



EFFECT OF FINANCIAL LITERACY ON FINANCIAL GROWTH IN SACCOS IN KWALE COUNTY

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Accepted: October 24, 2020

ABSTRACT

The general objective of this study was to analyze the extent to which financial literacy affect the financial growth in SACCOs in Kwale County. To achieve the objective, the study used descriptive survey design. The target population was 15281 members drawn from 80 SACCOs licensed and operating in Kwale County. Data was collected using structured questionnaires from 397 out of 459 respondents, selected using stratified random sampling. Data was analyzed using descriptive and inferential statistics. Pearson's correlation test at a level of significance of alpha = .05 indicated that financial knowledge and financial training had a significant and weak positive correlation with financial growth of the SACCOs in Kwale County, while financial attitude and financial behavior had a significant and moderate positive correlation with financial growth of the SACCOs. Regression results revealed that financial knowledge, financial attitude, financial behavior and financial training had significant and positive influence on financial growth in SACCOs in Kwale County. The study concluded that financial knowledge, financial attitude, financial behavior and financial training had a statistically significant and positive influence on financial growth in SACCOs in Kwale County. The study findings could be useful to the County Government of Kwale through the department of trade and co-operatives in developing new initiatives for financial education of SACCO members in order to improve the financial growth of the SACCO industry and thereby enhance the general economic development of the County. The study findings could also be of benefit to the National Government through the Ministry of Industry, Trade and Co-operatives, State department of co-operatives, and SASRA in improving the existing policy and regulatory framework to support the financial education of SACCO members as part of the strategies to alleviate poverty. The study findings could also be useful to scholars and researchers as a source of reference for conducting further studies on the factors influencing the financial growth in SACCOs. The study could be replicated in different sectors so as to check findings with the aim of generating additional data on the impact of financial literacy on financial growth.

Key Words: Financial Knowledge, Attitude, Training, Behavior, Financial Growth

CITATION: Mwatondo, H. J., & Wekesa, M. W. (2020). Effect of financial literacy on financial growth in SACCOs in Kwale County. *The Strategic Journal of Business & Change Management*, 7 (4), 697 – 713.

INTRODUCTION

SACCOs are unique financial institutions operating in the financial market. Their uniqueness is brought about by the fact that members come together voluntarily; they put their savings in a pool which then enables them to access loans to solve their individual needs. In rural areas, the majority of the population has low income levels, and depend more on agricultural activities, SACCOs have become the most important financial institutions available where members are able to mobilize their financial resources to help them settle important development activities. The members of a SACCO are the customers of their business as well as the owners and managers of their business. This enables them to have a lot of control over their day to day needs and even the direction their business takes. The major focus is to benefit their members to save and access loans whenever in need at affordable rates. As more members join the SACCO, more services can be provided which enables the SACCO to earn for revenue resulting into more profits and dividends to members. Developing nations are emphasizing the SACCOs practicable as a tool for sustainable poverty alleviation. Empowering the poor on how to utilize resources wisely and growing a saving tradition is vital. This is evidenced from the poverty eradication strategies which have proven that without empowering the less fortunate by means of training them on how to make use of the scarce resources, focusing on provision of credit will lead to immoderate debt burdens and poverty. Savings are conditions for funding given that they generate start-up capital for SMEs that play a pivotal position in poverty reduction.

In 2010, Kenya changed its constitution which created a one unitary state and forty-seven county governments. The county governments operate as independent entities, and the constitution has clearly assigned specific roles to be performed by each level of the government. The function of ensuring the

growth of cooperatives, as well as their management and regulation is listed under the articles of the constitution 2010 among other devolved functions of county governments. This devolution has had an enormous impact on the entire cooperative sector by bringing services closer to the people, a good reason why many have hailed the new constitution as being both progressive and people-centered. The Co-operatives Act (Cap 490) which has been governing SACCOs should now be retired and the Constitution expects each county government to enact laws that would govern the cooperative sector in each respective county. Cooperatives have variously been identified as being community based, flexible, participatory, and rooted in democracy making them favorable for enhancing community development. The detailed principles thus provide a framework for expansion of cooperatives especially under devolved systems of government where the relevant support services get closer to the cooperative membership. In Kenya SACCOs have been operating under Co-operative societies Act (CAP 490) of 2008. SACCOs venture deposit-taking enterprise are now licensed and supervised by the said Sacco Societies Regulatory Authority (SASRA) which is a statutory state corporation set up under the Sacco Societies Act (Cap 490B) of the Laws of Kenya which came into full operation upon the gazettment of the Sacco Societies (Deposit-taking Sacco Business) Regulations, 2010 (the Regulations 2010) on 18th June 2010.

