was supported more when many new members joined it and the resources it amassed over time. The growth was established by the number of entry barriers or exit clauses that determined the operations of that enterprise. When there were many new

entrants, observations showed that many people from outside the enterprise were developing trust and confidence in that enterprise, therefore the urge to apply for membership. The joining of new members contributed to more financial resources flowing into the enterprise.

The high number of new members was stressed when we considered the results in Table 4.14. 77 percent agreed that co-operative services were outstanding. That made the matter on co-operative services very pertinent in the formation of co-operative societies and their credibility. It gave the message that rural services in agriculture and finance were premised on co-operative societies. That supported local entrepreneurs in setting up their investments responses to members' needs. The confirmation that co-operative societies created links between members and the desired services was manifested in the finding. The pooling of resources under co-operative societies brought together a diverse group of members working closely within reach for consultations and for success under the economies of scale. Members became producers and consumers of services produced under one organisation. The services were deemed outstanding because members were able to save and borrow from the pooled resources within easy reach. Finally, the research looked at the opportunities and new networks for investment that were available through co-operative societies. Table 4.14 showed that 81 percent agreed to the existence of opportunities through co-operative enterprises.

The results pointed to a strong support underlying co-operative societies' participation and linkages that gave members a high leverage level in the market. Co-operative society members expressed the hidden strength with over 81 percent agreeing that co-operative societies provided networks and opportunities for investment and self-development. It was apparent that after co-operative societies were registered they gathered support from members and showed the benefits of working together. Co-operative societies grew in strength with every moment they

successfully completed business loops and improved members' wealth. The co-operative societies thereby provided the necessary organizational means for the community to thrive in any environment. In the same vein, individual members gained wealth through mobilized savings, household incomes and incremental purchases. The expressional impact was through livestock holding, amount of borrowed loans and years of membership in co-operative societies. The shared actions and platforms included co-operative unions that formed an integral part of marketing co-operative societies which were critical in lobbying, procurement and investment. The study showed that co-operative societies helped in addressing the joy-rider problem through collective action. There was a high percentage of members who joined co-operative societies annually thereby exhibiting the trust they had in co-operative societies and confirmed the importance of trust as a major reason for forming co-operative societies. Further, reciprocity, education received through co-operative societies and the standards set made members happy with co-operative societies.

Given the findings on networks of association and other positive landmarks when analysing the influence of networks of association on savings mobilization, it was concluded that there were many factors within networks of association that significantly influenced savings mobilization in Nyamira County.

Credit Handling Analysis

Finally, the analysis was done on credit handling. The results of credit handling when other variables were held constant and credit handling was regressed had the following figures. The $F_{Calculated}$ [F (1, 181)] was 36.14 compared to the critical value [$invFtail(1, 181, 0.05)$] was 3.89 and the probability of 'F' value [Prob > F] was 0.00. The value of 'F' was greater than the critical value of 3.89 so the null hypothesis was rejected. Similarly, the p-value from Table

4.4 was 0.0000. The 't'-value was given as 8.49 while the $p > |t|$ was 0.00 which was highly insignificant. The conclusion was that the null hypothesis that credit handling as a mediating variable did not influence savings mobilisation be rejected thus concluding that credit handling, as a mediating variable, influenced savings mobilization in Nyamira County.

The conclusion from the analysis of the individual variables was that trust, norms, networks of association and credit handling, as a mediating variable, had a significant influence on savings mobilization in Nyamira County. That led to the analysis of intervening variables like education, age of members, duration of membership in co-operative societies and members' marital status. Other variables that contributed to savings mobilization included members' behaviour during co-operative society meetings, loan demands and member relations.

The average level of credit from co-operative societies per member in Nyamira County over the three (3) years preceding the research revealed a strong affinity for savings mobilization by members in support of their credit requirements. It showed the propensity for members to save through their co-operative societies because they needed services that were easily and conveniently available through them. The result that credit handling influenced savings mobilization was explained when credit levels to members were analyzed.

The results showed that there was gradual growth of the average credit given to members for the three years preceding the study. Table 4.19 showed that in the first year, the percentage of average loans of less than KShs. 50,000/= given to members was 69 percent but in the second year, it reduced to 54 percent and in the third year, it reduced farther to 52 percent. The result reflected a growth in savings that grew with age in the co-operative membership which enabled members to qualify for more credit from their co-operative societies. The trend was the same for the next band of average credit of between KShs. 50,000/= and KShs. 100,000/= where it

reduced from 23 percent in the first year to 19 percent in the third year meaning that more members were moving up the scale to higher bands. In the third year, the result showed that 4 percent of the members were given loans of more than KShs. one million. The same trend persisted where the lower averages reduced with time while the higher averages gained. In the first year, more than 91 percent of members had credit of less than KShs. 100,000/= but the figure decreased to 76 percent in the second year and 69 percent in the third year.

The effect of trust on savings was exhibited when the performance of savings mobilized over the three years was considered. Each year, the individual savings improved as more members transitioned from the lower echelons of savings into higher ones. Whereas only 1 percent saved over KShs. 500,000/= in the first year, the percentage improved to 10 percent in the third year. The level of savings also improved from less than KShs. 20,000/= to the middle level thereby bringing in more savings into co-operative societies. That result meant that where the end result was increased savings, the strategy meant taking into consideration the loan requirements and setting a target for members who accessed higher amounts of loans. The loan products would set their basic qualifications as savings mobilized at the co-operative society.

The increase was in line with the result under savings mobilization because credit demand influenced savings in co-operative societies. By year 3, the higher bands of the levels of credit increased to 3 percent from zero percent.

The next analysis was the influence of credit utilization on savings. Application of credit to the intended purpose was a sure way of sustainability and good financial management. If the credit was misapplied, there were high chances of default which led to pecuniary distress on members. The research showed that most of the credits members got from their SACCO societies were

utilized in four major areas: buying land for farming or re-settlement at 25 percent, payment of school fees at 48 percent, buying a cow at 11 percent, and paying hospital fees at 5 percent,

Table 4.15

Credit level to members

<i>Amount of loan (KShs. '000)</i>	<i>Year 1</i>		<i>Year 2</i>		<i>Year 3</i>	
	<i>Frequency</i>	<i>Per cent</i>	<i>Frequency</i>	<i>Per cent</i>	<i>Frequency</i>	<i>Per cent</i>
	1	1<	0	0	2	1
Less than 50	129	69	93	50	83	45
50 – 100	39	21	51	27	42	23
100–500	12	6	32	17	39	21
500 – 1,000	5	3	8	4	14	8
Over 1,000	0	0	2	1	6	3

Source: Research results 2019

Appendix VII. While there were many areas of need within the family and members, the research established that such areas like borrowing to take a leisure trip or to buy a new car or marry a new wife were of secondary or little importance. The credit needs were specific and the credit was employed on economic aspects of the member and the social development of the community with a cultural impact. While credit was sought at individual level, the cumulative effect had a significant impact on the borrower, family, the organization, society and the local economy.

