

Effect of Savings and Credit Co-operative Societies Strategies on Member's Savings Mobilization in Nairobi, Kenya

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Abstract

Savings mobilization is a key component in any development endeavor as it is believed to be the surest way of increasing income and boosting productivity in attempt to eradicate poverty. The main purpose of the study was to determine the effect of cooperative strategies on members' savings mobilization and analyze the effect of intervening factor (family size, attitude, and income level) on savings mobilization. The study utilized a sample of 30 SACCOs out of 2,500 and 180 SACCO members out of 150,000 in Nairobi area. These were selected through simple random sampling method. A semi structure questionnaire was used to collect data from 210 respondents. Data was analyzed using a multiple linear regression model to test relationship and assess impact of the independent variables on members' savings mobilization. A response rate of 45.7% (96) respondents was achieved. Correlation coefficient revealed that training requirement had an average positive influence on saving mobilization, while investment opportunities and intervening Variables had a strong positive influence on saving mobilization. The most significant factors were investment opportunities, and intervening variables at 99% confidence level. It was therefore concluded that cooperative strategies partially affected members' savings mobilization.

Key Words: *Members Training, investment opportunities, Savings Mobilization, Cooperative Strategies, Kenya*

1. Introduction

Although according to neoclassical growth theory by Harrod-Dommar and Robert Solow's Savings mobilization is not an end in itself, it plays an important role in sustaining growth and development. Through savings there will be capital accumulation leading to investments hence economic growth and ultimate development. A high saving economy accumulates assets faster, and thus grows faster, than does a low saving economy (Lipsey and Chrystal, 1995). SACCOs in Africa are intended to offer an alternative to improving the desirable situation in low income countries. SACCOs are community membership based financial institutions that are formed and owned by their members in promotion of their members economic interests. It can also contribute favorably to Human Integrated Development (Syed, 1991).

Cooperative strategies are Customer Relationship Management, Education and Training, Information Technology, Regulatory Frame work, Monitoring, evaluation and Mentorship, Developing a savings culture, Promoting of a savings mobilization culture, Change of attitude and dependence syndrome, Funding of unviable cooperatives, Adequate institutional support structure and Capacity building in the cooperative movement; Customer Relationship Management is the philosophy, policy and coordinating strategy connecting different players within and to coordinate their efforts in creating an overall valuable series of experiences, products and services for the customers. In today's business environment with tight margins and fierce competition, the customer experience is what determines whether a company will be successful. Due to this realization, SACCOs must embrace the customer relationship focused culture to gain a competitive edge. SACCOs must consider its specific situation and its members' needs and expectations. This will in turn help improve members' retention, improve products and identify those that are most profitable members.

One of the ongoing challenges SACCOs face, is in optimizing customer satisfaction and developing customer Relationship Management. In order to raise customer satisfaction levels SACCOs must invest in selecting the correct people who not only have the functional, technical competence but also have the right attitude. Research has shown that attitude is the most important requirement skills and functional expertise can be thought. SACCOs must continuously develop, motivate and manage its employees to build customer relationship culture that relies on technical and interpersonal skills. SACCOs must invest in establishing efficient service delivery processes and procedures that appear transparent to the customer and improve on customer interaction with the SACCO. SACCOs must build in continuous improvement in service delivery especially when things go wrong by letting the numbers know about such situations in advance or timely. Trust is an important element in building customer relationship and as such honesty goes along way. While a SACCO may have valid reasons to with hold bad news, it is worth noting that a delay or distortion can do much more damage to a relationship than bad news quickly revealed.

Feedback is another important element in maintaining good customers' relations with members as this helps in improving service delivery. Staff should be trained to handle members' complaints effectively by employing the right mix of empathy, apology and resolution. In order to deliver outstanding service, it is essential to build a customer relationship focused culture. This can take number of years can involve changing the way SACCOs operates in all aspects of service delivery. The time investment is long-term customer loyalty and helping to ensure business profitability. Introduction of website for information dissemination and e-banking: A website is a collection of information stored on a computer and seen on the World Wide Web. The website can be viewed locally or internationally making it the newest media used to exchange and gather information and ideas. It enables customers to find out all the information they need about the products, such as the services provided. The products offered product images with specifics and costs, location of the business/organization and where the services are offered, and special offers to clients. Its advantage is that it reaches a global audience, and allows one to deliver the advertisement to a targeted audience in a manner that actually gets the message through to this targeted audience. As store, one can use a website to sell products and take orders for services round the clock without involvement of humans as the entire process can be automated.

Education is a core strategy and campaigns have to direct at helping people to understand the importance of savings mobilizations. As more people move into gainful employment, families begin to have more money that can be directed towards savings. Education and training forms an integral part in the promotion of the union services and relevant issues in the management of SACCOs. The union renders

various services such as the promoting SACCOs, members' education and conduct of National and Regional seminars for delegates. The Union also deals with capacity building, training, marketing, credit, monitoring and evaluation and evaluation of SACCOs activities. KUSCO has a team of highly qualified and experienced multi-disciplinary professionals who are experts in their fields of specialization. They provide consultancy services to affiliates and individual members at a modest cost including feasibility studies, training needs analysis, curriculum development, salary and benefits survey, strategic planning, job description and job evaluation and organizational strategy and restructuring. They also provide services including monitoring and evaluation of SACCOs with Front Office Activity and application of sound corporate governance and best practices issues. They offer additional services to SACCOs such as recruitment of staff to create a good working environment so that members are given quality services towards their savings mobilization.

Regulatory Framework is regulatory and legal framework which needs to undergo through the necessary legislative development concurrently with the imperative of designing management and accounting systems appropriate for financial cooperatives and building capacity among the SACCOs. The development of SACCOs regulatory framework is an ever-changing phenomenon and it there is therefore need to learn from countries that have progressed more in the SACCO field on savings mobilization.

Monitoring and mentorship of cooperatives; SACCOs are to be constantly monitored to find out whether they comply with Cooperative Act, Cooperative Banks Act, their own internal By Laws and internal documents like business plans and Budgets. Such constant monitoring can lead to improvements in management practices of the SACCOs on savings mobilization.

Developing savings mobilization culture: this is done by adjusting the focus and change of habits because savings is a culture, a habit and a way of life. When a culture is developed wealth starts to grow. The development of a savings culture entails the destruction of old and useless in-built habits and principles, and the assimilation of new ones. This is a commitment toward the participation in this socio-economic revolution brought about by SACCOs by saving regularly at least 5% of ones salary, or other income into a SACCO so that through the strength of numbers, the pool of savings mobilization created could be a source of cheap credit guaranteed only by the members of the SACCO.

Promoting of a savings mobilization culture - the reduction of consumption trends and reliance on easy-to-obtain loans should be discouraged through sensitizing campaigns to help change the culture of expenditure on unnecessary goods, and learning how to produce some of the basic items like vegetables, fruits and maize and rice. A culture of savings needs to be inculcated amongst all young and old people. The starting point is in schools where a cooperative curriculum should be developed and taught at all levels of the school system. The formation of Savings and Credit Cooperatives in all work places should be made mandatory, while encouraging the formation of savings clubs in our educational institutions. Countries like have introduced cooperative training in schools.