According to the national census (KNBS) 2010) and empirical findings, the population of Nyamira County was of very high density and the people looked for land on which to practice mixed farming in order to support their families, which averaged more than six members in a family. The result explained why the first priority on the utilization of credit was purchase of

land. The need for land out-weighed other requirements because it was on land that the other acquisitions were based. A cow needed to graze on land, a house was built on land, crops were grown on a farm and a car needed a road and storage. The findings under the section confirmed the United Nations International goals on feeding the world population as contained in the Social Development Goals and the National goals of Kenya as enshrined in the Kenya Vision 2030, where the major concern was the complete eradication of poverty, illiteracy and improvement of living standards.

To understand the development ratings given in the answers, members were asked to give their general information starting with their association with co-operative societies. The individual item analysis for the research was done according to the results and research objectives starting with general information. Those were also the intervening variables that influenced savings mobilization in Nyamira County.

The behaviour of co-operators in Nyamira County confirmed the expectations of social capital theory on networks of association because as co-operative societies grew in size, member numbers and diversity exerted more demands on co-operative services. That led to the great interest members developed in the behaviour of elected leaders. Any misdemeanor from the leadership led to members losing motivation in what happened in their co-operatives society. Members were, therefore, likely to seek for solutions outside the organization since they considered the co-operative society as a preserve of other people. The result explained why more and more members were focusing their interest on co-operative governance as co-operative societies embraced the delegate system of electing leaders and attendances to co-operative meetings even though that move was making co-operative societies become elitist.

During oral questions with members, it was established that the poor performance of some marketing co-operative societies had given the impression that co-operative societies did not influence savings mobilization. However, it was explained by some leaders that the perception was derived from delayed payments through co-operative societies by marketing boards and other statutory bodies. Members only saw their co-operative leaders as the people who delayed in effecting member payments but did not know that the co-operative leaders only paid out what they received from marketers of sales proceeds.

4.7 Summary

The summary of results of the research on social capital and co-operative societies on savings mobilization in Nyamira County established that trust, norms, and networks of association significantly influenced savings mobilization and co-operative societies. The model summary was that when the 'R' was 0.54, 'R'-squared was 0.29 and adjusted 'R'-squared was 0.28. The root MSE was 5.02. The association between the savings and trust, norms, networks of association and credit handling had no collinearity among the regressors in the model. The Cronbach's Alpha coefficient showed an inter-item covariance of 0.14. The scale reliability coefficient was 0.80 confirming the independence of each regressor. That was true because the probability $p > |t|$ was 0.000 and the value of the probability of F was greater than 0.00 while the coefficient of regression was 1.10 with a standard error of 0.24.

The 't'-value of trust was of 4.66 with a coefficient of 0.07 and a standard error of 0.05. The probability $p > |t|$ was 0.16 which was very low which implied that the coefficient of probability of trust lying within the interval of -0.03 and 0.17 was 16%. The coefficient of regression for norms was 0.14, a standard error of 0.05 and a 't'-value of 2.47. Its probability $p > |t|$ was 0.01 which showed that the coefficient of probability of norms lying within the interval of 0.03 and

0.24 was 1.4%. The coefficient of regression for networks of association was 0.000, a standard error of 0.63 and a 't'-value of 1.56. The coefficient of probability of 't' lying within the interval of 0.63 and 1.56 was zero percent.

The inter-correlation among the items of analysis was positive. Trust had an 'F'-value of 0.96 with probability greater than 'F' being 0.43, while the 'F'-value for norms was 3.73 with probability greater than 'F' being 0.01. The 'F'-value for networks of association was 47.92 with probability greater than 'F' being 0.00 and 'F'-value of credit handling was 3.16 with probability greater than 'F' being 0.01. The results showed that all the variables were independent of each other and had positive inter-item correlations.

In the Correlation Matrix, trust on savings mobilization had a correlation coefficient of 0.40, savings on norms correlation coefficient was 0.01 and savings mobilization on networks of association coefficient was 0.05. Savings mobilization on credit handling coefficient was 0.52. When regressed against trust, the coefficient with norms was 0.08, with networks of association was 0.11 and with credit handling was 0.49. Considering the correlation coefficient of norms with networks of association was 0.70 and with credit handling was 0.02. The correlation coefficient between networks of association and credit handling was 0.09. The correlation coefficient was positive pointing to influence of each variable on others and therefore influencing savings mobilization.

The general conclusion was that the elements of social capital significantly influenced savings mobilization. There were mediating, intervening and explanatory variables that influenced the behaviour and savings mobilization in the County.

Trust

The statistical results showed that trust had an 'F'-value of 0.96 with probability greater than 'F' being 0.43. It had had a positive inter-item correlations and a correlation coefficient of 0.40 on savings mobilization. Paired against trust, the coefficient with norms was 0.08, with networks of association was 0.11 and with credit handling was 0.49.

The results showed that trust was a major factor in savings mobilization as co-operative members trusted their co-operative societies to provide a ready market for their produce, care for their merchandise, got the correct prices for their merchandise and the merchandise would be available whenever needed. The conclusion was that the null hypothesis that there was no significant effect of trust on savings mobilization through co-operatives in Nyamira County was rejected. Therefore, trust significantly influenced savings mobilization in co-operative societies in Nyamira County.

That agreed with a study by Duguma and Han (2018) in Ethiopia on the effect of deposit mobilisation on the financial sustainability of Rural SACCO societies: Evidence from Ethiopia in 2018 The study concluded that deposit mobilization was influenced by loan demands, total assets and total savings deposits which directly impacted on financial sustainability. Similarly, the age of the institution, rate of inflation and deposit mobilization, affected financial sustainability.

This agrees with a study in Rwanda where deposit mobilization were found to be important in the profitability of commercial banks where lending depended on the amount of savings mobilized. There was branding, use of innovative banking technology, access to financial services, membership growth and a positive relationship between savings mobilization and financial performance of commercial banks (Tuyishime, Memba & Mbera 2015).

Norms

The conclusions on norms were that co-operative societies had standards which guided members and leaders' conduct within co-operative societies. The results of statistical analysis showed the 'F'-value for norms at 3.73 with probability of 'F' at 0.01. The correlation coefficient of norms with networks of association was 0.70 and with credit handling was 0.02. There was a positive inter-correlation among the items of analysis. The null hypothesis that there was no significant effect of norms on the level of savings mobilization through co-operative societies in Nyamira County was rejected.

Norms made people appreciate their association and membership to any organization because they knew what to expect and how to relate to each other. Most members in co-operative societies were hard-working and honest which enabled them to build trust and save their surplus incomes through their co-operative societies. It was clear that members in co-operative societies treated each other honourably and with decorum, had personal integrity and thanked others for favours given and the respect shown. It was also established that a big number of members in co-operative societies had shared values and clear communications in co-operative societies.

The norms that were set within co-operative societies were confirmed through observance of time for co-operative functions; co-operative members caring for each other, attending co-operative meetings while decently dressed, always starting co-operative functions with prayers and elected leaders following up on members' concerns. The results made co-operative societies the preferred enterprises for people in rural areas, and Nyamira County in particular. That conformed to the general conclusion in the analysis that norms significantly influenced savings mobilization in co-operative societies in Nyamira County.