Change of attitude and dependence syndrome – an attitude of dependence should be discouraged in the society so that individuals can mobilize themselves and produce goods and services or individuals can come together, work together and save. This can be done by denitrifying opinion leaders in the country and let them travel outside the country to see what the other people have done for themselves.

Funding of unviable cooperatives: the government should fund a SACCO to become strong because wholesale lending of funds to a weak SACCO runs the risk of doing more harm than good when it is lent

to performing portofilios. Wholesale loans to a SACCO can impact the savings mobilization culture of the members positively or negatively. However, the change in a SACCO's savings culture depends more on the quality of management and governance.

Adequate institutional support structure; this can be done by creating instructional support structures for SACCOs by introducing provincial and district cooperative officer in charge of all cooperative staff and activities and other cooperative officers supervising specific cooperative activities such as savings and credit, agricultural cooperatives, housing cooperatives and handicraft cooperatives among others. Efficient capacity building in cooperative to be enforced since the success of SACCOs is largely dependent on the quality of human resources, governance and management.

1.1 Statement of the Problem

Recognizing the importance of savings mobilization for the development of a nation, the study will find out why SACCO members do not have savings facilities and no confidence with their SACCOs for the socio economic effects on their savings mobilization; SACCOs have no effective savings mobilization strategies and are unable to outreach members; SACCOs have no regulatory mechanism to develop enforcement of prudential standards and enhance safety and soundness of members' funds and are unable to meet the growing demand for loans and yet they are potential savers; there are no financial strategies put in place for the members' savings mobilization and no member training on savings mobilization; there are no strategies for evaluating investment opportunities for members' savings mobilization; the study also would like to verify whether the products that SACCOs offer will be able to boost productivity for their own development and the nation at large; how the marginal savings will be mobilized and made more beneficial for the urban sector in general and for the development of the economy in particular; and how immediate will fringe benefits from savings be introduced and be made appreciable to the potential savers, and how cooperative strategies and conditions through which urban savings will be tapped by the formal sector.

1.2 Objectives of the Study

The general objective of this study was to assess the effects of cooperative strategies on members' savings mobilization. Specifically, four objectives were formulated. These are:

1. To determine the effect of financial strategies on savings mobilization.
2. To assess the effect of member training on savings mobilization.
3. To evaluate the effect of investment opportunity on savings mobilization.
4. To analyze the effect of intervening variables such as family size and income level on savings mobilization.

Additionally, four research questions were formulated: these are:

1. What is the effect of financial strategies on savings mobilization?
2. How does training affect savings mobilization?
3. How does investment opportunity affect savings mobilization?
4. What is the intervening role of family size and income level on savings mobilization?

2. Literature Review

2.1 Concept of Savings Mobilization

SACCOs role is to promote economic interest of their members and in particular to promote thrift among its members by affording them an opportunity for accumulating savings and paying reasonable interest without risk on such savings. Create source of funds from which it can afford relief to its members in need by making loans to them for productive and provident purposes are fair and reasonable rates of interest and with easy terms or repayment, continuously educate members on how savings can be made on regular basis and the wise use their savings; and provide service to its members such as financial counseling so that the members can solve most of their financial problems, and the risk of management service to ensure the safety of members' savings and loans. To fight poverty through improving the members' economic and social conditions by enabling the access financial services, to fight exploitation of powerless individuals by the powerful individuals or institutions, by polling their own resources to meet their needs. Formation of a SACCO has the following benefits to members: members are encouraged to save since SACCOs are readily accessible, interest rates on saving and lending is better than elsewhere a fact that sound idealistic, members are taught how to handle their finances in a responsible manner this could be true only when they effectively and economically patronize their SACCOs. Loans are insured, so if a member dies, the outstanding balance is settled. However, it is not the practice across board. Besides; other MFIs also do insure loans for their clients. Savings are mobilized. It also encourages regular social interaction between members (Kabuga and Batarinyebwa, 1995).

2.2 Saving Culture and Mobilization

Throughout the time, all around the world, households have saved as insurance against emergencies, for social and religious obligations for investments and for future consumption

(Rutherford, 1999). Saving ought to have started before the birth of Jesus Christ in the Roman Empire. Its adventure is very much linked with the origin of money where merchants used to keep (save) their precious metals with the gold smiths who would give them back their gold when they back after their business (Cox, 1996). Because such precious metals were used a medium of exchange that time, and were mainly kept with the gold smiths, the merchants would forego consumption; it is from this adage that, the culture of saving evolved. Also it should be noted that from this, formal banking and saving in general and intermediation between surplus and deficit money holders evolved (Cox, 1996). However, can poor people save? Do the poor people know the importance of saving? The answer would be yes because the importance that poor people attach to savings is demonstrated by many ingenious but often costly ways they find to save in addition to keeping small amounts of cash secreted at home. These include investing in assets that can be sold in case of emergency, participating in local initiatives such as Revolving Savings and Credit Associations (ROSCAs) or funeral funds, or by lending between family and friends (Wright, 1999). This assertion calls for one to question whether SACCOs in Nairobi Province truly offer safe, accessible opportunity to elicit and instill a saving culture amongst their members or the contrast holds?

One of the objectives of SACCOs is to promote a saving culture amongst their members since savings have a close relationship with wealth. Higher rates of saving today, lead to faster accumulation of wealth and, the wealthier a nation is, the higher its standard of living in the future (Bernanke, 2001). This is supported by Pelrine, 2005 that the power of saving and compounding interest is incredible when done consistently for long period of time. One should always be saving some percentage of the income no

matter how small or large. Getting started is the hardest but one can do it. Saving constitutes the key elements on which the development of the society depends. Local savings provide the asset for the society's investment in future. Without it, the society and the economy at large cannot grow and, get out of poverty, unless alternative sources of investment such as foreign capital from donors are injected in the society (Micro Finance Unit training Manual 2005). This is further supported by Lipsey and Chrystal, (1995). It is desirable that SACCO membership embraces a saving culture so as to increase their low incomes, leading to improved quality of life. Furthermore, development is induced by saving in that, high levels of saving leads to capital accumulation, later on investment leading to high income levels, ultimately through the vicious cycle of poverty, hence development in the long run.

2.3 Savings Mobilization Strategies

According to Mauri (183), governments in many African countries neglected personal savings in the 1960s. In the wake of the vicious circle model (Nurkse, 1953), aid programs were considered they only tool for fighting underdevelopment for than three decades (Adams, Graham and Pischke, 2984), while the mobilization of savings was then forgotten half of development finance paradigms (Vogel 6, 1984). The awareness that poor people are potential savers, resulting from studies of micro finance activities, is lending to a new paradigm in development issues (Adams, Vogel, 1997). The mobilization of domestic savings for economic development is the next century's challenges for Africa. Indeed, no country is too poor to save if the available potential is effectively used (Adera, 1995). SACCOs could be a vehicle for this task because they are currently the only formal financial institutions able to provide financial services to remote areas of Africa. The role of financial markets in mobilizing savings and in channeling funds into productive investment is central to a successful strategy for economic and human development (Musinguzi, 2000). To mobilize savings and enhance their operation in market Rural Financial Institutions including SACCOs, have undertaken various measures like SACCOs have engaged in recruitment drives aimed at expanding their client base and have extended loans services to their respective members. This has motivated members to save since they assured of the loans. Among the SACCOs, members have been encouraged to purchase shares giving an automatic increase in savings with the growth of membership.