The finding was in line with Mwakajumilo (2019) on the Role of Informal Microfinance Institutions (MFIs) in Saving Mobilization, Investment and Poverty Reduction. A Case of Savings and Credit Co-operative Societies (SACCOs) in Tanzania from 1961-2008 stating that it was important for a clear policy with members' views and aspirations well captured. It needed to promote business culture and low transaction costs. The study averred that SACCOs were preferred by members for their business solutions compared with MFIs. Similarly, Ndirangu and Nyamongo (2015) argued on financial innovations by SACCO societies that had given rural areas access to financial services.

Networks of Association

When looking at the networks of association, the null hypothesis that there was no significant effect of networks of association on savings mobilization through co-operative societies in Nyamira County was tested. The statistical results with savings mobilisation on networks of association had a coefficient of 0.05. The 'F'-value was 47.92 with probability greater than 'F' being 0.00. The correlation coefficient was positive pointing to a positive influence of networks of association on savings mobilization. The 't'-value was 12.53 compared to the critical value of 1.96, and the $p > |t|$ was 0.84. The coefficient of probability of 't' lying within the interval of 0.63 and 1.56 was zero percent. The finding from the study was that the null hypothesis was rejected. The conclusion was that networks of association significantly affected savings mobilization in co-operative societies in Nyamira County.

That conclusion showed that co-operative societies availed members a way to achieve what they set out to do at competitive costs. Co-operative societies opened opportunities for out-ward and inward transactions for members thereby building and strengthening them and their confidence. The association formed by members determined how members addressed it and

what value they derived through it. The conclusions from the research showed that the co-operative enterprise confirmed members' level of association and that the majority liked attending co-operative society meetings. The research confirmed that co-operative societies served a dual purpose in the County: members got motivated because they valued their contributions to the co-operative and the expected returns were appreciated.

Co-operative enterprises gave members opportunities to access services which included marketing of produce, procurement of inputs, SACCOs, advocacy, lobbying and networking. Members utilized their membership in co-operative societies to leverage markets and synergized their advantage for more business on and off farms. The research established that co-operative societies linked membership with marketers, suppliers and dealers of external products and services. It established that in support of savings mobilization, members joined co-operative societies annually because of outstanding services, opportunities and new networks for investment. It was concluded that members attended co-operative meetings and co-operatives served dual purposes in the County. Members were motivated because they accessed services, the value their contributions made and the expected returns. The services offered by co-operative enterprises positively contributed to savings mobilization. The findings were in line with Uchenna, (2007)'s findings that co-operative societies provided several services in Enugu, Nigeria which members could not access without co-operative societies. Despite that positive contribution of co-operatives, the trend of diminishing social capital, particularly on loss of interest in co-operative governance needed urgent address. Co-operative societies needed to play a central role in unifying members and giving opportunities for self-advancement close to their homes for services and investments.

Credit handling

Results on whether the null hypothesis that co-operative societies' credit handling had no mediating effect on the relationship between social capital and savings mobilization in Nyamira County was rejected. Statistical results showed that the 'F'-value of credit handling was 3.16 with probability greater than 'F' being 0.01. The $F_{Caclulad}$ was 36.14 compared to the critical value of 3.89 and the probability of 'F' was 0.00. The value of 'F' was greater than the critical value of 3.89 so the null hypothesis was rejected. Savings mobilisation on credit handling as a mediating factor had a coefficient of 0.52. The p-value was 0.0000 and the 't'-value was 8.49, the $p>|t|$ was 0.00 which was highly insignificant.

The conclusion on credit handling was that credit handling in co-operatives significantly influenced savings mobilization. The essence of savings mobilization was to pool limited resources from which members borrowed for benevolent purposes. The trust generated while pooling resources together was buttressed by standards set before members started accessing the pooled resources for support. In discharging the responsibility of responding to members' needs, the way members were treated was found crucial in either building or destroying their relationship with the association. When members were treated well and felt appreciated, they invested more in the enterprise. The benefits were spread and went round for everybody to enjoy.

The research established that there was gradual growth of the average level of credit given to members over the three years preceding the study. The growth of the members' volume of credit confirmed the trust members had in co-operatives and amongst each other. It showed that members guaranteed each other since credit needed to be guaranteed by other members. The

standards were set by members at properly constituted general meetings, were acceptable and members faithfully implemented them.

It was concluded that members needed credits for important and urgent activities. The credits from SACCO societies were utilized in the purchase of land, payment of school fees, buying a cow and paying hospital fees. Credit handling was critical in savings mobilization. The findings agreed that loan processing procedures in co-operative societies were very good; loan products were very exciting and members enjoyed borrowing; services to members influenced savings; and the willingness of members to guarantee each other influenced savings mobilization.

Further, majority of members were influenced to join co-operative societies by the lending terms, credit policies; that savings mobilization was influenced by available credit products; that varieties of credit products existed which influenced savings mobilization and that co-operative societies were important in their economic lives. The level of loans to members increased with the age of membership in the society while young and new members had low savings volumes. The aged and old members had huge savings amassed over time.

Due to the needs within the family and members, borrowing to go for leisure trips or to buy new cars or marry new wives was less important. Credit borrowed from co-operative societies was specific and was employed on the economic aspects of life, social development and cultural impact. Co-operative loan processes satisfied the expectations and confidence that members had when joining co-operative societies. Credit services were important and significantly improved savings through co-operative enterprises thereby strongly influencing savings mobilization through co-operative societies in Nyamira County.

General membership

The people of Nyamira County were brought up in a setting that recognized that collective action made the completion of any task easy, fast and efficient. In that set-up, they cultivated trust, operated within set cultural standards and worked in organized groups. The registration of many co-operative societies in the area were formed to assist in members' undertakings. Because of trust, co-operative societies aggregated members' produce and delivered it to markets at low operational costs. Co-operative societies gave members channels that pooled their resources for re-investment.

The majority of members joined co-operative societies for the common good they derived from associating together: saving and accessing services like marketing, credit and joint procurement. The joint action taken when people joined co-operative societies enhanced opportunities, capacity to grow and gave a platform for shared action.

The spread of membership according to age showed a normal curve concentrated on the ages between 36 years and 49 years old. The membership structure was pyramidal in co-operative stay age growth showing that youth induction into co-operatives started early in life. Trust and norms in co-operative societies were an integral part of co-operative involvement which ensured steady growth of co-operative activities; produce marketing and savings mobilization. Trust among members grew with age in life and membership in co-operative societies. Age influenced savings because as members' age grew beyond 50 years old, individual savings decreased. Similarly, as people aged, they acquired responsibilities and knowledge which enabled them to commit themselves wisely. It was noted that majority of the membership was married and members joined co-operative societies to save for purposes of accessing credit.

While members had trust in co-operative societies because of norms, were treated equally and fairly, the highest need for co-operative members for which co-operative societies were formed was to market produce and save the surplus income so generated. Trust and reciprocity within the membership made members readily join the savings and credit activity.

The level of marketed produce through co-operative societies showed an incremental trend as years progressed. Trust from members and norms set by the co-operative society made delivery of produce and other services offered by the co-operative society improve every year thereby dictating how much operational surplus was available to go into savings.