2.4 Cooperative Strategies and Savings Mobilization

A study revealed by Bailey's (2001) states that saving is the key benefit that a member gets from the organization because a member is enabled to get a loan. SACCOs being established by micro-business in the rural areas and urban areas have raised the standard of living for the people, provision of financial services to all vulnerable groups including women, the youth and the disabled. This has helped to elevate their status in society through economic and social empowerment, capacity building for SACCO members and staff through awareness and training on various skills like leadership and management skills, record keeping, importance of savings, management of micro-projects and basic financial management, inculcation of culture of savings in the lives of people and discouraging non-productive expenditures. It is source of direct employment for the members and staff of the SACCO and indirectly impacting the lives of many households who depend on the members and staff of the SACCO. Many rural micro projects such as restaurants, taxis, salons, handicrafts, shops and kiosks have been started from the loans taken by members of SACCOS. SACCOS have enabled the savers to acquire the capacity to build low cost, yet high quality, housing units, and to buy vital household item, and put their children through affordable school system and SACCOS have enabled members to put some of their loans in

agricultural development thereby increasing the productivity in the agricultural sector and enhancing food security (Evans, 2002).

Cooperatives mainly operate as business entities and are therefore less focused on communal social welfare. The core activities include; agribusinesses, entrepreneurship, leadership and governance of cooperatives and the economic benefits of membership in cooperatives among others. According to the structure of the cooperative movement in Kenya, KNFC is the mouthpiece of the cooperative movement in Kenya as well as its representative to national and international circles through appropriate networking and linkages (Syed, 1991).

It is noted that cooperatives in the form of SACCOs out cross all the sectors of the Kenyan economy and contribute significantly to national development. The cooperative societies have created opportunities to formal and informal employment which is enormous and more people are joining cooperatives daily. Co-operatives play a major role in production, primary processing and marketing of agricultural and livestock commodities. The objective of the organizations is to promote the economic interests and general welfare of members in accordance with cooperative values and principles. Co-operatives do play a major role in production, primary processing and marketing of agricultural and livestock commodities. These organizations' objective is to promote the economic interests and general welfare of members in accordance with cooperative values and principles. The justification for cooperatives arises from their potential in maximization of profits, harnessing various skills with members, enhancing advocacy and bargaining power, enhancing financial accessibility, boosting social capital, promoting investment, providing educational opportunities, improving market access and contributing to poverty reduction (Magill, 1994).

The areas of operations of cooperative societies include; SACCOs, coffee marketing, milk (dairy), pyrethrum, sugarcane, horticulture, housing, jua kali, multipurpose, fisheries, handicraft, unions and national cooperative organizations. The Ministry of Co-operative Development and Marketing has identified core programmes that will address the issues highlighted in the Vision 2030. These programmes include strengthening cooperative management and regulatory frame work, improving market access and market efficiency by cooperative organizations (Cooperative Digest, 2009).

The crucial roles of cooperative movement are well recognized and stipulated in the strategy for Revitalizing Agriculture (SRA). Kenya's agriculture is predominantly small scale accounting for 70% of the total agricultural output and 70% of marketed agricultural produce. Processing and marketing is organized through farmers' organizations, cooperatives and statutory bodies. The government recognizes the need for urgently improving management structures and accountability of cooperatives (Bailey, 2001).

Co-operatives approach is to assisting stakeholders to establish a legal and policy environment conducive to the development of cooperatives; providing support services through identified centers of competence; promoting effective coordination structures and establishing and maintaining challenge fund mechanisms for services, innovation and training. These funds are accessible through a competitive demand driven mechanism and a transparent selection of the best proposals (Micro-finance Unit training Manual, 2005) which is further supported by (Lipsey and Chrystal, 1995).

2.5 Cooperative Strategies for Savings Mobilization

To improve the savings culture in Kenya, the Ministry of Cooperative Development and Marketing through the cooperative movement agrees that the saving culture in Kenya is underdeveloped and something needs to be done. It is believed that, students can save and indeed they are never too young to

start (McCormack, 2005) in support CMA's strategy, stated that, teaching people how to save is a step-by-step process: the first step should be giving a child a reason to save. It is important to target the youth than the old generation, the current approach is to encourage the youth to start saving, in a period of five to ten years, the ratio of savings to GDP will have gone up. And in the process, it will reduce the heavy dependency on foreign savings for investments.

According to McCormack, parents play a central role in getting their children into the saving habit. The government of Kenya through the cooperative movement is yet to come up with policies to encourage savings over the years. The improvement of the savings amongst SACCOs is dependent on; successful Micro finance programs that start with a clear objective to set up permanent institutions or systems designed to provide financial services on a long-term sustainable basis. This objective implies good quality financial products or services, delivered by an appropriate institution on a profitable basis to satisfied clients who continue to value and use those services (Wright, 2000).

The most effective strategy for promoting more rapid growth in the saving culture in society is to encourage financial deepening in order to enhance financial intermediation. Given the fact that financial institutions' coverage of the urban areas is relatively sufficient, outreach to the rural areas specifically by formal institutions is limited. There is need for ensuring that as much as, efforts are underway to encourage rural outreach by the formal banks, there is great need for the socio-economic and set-ups in the rural areas to be reflected in the financial services. SACCOs are ready to start mobilizing voluntary savings from the public need to research based promotions to attract savers. Market research on savings may help in identifying what clients want and what their priorities or concerns are to deposit their money with a SACCO. Some may value security for their money than the interest rate on savings, others may value liquidity. SACCO members are expected to develop a saving culture to sustain their SACCOs financially and to fight dependency on external borrowing which is rather expensive and thus deprive them of the would-have been dividends. It is stipulated that without saving people could face severe problems of survival when they are no longer able to work (Rogerle Roymiller, 1978) SACCOs are accessible to the people within the societies unlike urban based commercial banks and other commercial micro finance institutions. The World Bank worldwide inventory of MFIs where SACCOs fall, found that, many of the largest and most sustainable institutions in micro finance industry rely heavily on saving mobilization (World Bank survey, 1995). The survey further revealed that, the ability to effectively mobilize deposit depends greatly on the macro economic and legal environments.

The World Bank Development report (1991) thus reveals that the experience of countries like India, China and Kenya clearly demonstrate that low income households are capable of saving a much larger proportion of their income than developed countries. The report points out that the

Influence saving behavior of household depends on the ability to save, propensity or willingness to save and opportunity to save. The ability to save obviously depends on disposal income and household expenditure which in turn is influenced by the family size or number of dependants. Willingness or propensity to save is on the other hand, influenced by social cultural and economic factors. Family obligations such as education of children, marriage, funeral rites, old age govern the willingness of households to save.

2.6 Cooperative Strategies on SACCOs

In view of liberalization of the Kenya economy, there has been need for SACCOs to adopt model SACCO approach. This has entailed reduction in transactions cost and improvement in the quality of service.

SACCOs have to shift from traditional to modern products in order to expand their sources of livelihood. Since 1993 KUSCCO has been instrumental in encouraging SACCOs to introduce Front office services. The challenges have been looked at capacity building in the cooperative movement, inadequate institutional support structure, funding of unviable cooperatives, change of attitude and dependence syndrome and promotion of a savings culture.

The management committees should urgently consider strengthening the capacity of FOSA by encouraging members to patronize it more regularly by amongst others using it to receiving salaries, save and purchase shares. The cutting down of costs, while at the same time, improving its aggregate income through the introduction of more member friendly products and policies. Increasing interest incomes by creating ways to access more funds to lend to innovative members without resorting to external borrowing and broadening its lending parameters with a few to promoting members economic welfare and computing more favorably with other financial intermediaries; dealing decisively with cases of embezzlement of funds, a common problem that member all over are wary of.

The SACCOs should overcome the low member confidence occasioned by low expectations of achieving capital gains from their savings, high competitive from banks and other financial institutions, and low technical competence. Committee members to understand and appreciate the real investment opportunities available that can degrade the capacity to explore available business potentials that would serve members needs more satisfactory. All these will encourage many a member on accumulating more than minimum shares at FOSA.

A well motivated membership will definitely cooperate and reap maximum benefits if the FOSA funds mobilization programme was handled professionally in a transparent and accountable manner, and are fully informed about the surrounding environment. This is because with FOSA, the society can offer many products to its members that have far-reaching significant on increasing the volume of members' deposits, enhancing profitability, growth and hence improvement of the reform on the shareholder's investments and the overall liquidity position to more reasonable levels (SACCO Star, 2009).

The SACCOs should offer products such as low cost salary advance to members, salary processing, safe custody services for documents and Cheque collection so that the society and the general membership can enjoy reduced service charge and commissions, low minimum account balances, improved liquidity and capacity to lend and borrow and reduce reliance on shylocks and other financial malefactors.

The SACCOs have a problem in leadership election whereby they are to elect the right caliber of leaders. Many SACCOs do not appreciate the need of capitalization and consequently most of them are undercapitalized. In Kenya for a number of years have been highly taxed through various regimes and has resulted to double taxation. The modern approach to business has required for SACCOs to introduce information technology and they have addressed the situation with KUSCCO and information technology consultancy. SACCOs do not have regulatory mechanism to develop enforcement of prudential standards and enhance safety and soundness of members' funds. Many SACCOs are unable to meet the growing demand for loans and yet the movement is credit dominated in the expense of the saver. There has been a problem of non-remittance or delayed remittance of cooperative dues by employers which has resulted to inconveniences of members and loss of income by SACCOs. The HIV/AIDS pandemic has not spared the SACCO members, leaders and staff. The implications have been reduction in savings, loan losses and reduction in interest rates, and the pressure on SACCOs to meet medical expenses of ailing members. The major challenge also is the weakness of corporate governance practices in SACCOs (Manyara, 2003).

Low savings, low income, low capital accumulation, low investment (Lipsey and Chrystal, 1995). Low savings can perpetuate vicious cycle of poverty under development which is the reverse of desired impact of SACCOs. It is important to note that, poverty is a state, and being a state, no country or individual that is in that state, would like to remain in that state. Hence it is a worst state and therefore, should be avoided. It is believed that one way to go would be use of SACCOs. Saving and maintaining that culture, is an important aspect of life. This is just because if one saves in a bank, then there is security for life which serves as a common denominator, for great variety of people's life styles at both their homes and work place. This explains why among the operations by banks, are savings accounts to enable people to save funds to be put to use in times of crisis (Mutebi, 2002). The culture of saving in Kenya in the recent past and currently has gained popularity. The essence of saving is refraining from spending part of one's income and putting it one side.

One can put in a jug, buy land, store it in various precious metals or more sensibly keep it in a bank because in case of an eventuality like closure of banks the central bank can compensate the savers. The length of time before the savings are likely to be needed determines the most suitable place for them (Cox, 1996).

2.7 Savings Behavior

According to Shetty (1996) saving behaviour is fundamental aspect of human survival particularly in rural areas where incomes are unsecured. He further noted that, agricultural production is seasonal because the period of income flows and expenditure are different. In here, the intervals between income and expenditure and funds available to carry over from one period to the next, provides good potential for mobilization of saving in urban area. Long term financial security starts with a regular savings plan for emergencies unexpected bills, replacement of needed home items and the purchase of special goods/services, such as college education. Once a saving component has been established, additional money saved may be used for investments that offer potential returns. Recent World Bank household country studies in Sub-Saharan Africa showed that, rural households in Africa have higher average and marginal propensity to save. One scholar observes that, certain amount of savings must be readily available to meet individual or family needs (Kapoor et al, 1988).

2.8 Motivators of Savings Mobilization

Saving is common to all human societies, even if savings practices differ from one to another. Motivations also vary depending on caution, social pressures and ambitions for future consumption are the key drivers encouraging people to save (Keynes, 1936 and Friedman, 1957). Yet, the experience of industrialized countries in the early stages of development showed that people of lower income levels were precluded from depositing their savings at commercial banks. The focus of commercial banks on industry, trade and the wealthier classes led to a division in society between those who had access to financial services and those who had not (Vittas 1994 and Wysock et al, 1996). However motivators for savings are motivator's for saving in cash form and non cash form.

People who save in cash do so mainly for paying school fees (Investment in human resources). People also save for old age where one expects that when their children grow up, they will contribute to their up keep in old age. Non cash forms of saving are more popular especially among rural communities because of cultural tendency, the returns are much higher than the interests one would earn from deposits and such savings can be readily converted to cash any time whereas access to bank savings as time limitations and inherent problems (Ddumba and Obwona, 1998). He further identified additional factors such as salary or

wage paid through the banks, lack of other saving facilities, stay near banks, advice through radio programmer, for safe custody, to earn interest, to acquire a loan, good client bank relations. The motivators for saving in non-cash forms; people do so because no cash savings facilities around, no faith or confidence financial intuitions, minimum requirement too high, bank interest rate too low, difficult to secure bank loans, poor customer service at the banks, banking hours too restrictive (Ddumba and Obwona, 1998).

2.9 Determinants of Savings

According to study by Obwoma and Ssentamu (1998), three factors were found to be determinants of the savings of households in Kenya. First is the ability to save which in turn depends on a household's disposable income and expenditure. The second is the propensity or willingness to save as influenced by socio-cultural and economic factors like the family obligation to educate children. Lastly, is the opportunity to save and returns on savings. Most efforts to save are voluntary but there are some which are compulsory like social security fund contributions. In addition, access to financial institutions and the type of savings were found to determine the decision on the form of savings held, access and security are most important priorities for both rural and urban savers. Further, still while most efforts to save are voluntary there are some which are compulsory. An example here is the case of social security fund contributions. In the banking industry while the holding of a saving account is voluntary in some cases the holding of saving account is compulsory especially for those who must access the loans.