Savings Mobilization

The model summary showed statistical results which were that the F-value was 67.30 from three and 182 degrees of difference, the 'R'-square was 0.53 and the 'R'-squared adjusted was 0.52. The root mean standard error was 0.41, the value of the probability of F was greater than 0.00 and the coefficient of regression was 1.10 with a standard error of 0.24 and a 't'-value of 4.66. The probability $p > |t|$ was 0.000 which meant that the elements of social capital significantly influenced savings mobilization.

Savings mobilization was positively influenced by the level of education of members because as years increased in membership, the level of savings went up. That was true for membership on the level of education. It continued to grow over the three years prior to the study with the average level of members' savings showing an incremental trend.

The research established that the influence of local politics on savings mobilization was balanced at around 40 percent but member relationships had a substantial impact on the amount of money members saved and borrowed. Considerations for their decisions included fair treatment, recognition, friendly services and leadership participation.

In the research, members formed the backbone of service focus and the main motivator for co-operative participation. They determined the amount of funds available to run society business: the level of savings, members joining co-operative societies and the co-operative's financial base. Members averred that loan sizes depended on members' savings and that the volume of loan business depended on members' level of savings. Loan demands had strong influences on the level of savings and the number of new co-operative societies formed or registered influenced the level of savings through new members.

Finally, the level of education influenced the level of investments and the quality of operations thereby influencing savings mobilization. That agreed with a study conducted in Bangladesh by Rahman and Uddin (2012) where the growth rate and real rate of interest had a positive impact on the savings rate with financial savings positively affecting the growth rate of the economy. The single most critical challenge was low literacy rates. The country needed to raise literacy rates by developing a highly educated, properly trained up and rightly motivated labour force to accelerate its economic growth (Rahman & Uddin 2012).

A WOCCU study in Latin America by Branch and Klaehn (2015) agreed that voluntary savings were fundamental to sustainable economic development as it enabled households to smooth consumption in uneven income flows. Credit union savings mobilization programs throughout Latin America (Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, and Nicaragua) demonstrated that low-income and poor people substantially increased their savings when provided with safe and convenient places for savings (Branch & Klaehn, 2015). Looking at the Rwanda SACCO initiative, a study evaluating the relationship between public saving institutions, financial inclusion, and domestic savings confirmed that public institutions mattered in accessing financial services and aggregate savings level (Gjonnes 2016).

CHAPTER FIVE:

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter covered the summary of the findings, conclusions and recommendations. It included the implications for theory and practice, and areas for further study.

5.2 Summary

The Thesis was on social capital and saving mobilization through co-operative societies in Nyamira County of the Republic of Kenya. It involved the identification of Nyamira, its locations, people, geography and its suitability for the study. It gave the background and the setting for the study. Co-operative societies were identified and described to cover their relevance for the study. The general objective of the research was to examine the effect of social capital on savings mobilization and co-operative societies in Nyamira County.

The literature review examined relevant books and academic publications that were important to the study. The review included conceptual and operational frameworks on which the research was based. The methodology involved organizing the research work: selecting a topic, getting the necessary approvals and collecting data. The data was collected using questionnaire and analyzed using the STATA computer software. The results were discussed in chapter four.

The findings were discussed in chapter five. It was divided into descriptives, social capital and correlations. The research established that trust, norms and networks of association influenced the level of savings mobilization in co-operative societies in Nyamira County. Credit handling as a mediating variable had a strong influence on savings mobilization through co-operative societies. That collaborated well with other studies done in Rwanda, Ethiopia, the Latin American countries, Philippines, Spain, and Bangladesh.

Descriptives

The Cronbach's Alpha coefficient of the four independent variables on the reliability of the statistics was 0.80. The analysis of variance (ANOVA) showed the average inter-item covariance was 0.16. The model F-value was 67.30, 'R'-square was 0.53 and the 'R'-squared adjusted was 0.52. The root mean standard error was 0.41. The value of the probability of F was greater than 0.00 and the coefficient of regression was 1.10 with a standard error of 0.24. The 't'-value was 4.66 with the probability $p > |t|$ at 0.000 meaning that the elements of social capital significantly influenced savings mobilization.

The 'F'-value for Trust was 0.96 with probability greater than 'F' being 0.43, while the 'F'-value for norms was 3.73 with probability greater than 'F' being 0.01. The 'F'-value for networks of association was 47.92 with probability greater than 'F' being 0.00 and 'F'-value of credit handling was 3.16 with probability greater than 'F' being 0.01. The results showed that all the variables were independent and had positive inter-item correlations. There was no multicollinearity.

Trust

The research objective was to establish the effect of trust on savings mobilization in co-operatives in Nyamira County. The null hypothesis was to test that there was no significant effect of trust on savings mobilization through co-operatives in Nyamira County. The hypothesis was tested using statistical methods. Trust had a 't'-value of 4.66, a coefficient of 0.07 and a standard error of 0.05. The probability $p > |t|$ was 0.16 which meant that the coefficient of probability of trust lying within the interval of - 0.03 and 0.17 was 16%. Trust had a positive inter-item correlations and a correlation coefficient of 0.40 on savings mobilization. Paired together trust, the correlation coefficient with norms was 0.08, 0.11 with networks of

association and 0.49 with credit handling. The results showed that trust was a major factor in savings mobilization. The conclusion was that the null hypothesis that there was no significant effect of trust on savings mobilization through co-operative societies was rejected. Therefore, trust significantly influenced savings mobilization in co-operative societies in Nyamira County. The results showed that since co-operative members trusted their co-operatives to channel their products and services, the co-operative societies got ready markets for their produce, cared for their merchandise, got the correct prices for their merchandise and the merchandise was available whenever needed. Trust thereby enhanced members' ability to make savings through existing or new co-operative societies.

Norms

The objective of the research was to examine the effect of norms on savings mobilization in co-operatives of Nyamira County. The research hypothesis was that there was no significant effect of norms on the level of savings mobilization through co-operatives in Nyamira County. The analysis results showed that the 'F'-value for norms was 3.73 with probability of 'F' at 0.01. The correlation coefficient of norms with networks of association was 0.70 and with credit handling was 0.02. There was a positive inter-correlation among the items of analysis. The 'F' value was positive at 0.08 while the probability was greater than zero at 0.77. The critical 'F' value when the other variables were constant was 3.89. The result on norms showed that the 't'-value was 1.41 compared to the critical value of 1.96 and the probability of 't' was 0.01. The p-value of 't' was 1.4 per cent which was not significant and hence the null hypothesis was rejected. The conclusion therefore was that norms significantly influenced savings mobilization in Nyamira County.

Norms were important because they made members appreciate their association. They provided a platform from which members took collective action on specified terms because they knew what they expected and how they related to each other. Co-operative standards guided members and leaders' conduct within co-operative services. Members worked hard and honestly thereby building trust and saved their surplus income through their co-operative societies. Members treated each other honourably, with decorum, had personal integrity and thanked others for favours given and respect shown. Majority of members shared common values and there were clear communications. Finally, members made co-operative societies preferred enterprises for many people in rural areas and Nyamira County in particular.

Networks of association

In the section, we tested the null hypothesis that there was no significant effect of networks of association on savings mobilization through co-operative societies in Nyamira County was tested. Statistical results with savings mobilisation on networks of association had a coefficient of 0.05. The 'F'-value was 47.92, probability greater than 'F' was 0.00. The correlation coefficient was positive pointing to a positive influence of networks of association on savings mobilization. The 't'-value was 12.53 compared to the critical value of 1.96, and the $p > |t|$ was 0.84. The coefficient of probability of 't' lying within the interval of 0.63 and 1.56 was zero percent. The finding from the study was that the null hypothesis was rejected. The general conclusion on networks of association was that networks of association significantly affected savings mobilization in co-operative societies of Nyamira County.

It was established that co-operative societies enabled members to achieve their aspirations at competitive costs by opening opportunities for out-ward and inward transactions. That action built members' confidence and determined members' assigned value of derived benefits. The

members' level of association was high and they liked attending co-operative meetings. It confirmed that co-operative societies served a dual purpose in the County: members got motivated because they valued their contribution to the co-operative and the expected equitable returns. It showed that co-operative societies gave members opportunities to access desired services and used their membership to leverage markets and synergized their advantage for improved performances. At the top end, co-operative societies linked members with marketers, suppliers and dealers of external products and services thereby supporting savings mobilization and recruiting new members into co-operatives societies. However, the trend of diminishing social capital, particularly on loss of interest in co-operative governance needed urgent address.

Credit handling

The research objective was to examine the mediating effect of credit-handling on trust, norms and networks of association and savings mobilization in co-operatives of Nyamira County. The research hypothesis was that co-operatives' credit handling had no mediating effect on the relationship between social capital and savings mobilization in Nyamira County. Results on the null hypothesis showed that it was rejected. Statistical results showed that the 'F'-value of credit handling was 3.16, probability greater than 'F' being 0.01 and $F_{Calculated}$ was 36.14 compared to the critical value of 3.89. The probability of 'F' was 0.00. Savings mobilisation on credit handling as a mediating factor had a coefficient of 0.52. The p-value was 0.0000 and the 't'-value was 8.49, the $p > |t|$ was 0.00 which was highly insignificant. The conclusion on credit handling was that credit handling in co-operative societies significantly influenced savings mobilization.

The essence of savings mobilization was to pool limited resources to create a pool from which members borrowed for benevolent purposes. The trust generated while pooling resources

together was buttressed by standards set before members started accessing the pooled resources for support. In discharging the responsibility of responding to members' needs, the way members were treated was found crucial in either building or destroying their relationship with the association. When members were treated well and felt appreciated, they invested more in the co-operative enterprise. The benefits were spread and went round for everybody to enjoy.

Savings mobilization

Savings mobilization was positively influenced by the level of education, increased with members' age and grew over the years. The influence of local politics on savings mobilization was balanced since local politics had influence on local conditions and the general level of development. Member relationships were significant in savings mobilization because of fair treatment, recognition, friendly services and leadership participation. Members were the service focus which motivated them to participate in co-operative activities while member numbers determined the amount of funds available to run the co-operative business. Member numbers influenced the level of savings because more members joining co-operative societies brought along their savings which stabilized the co-operative's financial base. Similarly, the loan size depended on members' savings because of the multiple effect and the loan demands had a strong influence on the level of savings. The number of new co-operative societies influenced the level of savings through new members joining co-operative societies.

5.3 Conclusions

The general objective of the research was to examine the effect of social capital and savings mobilization in co-operative societies in Nyamira County of the Republic of Kenya. From the findings, it was concluded that the elements of social capital theory significantly influenced

savings mobilization and co-operative societies in Nyamira County. On specific objectives, the results showed that.

Trust

Under trust, the objective was to establish the effect of trust on savings mobilization in co-operatives of Nyamira County. The research was to test whether there was a significant effect of trust on savings mobilization through co-operatives in Nyamira County. It was established that trust significantly affected savings mobilization in co-operatives societies of Nyamira County. It gave members the confidence to place their surplus in co-operative societies because its leadership was worthy to run their affairs. Without trust, co-operative societies will not thrive in the way they did.

Norms

The study objective was to examine the effect of norms on savings mobilization in co-operatives of Nyamira County and the research was to test whether there was a significant effect of norms on the level of savings mobilization through co-operative societies in Nyamira County. It was established that norms formed an important part in the strength of co-operative societies and significantly affected the level of savings mobilization in Nyamira County. There existed good standards for members, leaders, operations and co-operatives. It was established that its influence was high at 72.5 percent concluding that norms significantly influenced the way members related within the society. The coming together as equals on impartial treatment greatly enhanced savings mobilization in Nyamira County.

Networks of association

The objective was to examine the effect of networks of association on savings mobilization in co-operatives of Nyamira County and the research was to test whether there was no significant

effect of networks of association on savings mobilization through co-operative societies in Nyamira County. The results showed that networks of association had a significant effect on savings mobilization through co-operative societies in Nyamira County. It showed that networks within co-operative societies and to outside contacts were cardinal in their growth.

Credit handling

The objective was to examine the mediating effect of credit-handling on trust, norms and networks of association and savings mobilization in co-operatives of Nyamira County. The research was to test whether co-operatives' credit handling had any mediating effect on the relationship between social capital and savings mobilization in Nyamira County. In the study, credit handling as a mediating variable was found to have a strong effect on social capital and savings mobilization in co-operative societies. Members' credit handling influenced their perception on the relationship within co-operative societies in Nyamira County. As co-operatives were service organisations on financial intermediation, it was affirmed that credit handling as a mediating variable significantly influenced savings mobilization in Nyamira County.

Finally, the research showed how the elements of the social capital theory influenced savings mobilization in co-operative societies in Nyamira County and how a simple econometric model could be used to explain an important economic phenomenon like savings mobilization in co-operative societies in Nyamira County, Republic of Kenya and the whole country.

5.4 Recommendations

There were several recommendations drawn from the study. They included that social relations, trust, norms and co-operative societies within the County needed to be strongly nurtured and safeguarded. Co-operative societies needed to be strengthened by jealously safeguarding the

co-operative principles, values and ethics. No co-operative society dealing with mobilized resources should be allowed to deviate from its registered by-laws, members' resolutions and Government guidelines. Government supervision needed to be thorough, consistent and regular as members needed to trust that their resources were well-managed.

Trust

Trust was established as an important factor on savings mobilization in co-operatives of Nyamira County. It was recommended that trust be in practice within co-operative societies among members, elected leaders, co-operative leaders and managers. Trust at any level be not abused because any abuse had ripple effects on savings mobilization in co-operative societies and should be avoided. Where mistrust emerged, it should be dealt with firmly.

Norms

In the absence of norms, anarchy reigned and members lost faith in their enterprises. Standards, regulations, rules and policies need development and fully enforced within co-operative enterprises. The norms and standards that co-operative societies needed included codes of ethics and leadership guidelines for co-operative leaders. Leadership norms were important in savings mobilization and needed to be clearly defined and explained to members so that members internalized and owned them. There was urgent need for serious work and strengthening both horizontal and vertical linkages within and between co-operative societies. There was need to explore efficient ways of strengthening and sustaining it. Co-operatives were urged to examine their members' relations and strictly adhere to set standards.