2.10 Role of SACCOs on Members' Savings Mobilization

A SACCO is an acronym for Savings and Credit Co-operative Societies. This is an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly owned democratically controlled enterprise or business. A SACCO is a member owned financial cooperative whose primary objective is to mobilize savings and afford member access to loans on competitive terms as a way of enhancing their socio-economic well being. It is an organization owned by people living in one area such as farmers or people working together. A SACCO has common bond namely; community bond and occupational/association bond. Community bond exists when members are resident in a particular locality or neighborhood such as farmers, businessmen and fishermen. It caters for all people within the community. Occupational/association bond is for people employed by the same employer or belonging to the same profession. The common bond ensures that there exists among members as sense of identity, mutual concern, cooperation, loyalty and trust. The common bond protects the SACCO because members know each other. This facilitates efficiency and effectiveness in credit management for the growth of business or farm enterprise and better access to social services like medical and education just to mention a few. Members are the heart of a SACCO and are reasons for the SACCO existence (Ahimbisibwe, 2007).

SACCOs are forms of cooperative societies whose core business is to encourage thrift and easy access to credit to their members. Savings and Credit Co-operatives play an important role in the socioeconomic development of the people, they provide avenues for members to save regularly and then borrow for productive and welfare purposes. Like any other cooperative organizations are guided by the practices, philosophy, fundamental principles and values of the cooperative movement world over (Ahimbisibwe, 2007).

SACCOS can be formed by any group of people who either has common bond (like in the case of one employer), or people with similar objectives. Examples of such people are Government employees, employees of government parastatals, teachers, nurses, doctors, traders, mall workers, municipal workers, tax workers, employees of private commercial companies, parliamentarians, hawkers and domestic workers. A SACCO is one of a cooperative society whose business is to provide financial services to its members. SACCOs are legal institutions registered under the cooperative laws (1991 Cooperatives Act and 1992 cooperative Regulations). SACCOs are owned by their members through payment of share capital and membership fees to the institution. It is also a democratic, unique member driven, self-help, not for profit financial cooperative. It is owned and governed by members who have the same common bond. A SACCO membership is open to all that belong to a group, regardless of race, religion, colour, creed, and gender or job status. These members agree to save their money together in the SACCO and to make loans to one another at reasonable rates of interest. (Kabuga and Batarinyebwa, 1995).

3. Research Methodology

3.1 Research Design for the Study

An explanatory research design was used in the study because it built on exploratory and descriptive and identified the reasons for the occurrences. It looked for causes and reasons of the current status of the subject in the study. Explanatory research design explained the effects of cooperative strategies and intervening variables on the selected SACCOs on the members' savings mobilization in Nairobi Area. The data was obtained from both primary and secondary sources. Secondary data sources were mainly through a review of previous works in the subject matter with a view to finding out any existing gaps that the research study tried to fill. These secondary sources included information sought from journals and government reports. The technique of collecting the data was questionnaires (structured and unstructured) and the questions were well examined and made unambiguous. The researcher pre-tested the data collection instruments before they were finally used for the study purpose.

The data collected was processed and analyzed by tabulating the data and performing statistical computations. The research design ensured the minimization of bias and maximization of reliability of the evidence collected.

3.2 Target Population

The population interest in this study consisted of 30 selected SACCOs and 180 SACCO members. Target population was 210 comprising 30 SACCOs out of 2,500 and 180 SACCO members out of 150,000 members. The target population was selected by random sampling, where SACCOs and members were selected and leaving out non members. The researcher choose Nairobi Area because of the limited time, prevalence of SACCOs, economic and budgetary constraints, and being a pilot area for all types of business venture initiative in Kenya. In addition, Nairobi Area has most SACCOs comparatively. The actual respondents from each SACCO were generally members

Table 1 – Target Population

CATEGORIES	DISTRIBUTION OF TARGET	PERCENTAGE
No. of SACCOs	2500	14.3%
No. of Members	150,000	85.7%
	152,500	100%

Source: (Cooperative Digest, 2010)

3.3 Sample Size and Sampling Method and Procedures

The sample size was 210 as shown in Table 2. The random sampling method was used because sampling is a statistical determination of the appropriate sample size which can be generalized to present the entire target population (Handy 1991). Random sampling technique was used to select 30 SACCOs and 180 SACCO members. The target population of interest consisted of 210 comprising of SACCOs and members which was randomly to select. The researcher expected 68 lowest responses which would be the lowest acceptable number of responses. Utilizing sample size calculator by Yamane (1999), a sample size of 68 lowest expected responses would therefore be expected. According to Hussey and Hussey (2006) no survey can ever be deemed to be free from error or provide 100% surety and error limits of less than 10% and confidence levels of higher than 90% can be regarded acceptable.

Table 2: Sample Frame

Categories	Distribution of Target	Sample Ratio	Sample Size
No. of SACCOs	2500	0:14	30
No. of Members	150,000	0:9	180
	152,500		210

Source: Researcher, 2010

3.4 Data Collection Instruments

Instrumentation is that process of designing and developing a tool for data collection. It involves designing, developing, pilot testing, validation and compilation of final instrument. The researcher used questionnaires as the instrument of data collection. Two types of categories of questionnaires consisted of structured and non-structured questions were used to collect data from SACCO members and SACCOs. The structured questions was used to collect quantitative data and non-structured assisted the respondent to express his/her opinion and therefore collect qualitative data.

Primary data was obtained from the survey of SACCOs and the procedure was used with questionnaires. The questionnaires were dropped for the respondents to fill and were later picked after they completed filling them. The questionnaires were chosen because they were essential in collecting data in a large sample within relative short time. Secondary data was obtained from the existing literature such as

journals, magazines and government reports. Open ended questions were used in order to allow respondents personal views and closed questions were used to captivate the respondents. The researcher personally ensured that the questionnaires were, given to the right people, at the right time and place.

3.5 Data Analysis

Two types of data were collected in this study: Qualitative and quantitative, and two types of statistical analysis were used. The quantitative data analyzed the descriptive statistics, which included frequencies, percentages and measures of central tendency like means; while the qualitative data analyzed the content analysis. The analyzed data was presented using tables, charts and figures.

The study also used multiple regressions to help determine the relationship between the variables under study. Multiple regression is a flexible method of data analysis that may be appropriate whenever a quantitative variable (the depended or criterion variable) is to be examined in relationship to any other factors (expressed as independent or predictor variables). Relationships may be nonlinear, independent variables may be quantitative or qualitative, and one can examine the effects of a single variable or multiple variables with or without the effects of other variables taken into account (Cohen, West & Aiken, 2003). Multiple regression equation is as follows:

$$Y = A + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + e$$

Y=the predicated score on the dependent variable, A= the value of Y when both X1 and X2 equal zero, B1=the change in Y unit change in X1 when other dependent variables are controlled, X1 is the score of independent variables X1 and e = is the error. When Y= Composite index of Saving Mobilization.

A= Constant

X1= Index of Identity on Saving Mobilization

B1=Coefficient indicating the forms of financial Services

X2= Index of Members' Training

B2=Coefficient indicating the Members' Training

X3= Index of Investment Opportunities

B3=Coefficient indicating the Investment Opportunities

X4= Index of Intervening Variables

B4=Coefficient indicating the Intervening Variables

e = error

The study was interested in measuring the effect of cooperative strategies on saving mobilization in Nairobi County, Kenya. The researcher checked questionnaires to ensure that they were duly completed. Editing of questionnaires was done to identify ambiguous, incomplete and unsatisfactory responses. The raw data was reviewed consistently in order to minimize errors when recording data. The data was analyzed using SPSS (statistical package of social sciences).

Intervening variables includes personal factors such as family size, attitude, proximity, income level and number of children in school.

It should be noted however that, cooperative strategies' provision of financial services aims at improving savings which would lead to capital accumulation leading to increase investment hence high income.

3.6 Scope and Limitations of the Study

The study falls in the area of banking and micro finance industry with some implications on investment, economic growth and development. The research study was conducted in SACCOs in Nairobi because it has many SACCOs which have been in operation for more than two years. The researcher administered two sets of questionnaires. One set was administered to SACCOs while another set was administered to general membership of SACCOs randomly selected from some institutions in Nairobi. The research was conducted in Nairobi because it had the greatest number of SACCOs and membership in these SACCOs was relatively big.

Limitations are such that: The researcher was not able to capture all the information in all SACCO societies in Nairobi. The researcher was able to visit a few SACCOs because there are many SACCOs in Nairobi. The managers of the SACCOs were reluctant to give specific information which was required by the researcher. Also SACCO members were uncooperative to give the required information as regards their saving culture in their respective SACCOs. Time and cost constraints were also a limitation on the study. Regardless of the stated limitations, the researcher managed to get 96 out of 210 respondents who cooperatively gave the specific information required for the study. The researcher engaged assistants in the collection of data and the employer financially assisted which enabled the researcher to print enough copies of the questionnaires. The questionnaires were distributed in time and collected in time. After which they were sorted and successfully made the study possible and authentic.

3.7 Reliability and Validity of Data

To obtain data free from errors introduced by those responsible for collecting them, it was necessary for the researcher to do pilot/pretest and do constant verifier as the data was being collected. The researcher made checkups to ensure that the data collecting assistants performed their duty honestly and without prejudice. When data was collected, it was examined for completeness, comprehensibility, consistency and reliability. The accuracy of tabulation and accuracy of punching was checked and ensured. Finally statistical computations were needed and as such averages, percentages were worked out at completion of the study.

4. Data Analysis and Presentation

4.1 Response Rate

From the 210 questionnaires administered, 96 were collected and found usable for analysis. This indicates that the response rate was 45.7%. Given that this was a survey research, the response rate is acceptable for the study as most surveys usually exhibit lower response rates. The majority of the respondents were female, who were 56 out of 96 while the male were 40 between the ages 30-55. (Source: Survey data, 2010).

4.2 Financial Services

The SACCOs provide credit facilities which include Advances, Short term and Emergency. The study found out that 2% moderately disagreed, 21% agreed, 34% moderately agreed, and 44% strongly agreed. The mean score of 4.19 shows that SACCOs provide credit facilities. These results are shown in Table 4.1

below. This implies that credit facilities are essential to the Sacco members and the majority of the respondents strongly agreed with the statement.

The study found that SACCOs offer varied range of products to meet the needs of their members and ranked them as ordinary savings at 20.8%, fixed savings at 52.1%, current savings at 6.3% and school fees at 19.8% and others 1.1% respectively (Figure 4.1) below.

The long-term and short-term loans were purposely granted for school fees, development or debt settlement. From the results shown in Table 4.2, it was noted that 23% agreed, 56% moderately agreed while 21% strongly agreed. The mean score was 3.98 indicating that the respondents were in agreement that loans are granted for development purposes as shown in Table 4.2 below. It implies that most of the Sacco members do take both short and long term loans purposely for development, since members can easily access loans without difficulties.

On the products that SACCOs offer to its members, the study revealed that 45% fairly agreed, 25% had no idea, 50% fairly agreed while 21% strongly agreed. The mean score of 3.88 shows that the respondents agreed with the products the SACCOS offered to its members. These results are summarised and presented in Table 4.3 below. This implies that the Saccos do offer various products in respect to savings, loans and insurance, members are also satisfied with these products as compared to other institutions as they prefer their own loans other than the banks.

On qualitative analysis, financial services in the form of savings products loan products and insurance as a cooperative strategy aimed at improving savings which lead to capital accumulation leading high incomes and improve quality of members' lives. Means of insurance played the role of insurance against income loses emergencies, and health. Savings would compensate for uneven stream of cash flow by keeping then excess income (cash) and use it during the time of shortage. From the findings it showed a mean score of 4.19 that SACCOs provided credit facilities to members, a mean score of 3.98 that loans were granted for development purposes, a mean score of 3.8 that the products SACCOs offered were varied.

4.3 Effect of Member Training on Savings Mobilization

In regard to the kind of training the SACCO members may require from their respective SACCOs. The study found that 4% said they had no idea, 40% said they required training, 38% said they fairly required training, while 19% said they highly required training. The mean score was 3.71 showing that the respondents agreed that training was required from Sacco institutions. These results are summarised and presented in Table 4.4 below. This implies that member training is necessary because they informed on how to save.

It established the extent to which the government and affiliated organisation do assist SACCOs in its management systems. The results show that 2% said moderately agree, 31% found it agreeable, 50% found it moderately disagree while 17% found it strongly agree. The mean score was 3.81 indicating that government and other affiliated umbrella organisation do assist SACCOs in its management systems. These results are shown in Table 4.5 below. It implies that the Apex institutions do assist the Saccos in regulating its management systems.

On qualitative analysis, training as a cooperative strategy had a mean score of 3.7 showing that training of members by SACCOs was mandatory because it made members aware of the need to save and how to save. It was established that member training improved the socio-economic well being of members and

improved and developed the country's economy like Kenya which is a developing country. The study found that the majority of respondents with a mean score of 3.71 agreed that training was vital strategy of improving savings mobilization in SACCOs.

4.4 Investment Opportunities

To know the opinion of respondents on how SACCOs have improved the lives of its members. The study revealed that 29% strongly agreed, 50% fairly agreed, 15% strongly disagree while 6% fairly disagreed. These results are summarised in Table 4.6 below. This implies that Saccos have fairly improved the lives of Sacco members as the majority of the respondents realized 50%.

The respondents were to state their opinion on the fluctuation in membership affects the stability of SACCOs. The study revealed that 13% fairly disagreed, 38% strongly agreed, 40% fairly agreed while 10% strongly agreed. Most respondents agreed that the fluctuation in membership affects the stability of SACCOs. These results are summarised and presented in Table 4.7 below. This implies that 40% of the respondents fairly agreed that fluctuation of membership affects the stability of Saccos; without an increase on the savings and recovery of loans and Saccos will not be able to sustain themselves without members.

To compare the interest rates charged on loans by SACCOs and financial institutions. The study found that 2% very low , 42% low, 31% reasonably low while 25% reasonably high. These results are summarised in Table 4.8 below. This implies that interest rates charged by Saccos relatively low compared to banking institutions and that is why more Saccos are mushrooming within the Nairobi area.