Networks of association

As co-operative formed vital links between members and external intermediaries, relationships attained through membership needed to be strong. Elected members needed to discharge their

obligations and responsibilities in tandem with the expectations of a modern society. Members' grievances needed expeditious action by the co-operative leadership. Services offered at and through co-operative societies needed to reflect the true nature and philosophy of co-operative enterprises. Members need not be encumbered with external considerations when dispensing with co-operative business. Co-operative societies needed to be service and product focused without discrimination on governance structures based on norms and well-articulated policies.

Credit handling

Credit handling had a significant effect on members' relationships in co-operative societies, between social capital and savings mobilization in co-operative societies of Nyamira County. It needed to be super and clear as any deviation from accepted lending policies discouraged members from patronizing co-operative societies and the recruitment of members. A credit committee was essential in any co-operative society where members' credit needs were addressed. Credit handling time should be minimized and any delays explained to members promptly. All employees needed proper training in credit handling, public relations and the co-operative philosophy. No member should get preferential treatment at the expense of others.

5.5 Implications for Theory and Practice

The study has an important implication for theory and practice.

Theory

The study had stressed the theoretical foundation of social capital and savings mobilization through co-operative societies as practiced by people relations and community. That based its strength on the argument by Karl Marx about labour and capital as generated by workers. The dynamics in co-operative membership provided the basis of exploring how trust, norms and networks influenced savings mobilization. The process of credit handling in co-operative

societies brought out the importance of shared values, reciprocity, guarantorship and respect in social development in the County. Trust among members made it easy to enforce compliance among loanees while co-operative structures were crucial in leadership confidence.

The study's contribution to the measurement of social capital was identified in four relational quantifiable features that were empirically testable in the savings mobilization setting in Nyamira County. The features were seen in the literature and were relevant for the dynamics between theory and quantification of social capital. That will minimize the use of indicators with little value in social capital research. According to Muthuma (2011), a deeper understanding and use of social capital needed focus in empirical research in order to achieve theory-building ability. It, therefore, required more literature to contribute towards social capital theorization of roadmaps at co-operative societies and member level. The case for greater study of theory-building ability of social capital strongly emerged.

Practice

The research conclusions urged hands-on inferences for managers who make decisions about trust, norms and co-operative societies in wealth creation. That was exemplified in relation to the importance of the question of resources, which was as vital as the organizational and social relations. Co-operative leadership required to assess and program resourcing interfaces with members - which was, the capacity of members to help co-operative societies mobilize members' resources in order to turn their capability and wealth into tangible benefits. That also helped to bridge the gap between those who had and those in need for investment funds.

The practice of using co-operative societies to mobilize resources within the country's economy for sustainable growth and development provided an inclusive acceptable model. Government was advised to embrace the business model as it touched on the core relational tenets of society

to solve the community's pertinent issues. The application of the social capital theory to include members' emotional needs made it easier to mobilize resources, manage them using local leadership and invest in the local areas. The analysis established that SACCO societies were all-inclusive in resource mobilization which made them financially stable and able to satiate members' credit needs without discrimination.

Conclusions drawn from the study showed that co-operative societies needed strong and coherent co-operative development policies at both levels of government. Co-operative by-laws needed to fulfil compliance and good governance, and enhance member participation. In addition, co-operative linkages between members, members and societies and between co-operative societies needed to be cemented effectively. The resources mobilized needed to be applied within the local and national economic structures so that member and economic growth was easily measured.

5.6 Areas for further study

In order to capture and expound on the impact of co-operative societies in the development of entrepreneurship in Kenya, it was recommended that further research be undertaken to establish the motivating factors that influenced member contentment with savings services in co-operative societies in Kenya. It would be necessary to examine the influence of reciprocity on social capital and co-operative savings services that support entrepreneurship in Nyamira County and the economic influence of the level of education and co-operative production in Nyamira County. It was noted that nations, enterprises, and communities alone did not own sufficient funds necessary to embark on broad-based and durable development. It was important to network and built linkages both internally and externally with all sectors which were essential

for sustained growth. Recognizing and addressing the circumstances within which the collaborations operated (or failed) was a vital task of development research and practice.

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APPENDICES

Appendix I: Questionnaire

(Please tick in the appropriate box after the question)

Section A: General

- 1) Please indicate your age bracket.
 (a) 18 – 25 years []; (b) 26 – 35 years []; (c) 36 – 49 years []; (d) 50 – 60 years []; (e) Over 60 years [].
- 2) Kindly indicate your highest level of formal education:
 (a) None [], (b) primary school [], (c) Secondary school [],
 (d) University [], (e) Post-secondary [], (f) other, specify
- 3) Please indicate your marital status.
 a) Married [], b) unmarried [], c) widow/widower [], d) Youth []
- 4) For how long have you been a member?
 a) Less than 2 years []; b) 2 to 5 years []; c) 5 to 10 years []; d) 10 to 20 years []; e) 20 to 30 years []; f) Over 30 years [].
- 5) Do you own any business besides your membership to the co-operative? Yes [], No []
- 6) My main sources of income/funds are:
 a) Farming []; b) Salary []; c) Farming and salaried employment []; d) Business [];
 e) Other (please specify)
- 7) My co-operative was registered to do
 a) Marketing []; b) SACCO []; c) Union []; d) other (please specify)
- 8) The services I get from my co-operative society are for
 (a) Marketing of produce []; (b) Procurement of farm inputs [];
 (c) Lobbying for competitive prices []; (d) Savings and credit []
 (e) Other [], (please specify)
- 9) The level of interaction with my co-operative society is as
 a) Ordinary member []; b) Committee member []; c) Employee [];
 d) Customer/client []

Table I: Level of marketed produce through a co-operative

(1k = KShs. 1,000/=)

Level of savings	Less than 100k	Between 100k and 1 million	Between 1 m and 10 m	Between 10 m and 100 m	Over 100
Year 1					
Year 2					
Year 3					

Section B: Trust

On a scale of 5 to 1, where 5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, and 1 = strongly disagree, please rate the following assertion on trust:

Table II: Trust of members within the co-operative

Indicator	1	2	3	4	5
I belong to my co-operative because I have trust in it					
I am happy to belong to a co-operative society because I trust members and am treated with respect					
The salutation in my co-operative is commendable					
My membership in the co-operative enables me to access important services					
The treatment at the co-operative encourages members to work hard in their other assignments					
Most members in the co-operative are honest					
Members in the co-operative treat each other honorably					
Most members in the co-operative have personal integrity					
Most members in the co-operative are respectable					
Members trust their elected leaders					
I trust the communication from the co-operative					

Section C: Norms

10) Please indicate the average level of your marketed produce through the society in the past three (3) years in Kenya Shillings. (Please indicate in the table below),

On a scale of 5 to 1, where 5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, and 1 = strongly disagree, please rate the following assertion on norms:

Table III: Existence of norms and standards in the co-operative

Indicator	1	2	3	4	5
My co-operative's leadership has standards set for members to uphold					
Most members in the co-operative thank others for favours and respect given					

Members in the co-operative have shared values					
Most members in the co-operative observe time					
Members care for each other					
Co-operative meetings always start with a prayer					
Members come to meetings decently dressed					
Elected leaders follow up on members concerns					

Section D: Network of Association

On a scale of 5 to 1, where 5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, and 1 = strongly disagree, please rate the following assertion on networks of association:

Table IV: Importance of the co-operative

Indicator	1	2	3	4	5
The co-operative expresses our levels of association					
I like attending my co-operative society's meetings					
My membership in the co-operative enables me to access important services					
My co-operative links me with suppliers and dealers					
Many new members join the co-operative annually					
The services I get at my co-operative meet my expectations					
By engaging with my co-operative, there are new areas/ networks and opportunities for investment					

Section E: Credit Handling

11) The average level of my credit from the co-operative in the past three (3) years was Kenya Shillings: (Please indicate in the table below), (1k = KShs. 1,000/=)

Table V: Level of credit to members

Level of Credit	Less than 50k	Between 50k and 100k	Between 100k and 500k	Between 500 k and 1 m	Over 1 million
Year1					
Year 2					
Year 3					

12) I utilized my credit/loan/advance from my co-operative to:

- a) Buy a piece of land [];
- b) pay my children’s school fees [];
- c) buy a cow [];
- d) pay hospital fees [];
- e) on a leisure trip [];
- f) pay a court or other fine [];
- g) marry a new wife [];
- h) buy a new car [];
- i) build a new house [];
- j) Other, please specify

On a scale of 5 to1, where 5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, and 1 = strongly disagree, please rate the following assertion:

Table VI: Rating of services at the co-operatives as a mediating factor

Indicator	1	2	3	4	5
The duration of my loan application processing is very good					
The loan products at my co-operative excite me					
The services at my co-operative have enabled me to improve my savings					
Fellow members are willing to guarantee my loan					
Credit handling in my co-operative is very friendly					
A variety of credit products exist in the co-operative					
Members proudly associate with the co-operative					
The lending terms in the co-operative are stringent					
Credit service are cumbersome and resource wasting					

14). The community says that the co-operative is

- a) A good organization that gives members equal opportunity for participation, []
- b) Not different from any other association, []
- c) An enabler of economic, social and cultural aspirations, []
- d) An association after wasting members’ hard-won income []

Section F: Savings Mobilization

13) The average level of my savings with the society in the past three (3) years was Kenya Shillings:

(Please indicate in the table below), (1k = KShs. 1,000/=)

Table VII: Level of savings in the co-operative

Level of savings	Less than 20k	Between 20k and 100k	Between 100k and 200k	Between 200k and 500k	Over 500k
Year 1					
Year 2					
Year 3					

On a scale of 5 to 1, where 5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, and 1 = strongly disagree, please rate the savings mobilization in your co-operative:

Table XIII: Rating of savings mobilization at the co-operative

Indicator	1	2	3	4	5
I make my savings through my co-operative					
The savings I make are from all my sources of income					
The number of members influences savings mobilization					
The size of a loan depends on a member's level of savings					
The volume of loans given depends on savings mobilized					
The need for a loan influences my savings level					
The number of new societies influences savings mobilization					
Local politics influence savings mobilization in my co-operative					
The level of education among members influences savings					
Relationships among members does not influence savings					

(Thank you for sparing your valuable time to answer the above questions)

Appendix II: Some of the earliest registered co-operatives in Gusii

CSNO	COOPNAME	TOWN	ACTIVITY	DOR
222	GESARARA F.C.S LTD	KISII	M' PURPOSE	2-Jun-50
221	KEMERA FARMERS CS LTD.	KISII	M' PURPOSE	2-Jun-50
225	MOBAMBA FARMERS CS LTD	KISII	M' PURPOSE	2-Jun-50
224	MORUMBA FARMERS CS LTD.	KISII	M' PURPOSE	2-Jun-50
219	NYOSIA FARMERS CS LTD.	KISII	M' PURPOSE	2-Jun-50
255	KISII FARMERS CU LTD.	KISII	UNION	28-Oct-50
395	KENYORO FARMERS CS LTD.	KISII	COFFEE	26-Oct-53
397	KIOMOONCHA FARMERS CS LTD.	KISII	COFFEE	26-Oct-53
527	GIRANGO FARMERS CS LTD.	KISII	COFFEE	11-Jan-57
528	NYAMBUNDE FARMERS CS LTD.	KISII	COFFEE	11-Jan-57
718	KEBIRIGO FARMERS CS LTD.	KEBIRIGO-KISII	PYRETHRUM	21-Jul-59
719	GESIMA FARMERS CS LTD.	KEROKA	PYRETHRUM	21-Jul-59
714	KEROKA F.C.S. LTD.	KEROKA	PYRETHRUM	21-Jul-59
709	MASABA FARMERS CU LTD.	SOTIK	UNION	21-Jul-59
717	MOTAGARA FARMERS CS LTD.	KEROKA	PYRETHRUM	21-Jul-59
712	RIGOMA FARMERS CS LTD.	KEROKA	PYRETHRUM	21-Jul-59
720	TOMBE FARMERS CS LTD.	KEROKA	PYRETHRUM	21-Jul-59
746	RIASUTA FARMERS CS LTD.	KISII	COFFEE	25-Sep-59
752	MAGWAGWA FARMERS CS LTD.	KISII	COFFEE	19-Oct-59
758	NYAKONGO POULTRY KEEPERS CS LT	KISII	EGGS & POULTRY	4-Nov-59
786	MAGOMBO F.C.S. LTD	MAGOMBO	PYRETHRUM	13-Jun-60
793	ITIBO FARMERS CS LTD.	ITIBO-KISII	PYRETHRUM	13-Jun-60
794	ESANI FARMERS CS LTD.	KEROKA	PYRETHRUM	13-Jun-60
796	MAKAIRO FARMERS CS LTD.	KEROKA	PYRETHRUM	13-Jun-60
790	MOCHENWA FARMERS CS LTD.	KEROKA	PYRETHRUM	13-Jun-60
797	SIRONGA FARMERS CS LTD.	KISII	PYRETHRUM	13-Jun-60
787	TINGA FARMERS CS LTD.	KISII	PYRETHRUM	13-Jun-60
914	LIETEGO FCS LTD	SOTIK	DAIRY	17-Oct-62

Source: Co-operatives' Registry, Ministry of Industry, Trade and Co-operatives

Appendix III: Nyamira Co-ops:- type, status, membership and turnover, 2013 – 2014