To determine the extent to which SACCOS do perform their duties efficiently and effectively. The study revealed that 27% were efficient & effective, 33% were moderately efficient & effective, and 40% were very efficient & effective. The respondents agreed that performance of SACCOs duties were efficient and effective. These results are summarised and presented in Table 4.9 below. The study has shown a 40% which the majority respondents agree that the Saccos are efficient and effective. This implies that Saccos are efficient and effective in discharging their duties in respect of processing loans and other services which may be required by the members.

The study established that SACCO members are satisfied with the products in the market. It found out that 4% Very dissatisfied, 17% fairly dissatisfied, 48% Satisfied, 15% fairly satisfied, and 17% Very satisfied. The mean score was 3.23 showing that the respondents agreed that the SACCOs member are satisfied with the products in the market. These results are summarised in Table 4.10 below. It implies that the existing Sacco products in the market, members are satisfied with them as revealed in the study with 48% who agreed that they are satisfied.

The respondents were asked to agree on whether there is a high growing trend of SACCOs in Kenya. The results show that 2% strongly disagreed, 10% moderately disagreed, 29% agreed, 31% moderately agreed, and 27% strongly agreed. The mean score was 3.71 showing that the respondents agreed that there is high trend of SACCOs growing in Kenya. These results are shown in Table 4.11 below. This implies that the interest rates of Saccos as earlier stated in the study comparable to the banking institutions has enabled the numbers of Saccos to grow because they accommodate persons of all cadres and flexibility.

On qualitative analysis, investment opportunities as a cooperative strategy in the form of shares, positive returns, sense ownership and belonging was analyzed to be improving lives of SACCO members,

increased membership and stabilized SACCOs. From the findings, it was established that this strategy improved members' lives by 80% as per the respondents.

4.5. The Intervening Effects of Personal Factors of Respondents

SACCOs do encourage members to save for different reasons. The study found that means of insurance (emergency, burial and medical) was strongly agreed by 56% of the respondents, 23% fairly agreed it, 15% agreed it while 6% had no idea. The mean score of 4.29 suggests that insurance was agreed by the respondents. On Save for future, 21% strongly agreed it, 50% fairly agreed it, and 27% moderately agreed it. The mean score of 3.9 indicates that save for future was fairly agreed. Meet social and religious obligations was strong agreed by 23%, fairly agreed by 38% and moderately agreed by 34%. The mean score of 3.81 shows that it was fairly recommended. Further, Education and wealth was strongly agreed by 42% of the respondents, fairly agreed by 40%, and moderately agreed by 13%. The mean score of 4.17 shows that it was fairly agreed by the respondents. Leave savings for children after death was strongly agreed by 13%, fairly agreed by 30% and moderately agreed by 45%. The mean of 3.43, shows that it was agreed by the respondents. Lastly, Level of income, size of family, attitude and proximity were strongly agreed by 19% of the respondents, fairly agreed by 38%, and moderately agreed by 36% of the respondents. The mean was 3.7 showing that it was also fairly agreed. These results are shown in Table 3.

Table 3: Reasons for saving

Response	Highly	Fairly	Moderate	No idea	Mean score	Std dev
Means of Insurance (emergency, burial & medical)	56	23	15	6	4.29	0.94
Saving for future investment & Consumption	21	50	27	2	3.90	0.75
Meet social obligations	23	38	34	4	3.81	0.85
Education & wealth	42	40	13	6	4.17	0.88
Leave Savings for Children after death	13	30	45	13	3.43	0.87
Level of income, size of family ,attitude and proximity	19	38	36	6	3.70	0.85

Source: Survey data, 2010

4.6 Assistance SACCO Members Get from Their Savings.

The respondents were asked to state whether the assistance SACCOs member get from their saving is adequate. The study found that 8% said it was very inadequate, 54% said it was adequate, 23% said it was moderately adequate while 15% said it was very adequate. The mean score was 3.42 indicating that the respondents agreed that the SACCOs do assist their members adequately. The results are summarised and

presented in Table 4.13 below. This implies that Sacco members require various assistance from the Saccos and it also indicates from the study that the assistance gotten from the Saccos revealed 54% agreed.

On qualitative analysis, intervening factors in the form of family size, income level and number of children in school was found to have an effect on the members' savings mobilization because they are expected to induce increased members savings mobilization which may not be the end in themselves. The level of income, size of family, attitude, proximity and number of children in school had a mean score of 3.43 of respondents who agreed that intervening variables have an effect of savings mobilization.

4.7 General

On the savings mobilization in Nairobi Area; the study found that 10% make savings very high, 46% rank savings high 3, 42% were low while 2% were very low. These results are shown in Table: 4. below.

The long term investment improves the performance of SACCOs, so that they can effectively meet the demands of SACCOS members. The results of the study shows in figure that 90% said yes while 10% of the respondents. This implies that long term investment improves the performance of SACCOs because members prefer long term loans.

The study sought to establish the problems that hinder SACCOs from saving mobilization. The mean score of 4.38 shows that the respondents agreed that lack of transparency is one the major concerns that hinder saving mobilization within Nairobi Area. These results are shown in Figure: 4:5 below. This implies that most Saccos in Nairobi area lack transparence in terms of its management systems that is granting loans and other services.

To determine the extent of the independent variable (cooperative strategies) on the dependent (members savings mobilization), it was found out that cooperative strategies response of 43.8% responded that it has greater extend of significance on members' savings mobilization. Small extend was 6.4%, some extent was 35.6%, and big extent was 22.8% respondents as shown in Table 4.15 below. This implies that cooperative strategies (independent variables) have a significant influence on members' savings mobilization (dependent variable).

On qualitatively analysis, the cooperative strategies were found to having effect on members' savings mobilization. It was established from the findings that SACCOs were dependant on successful microfinance programs that start with clear objective to set up permanent institutions or systems designed to provide financial services on long-term sustainable basis. The most effective strategy for promoting more rapid growth in a society or community such as Nairobi area is to encourage financial deepening to enhance financial intermediation. There is a given fact that financial institutions coverage of the urban areas like Nairobi area is relatively sufficient.

4.8 Regression Analysis on Variables

The regression analysis was done with saving mobilization as the dependent variable and the rest of the variables as the independent variables. Overall, the study found a strong positive relationship between saving mobilization and saving mechanisms such as financial Services, investment opportunities, training and intervening factors. This is shown by the positive Pearson product moment of correlation $R=.760$. The $R\text{-square}=.578$ indicates that the factors under discussion influenced up to 57.8% of the variance in saving mobilization among the firms surveyed. Further, the adjusted $R\text{-square}=.559$ shows that, the

factors accounted for 55.9% of the variance in saving mobilization. The standard error of estimate for the model was 0.36.

The coefficients are shown in Table 4.17. These results indicate the coefficients for each of the variables as well as their significance levels in the model. As shown, Investment and intervening factors influence significantly affected saving mobilizations in SACCOs (p value = 0.000 and 0.000 respectively). Financial Services and training did not have a significant impact on saving mobilizations (p value = 0.227 and 0.857 respectively).

Table 4: Coefficients of independent variables

Model	Unstandardized Coefficients		Standardized Coefficients	T-tests	P
	B	Std. Error	Beta		
(Constant)	1.454	.300		4.854	.000
Financial Services	-.083	.068	-.095	-1.216	.227
Training	-.019	.107	-.020	-.181	.857
Investment opportunities	.398	.075	.492	5.279	.000
Intervening variables	.360	.075	.442	4.821	.000

$$\text{Saving Mobilization} = 1.454 + 0.083 \text{ Financial Services} + 0.019 \text{ Training} + 0.398 \text{ Investment opportunities} + 0.360 \text{ intervening variables} + 0.300$$

The correlations are shown in Table 5. The results indicate how each of the independent variable influenced saving mobilisation and the significance of each of the effects. As shown, all the variables had positive correlations with saving mobilization. The most significant factors were investment opportunities, and intervening variables. These correlations were significant at 99% confidence level.

Table 5: Correlations of Cooperative Strategies on Savings Mobilization

		Saving Mobilization
Financial Services	Pearson Correlation	.180
	Sig. (2-tailed)	.080
Training	Pearson Correlation	.551
	Sig. (2-tailed)	.000
Investment opportunities	Pearson Correlation	.650
	Sig. (2-tailed)	.000
Intervening Variables	Pearson Correlation	.648
	Sig. (2-tailed)	.000

Source: Survey data, (2010)

The study was guided by four objectives. First the study sought to determine the effect of financial services on savings mobilization, Secondly the study sought to assess the effect of training on savings mobilization. The study also sought to evaluate the effect of investment opportunity on savings mobilization and also analyze the effect of intervening variables such as family size and income level on savings mobilization.

The following emerged from the findings and responses:

Regarding the effect of Financial Services as a cooperative strategy on members' saving mobilizations, the study found that financial services had a minimal impact on saving mobilization. From the results, the correlation was 0.180 meaning that financial services only affected 3.2% of the changes in saving mobilization in SACCOs. The study found out that cooperative strategies have a significant positive effect level of statistical significance on members' savings mobilization. Therefore cooperative strategies positively influence members' savings mobilization.

The research findings concluded that training on savings mobilization in totality is a vital strategy to improve savings mobilization of SACCO members. Equally important was acknowledgment of regular and best savers in form of certificates and other rewards, development of new savings products, compulsory savings and rising of saving to loan ratio. When SACCO members are guided and encouraged through groups and given reasons why it may be necessary for them to save was revealed in the study that training has a high multiplier effect on members' savings mobilization. The study also revealed that Training requirement and SACCOs management system had an average positive influence on saving mobilization. The results indicated that R was 0.551 with a p-value of 0.000. These results show that the Training requirement and Sacco's management system had a significant impact on saving mobilizations.

On the effect of investment opportunities, the study revealed a strong positive effect on saving mobilization in SACCOs. From the results, it was noted that the correlation was 0.650 with a p-value of 0.000. These results indicate that 42.3% of the changes in saving mobilization were attributed to investment opportunities issues.

Intervening variables' effect on members' savings mobilization: The study also found out that family size, children in schools and income level have strong significant effect on SACCO members' savings mobilization which findings are in agreement with Ddumba and Obwoma (1998) study. However, it is important to note that, family size and income level much as they have significant effect on members' savings mobilization, it is in a negative direction unlike households with school going children which has positive coefficient but this is in the context of SACCOs, elsewhere the situation could be different.

Lastly, the study revealed a significant positive correlation between intervening variables and saving mobilizations in SACCOs. The results show that R was 0.648 and p-value was 0.000. The results show that the influence of the intervening variables accounted for 42% of the variance in saving mobilization.

5. Conclusions and Study Implications

The study concludes that financial services do not have a significant impact on saving mobilization among SACCOs in Nairobi Area. This is shown by the low correlation $R=0.180$, $P=0.227$ with saving mobilization. The study findings concluded that training on savings in totality is a vital strategy to improve savings mobilization in SACCO. Equally important is the acknowledgment of regular and best

savers in the form of rewards, development of new savings, compulsory savings and rising of saving to loan ratio. The study also concludes that training has a high multiplier effect on members' savings mobilization, after realization of the fact that people whether rural or urban areas, with high or low income can save when guided and encouraged through groups and given reasons why it may be necessary for them to save. Training requirement and SACCOs management system have a positive influence on saving mobilization among SACCOs in Nairobi Area but the correlation is not very significant ($R=0.551, P=0.587$). The study further concludes that investment opportunities positively affect saving mobilization in Nairobi Area. This is shown by the strong significant correlations ($R=0.650, p=0.000$) found with saving mobilization. Lastly, the study found out that intervening variables like family size, children in school and income level have strong significant effect on SACCO members' savings mobilization of findings are in agreement with Ddumba and Obwoma (1998) study. There is a significant positive correlation $R= 0.648, P=0.000$ between intervening variables on saving mobilization in SACCOs in Nairobi Area.

5.1 Recommendations

The government through the Ministry of Cooperative Development and Marketing, and other stakeholders should help SACCOs carryout member education and training about SACCOs operations, loans, shares and more importantly savings mobilization;.

SACCOs should adopt competition that requires effective risk management, effective savings mobilization strategies on members' savings mobilization and see the need to develop marketing and new products/services strategies to make members to benefit from competitive interest rates on loans borrowed and to provide a wider selection of financial products/services. SACCO members should be made to appreciate that they are the owners and customers of the SACCOs for the realization of maximum results and reward of best and regular savers, should be taken seriously by SACCOs' management.

The government through the Ministry of Cooperative and Marketing should strengthen supervision, licensing and facilitate SACCOs to acquire bank codes to handle salaries for the professional members and also regulate SACCOs so as to attract new members and retain old ones and embrace the Old Age Savings Insurance Scheme to meet the special needs of cooperative members it serves as a high interest long-term Old Age Savings Scheme with added Life Assurance and, it also helps to meet day to day trading needs.

SACCOs should adopt a dynamic and aggressive policy to encourage savings by enhancing public confidence in the micro-finance industry, providing cost-effective schemes for small depositors and more importantly, they must be seen by the public to be concerned not only with balancing their books but also, with promoting members' welfare and prosperity.

Apex should fund savings mobilization oriented activities. Savings may be mandatory or voluntary. Savings are important for any economy as earlier pointed out. The provision of savings services apart from credit to the people helps them in developing good saving culture, saving in more efficient ways instead of investing in assets, which are costly to maintain and stand the risk of losing value or being lost and also help fund Research and Development (R&D) in SACCOs so that, they can offer valuable products tailored to meeting not only wants of the members but also their needs.

Savings generally represent an untapped resource which if properly exploited would stimulate economic growth and improve savings mobilization rate of Kenya; They should also help promote consumer education and promotional programmes in SACCOs so that members can become more aware of their rights and obligations;

5.2 Suggestions for Further Research

There is need for more studies in this area to establish other factors other than the ones covered in this study because the studied factors 57.8 % variation in the saving mobilizations; therefore factors that account for the remaining 42.2% which might have a significant effect on saving mobilizations and the influence of governance on SACCOs performance and development needs to be researched.

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