Table: Number of SACCOs By Type, Status, Membership and Turnover 2013-2014

Type of SACCO	2013				2014			
	Number	Number Active	Turn over	Membership	Number	Number Active	Membership	Turn over
Dairy	12	4	659,840	1,524	12	7	1,825	5.9m
Coffee	8	8	230.3m	40,997	10	10	40917	107.7m
Transport Sacco	9	1	96,000	23	9	1	23	103,540
Rural Saccos	15	12	63.5m	22,749	15	10	60,318	57.3m
Urban Sacco	21	19	13.5	2076	31	23	3134	19.2m
pyrethrum	17	15	75,240	40605	17	12	25,569	2.6m
Housing	2	2	178,150	2856	2	2	3127	314,724
Horticulture	1	0	0		1	0	0	0
Multipurpose	6	2	1.1m	1,234	9	5	1610	2.4m
Sand Harvesting	0	0	0	0	0	0	0	0
Handicrafts	0	0	0	0	0	0	0	0
Consumers	1	0	0	0	1	0	0	0
Building and Construction	0	0	0	0	0	0	0	0
Bee Keeping	0	0	0	0	0	0	0	0
Farmers Marketing	0	0	0	0	0	0	0	0
Jua Kali/Youth	1	1	78,000	912	1	1	1020	56,900
Ecotourism	0	0	0	0	0	0	0	0
Butchers	0	0	0	0	0	0	0	0
Hides/ Skins	0	0	0	0	0	0	0	0
Farm Purchases	0	0	0	0	0	0	0	0
Land Leasing	0	0	0	0	0	0	0	0
Cereal/Produce	0	0	0	0	0	0	0	0
Whole Sales	0	0	0	0	0	0	0	0
Hawkers	0	0	0	0	0	0	0	0

Source: County Government-Trade, Tourism & Industrialization Enterprise

Appendix IV: Training of Research Assistants' Report

1.0 Officers trained

Mr. Charles Sato	County Commissioner for Co-operatives Research - Coordinator
Mr. Joseph J. Keari	Sub-County Co-operative Officer, Research Assistant - Borabu
Mr. F. Nyatuka	Sub-County Co-operative Officer, Research Assistant - Nyamira North
Mr. J. Mogaka	Sub-County Co-operative Officer, Research Assistant - Masaba North

The one-day seminar was conducted by the Researcher in the County Commissioner for Co-operatives' offices.

The training started at 9.00 am with a word of prayer. Officers keenly followed the training and asked pertinent questions at the end of each sub-section of the questionnaire.

The training concluded at 12.30 p.m. with a word of prayer

Training Program

<i>Time</i>	<i>Activity</i>	<i>Presenter</i>
8.30 – 8.35	Opening prayer	Mr. F. Nyatuka
8.35 – 8.45	Introductions	Mr. C. Sato
8.45 – 9.00	Opening Remarks	Nyatichi, J. OGW
9.00 – 10.30	Introduction and overview of the Questionnaire	Nyatichi, J. OGW
11.00 – 12.00	Questions and clarifications on the questionnaire	Nyatichi, OGW
12.00 – 1.00	Data collection techniques	Nyatichi, J, OGW
1.00 – 1.10	Clustering of the Sub-Counties	Mr. Sato
1.10 – 1.25	Random sampling of respondents	Nyatichi, OGW
1.25 – 1.40	Distribution of questionnaires	Mr. Sato
1.40 – 1.45	Closing remarks	Nyatichi, J. OGW
1.45 – 1.50	Closing prayer	Mr. F. Nyatuka

Appendix V: Marital status of co-operative members in Nyamira

Status	Married	Youth	Unmarried	Widow/Widower
Frequency	149	21	5	11
Percentage (%)	80.1	11.3	2.7	5.9

Source: Research Findings, 2019

Appendix VI: Rating of Co-operatives in Nyamira County

Observation	Frequency	Percent
A good organization with equal opportunities	103	56
No difference with other associations	37	20
An enabler of aspirations	31	17
Waste of hard earned income	15	8.0
Total		100.0

Source: Research Findings, 2019

Appendix VII: Utilization of credit from the co-operative

Item	Frequency	Per cent
Buy piece of land	47	25
Pay fees	90	48
Buy a cow	20	11
Pay hospital fee	10	5
Pay court or other fine	1	1<
Marry a new wife	2	1
Buy a new car	1	1<
Build a new house	3	2
Other	12	6

Source: Research Findings, 2019

Appendix VIII: KeMU Approval



Kenya Methodist University

P.O Box 267 - 60202, Meru, Kenya, Tel: (+254-020) 2118423-7, 064-30301/31229 Fax: (+254-064) 30162 Email: info@kemu.ac.ke , Website: www.kemu.ac.ke

November 4, 2016

Executive Secretary,
National Council for Science and Technology,
P.O Box 30623-00100,
NAIROBI.

Dear Sir/Madam,

RE: NYATICHI JEREMIAH MAUTI (BUS-4-1618-1/2014)

This is to confirm that the above named is a bona fide student of Kenya Methodist University pursuing a Doctor of Philosophy in Entrepreneurship degree.

Jeremiah M. Nyatichi is undertaking a research study on "Social Capital and Savings Mobilization in Co-operatives in Nyamira County". To successfully complete his research work, he requires relevant data in his area of study

In this regard, we kindly request your office to issue him a research permit to enable him collect the data for his academic research work.

We thank you in advance for your co-operation.

Yours faithfully,



Dr. Evangeline M. Gichunge
Associate Dean, Research Development & BPGS

Nairobi Campus: Koinange Street, P.O. Box 45240-00100 Nairobi - Tel: +254-20-2118443/2248172/2247987/0725-751878. Fax: 254-20-2248160. Email: nairobicampus@kemu.ac.ke
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Nyeri Campus: Lware Building, 4th Floor. Tel: +254-61-2032904, Fax: 254-61-2034100 Email. nyericampus@kemu.ac.ke

The Future is Here!

Appendix IX: NACOSTI Approval



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

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when replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref No

NACOSTI/P/16/90306/14766

Date

9th December, 2016

Dr. Jeremiah Mauti Nyatichi
Kenya Methodist University
P.O. Box 267- 60200
MERU.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Social capital and savings mobilization in co-operatives in Nyamira County,*" I am pleased to inform you that you have been authorized to undertake research in **Nyamira County** for the period ending **6th December, 2017.**

You are advised to report to **the County Commissioner and the County Director of Education, Nyamira County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

**GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner
Nyamira County.

The County Director of Education
Nyamira County.

National Commission for Science, Technology and Innovation is ISO 9001:2008 Certified

MINISTRY OF EDUCATION



Telegram: "EDUCATION", Nyamira
Telephone: (058) 6144224

COUNTY DIRECTOR OF EDUCATION
NYAMIRA COUNTY
P.O.BOX 745
NYAMIRA

When replying please quote

NCEO/1/25/107

22ND DECEMBER, 2016

REF.....

DATE:

TO WHOM IT MAY CONCERN

RE: AUTHORITY TO CONDUCT RESEARCH BY DR. JEREMIAH MAUTI NYATICHI

The above named person is a student at **KENYA METHODIST UNIVERSITY**. He has been given authority by the National Commission for Science, Technology and innovation to conduct Research on "**Social capital and savings mobilization in co-operatives in Nyamira County**"

The research will commence immediately and end on **6th December, 2017**.

Please accord him your assistance.

A handwritten signature in black ink, appearing to read 'Isabella Omache'.

ISABELLA OMACHE
FOR: COUNTY DIRECTOR OF EDUCATION
NYAMIRA COUNTY.