Financial growth refers to performance of financial products by expanding the range of financial service, classes of financial institutions and the variety of processes and systems the finance institutions employ to do business. This can also be referred to as financial widening and deepening to satisfy all the stakeholders' needs. SACCOs are therefore a subset of financial growth schemes targeting small scale clients with micro saving and credit facilities that they can afford (Tufano, 2002).

According to SASRA report 2014, the Sacco movement in Kenya controlled over Sh490 billion in the form of assets and savings, which was once equal to 35 per cent of our country wide budget. It is the largest movement in Africa with over 16,000 societies with 14 million members. The Kenyan DT-SACCO segment remained robust with regard to all the parameters on growth performance. The total asset base of the DT-SACCOs grew in 2016 to attain Kshs 393.49 Billion, as in contrast to Kshs 342.84 Billion recorded in 2015. This represented a 14.8% yr to year boom rate, and was funded basically by members' deposits which also grew with the aid of a comparable proportion to attain Kshs 272.57 Billion in 2016 from Kshs 237.44 Billion recorded in the previous year (SASRA, 2016). The upward growth trajectory won by means of the DT-SACCOs upon the introduction of formal prudential regulation in 2010, continued in 2017 as witnessed with an increase in all the key financial growth parameters. The total assets expanded to attain Kshs. 442.27 Billion in 2017 reflecting an increase charge of 12.4% from the previous year. On the other hand, the entire loans grew to attain Kshs. 331.2 Billion reflecting a growth rate of 11.29% from the previous year; whilst deposits grew to reach Kshs. 305.3 Billion reflecting a growth fee of 12% from the previous year. (SASRA, 2017).

Statement of the Problem

At independence, Kenya's main challenges were; poverty, disease and ignorance. Of the three, ignorance has been regarded as an opponent of economic empowerment and a tool that disarms all efforts meant to outfox poverty (Mwenzwa & Misati, 2014). Financial literacy is linked to economic and social development agenda. It plays a key role in fighting poverty. Empirical studies on financial literacy show that consumers in most African countries have inadequate financial knowledge, understanding and skills to make informed decisions. It further establishes that there is a strong link between

financial literacy of a nation and its economic development. Countries with high financial literacy levels tend to record high growth rates and minimal poverty levels too. What this means is that financial illiteracy is a huge burden to a nation. The situation is prevalent in Least Developed Countries (LDCs) and developing countries in Africa. As a result, financial illiteracy remains a major drawback for economies to grow, achieve sustainable development and in the efforts to eradicate poverty (Refera, Dhaliwal & Kaur, 2015).

In 2014, the Sacco movement in Kenya controlled over Sh490 billion in the form of assets and savings, a quantity equivalent to 35 per cent of our national budget (SASRA, 2014). This shows how significant the Sacco movement is to the overall country's economic development, poverty eradication and achievement of the Vision 2030. Kwale County is one of the rural counties in Kenya, with high poverty levels, education levels are also low, with small SACCOs where the majority don't have employees, and some with no proper offices where only one out of eighty has been licensed to operate as a DT-SACCO in Kwale County. Before devolution in 2010, Kwale county SACCOs depended greatly on the Tourism Industry which has been posting inconsistent results. The majorities of members in this industry do not have high levels of education and are not exposed to financial education. The other industry providing a significant membership to the SACCO movement in Kwale is the agricultural industry where small scale farmers team up to form SACCOs. Members of these SACCOs are also not well versed with the financial operations of the SACCO and its management. With the advent of devolution, the County Government of Kwale staff have become a huge force in the growth of the SACCO membership, youth SACCOs have also come up, as well as SACCOs formed by traders.

The growth of these SACCOs is partly affected by the financial literacy of its members, since these members are the customers, the owners as well as

make part of the management of the SACCO. Lack of appropriate understanding on exactly how to effectively manage the SACCO, limited information on the existing financial products of the SACCO, lack of awareness of the laws and codes of practice in the SACCO industry, knowledge of how to maximize the potential of the SACCO (wealth maximization) has made the SACCOs financial growth very slow. This study looked at how financial literacy affects the financial growth of these SACCOs in Kwale County.

Research Objectives

The general objective of the study was to analyze the effect of financial literacy on financial growth in SACCOs in Kwale County. The specific objectives were:-

- To establish the effect of financial knowledge of SACCO members on financial growth in SACCOs in Kwale County
- To find out the effect of financial attitude of SACCO members on financial growth in SACCOs in Kwale County
- To determine the effect of financial behavior of SACCO members on financial growth in SACCOs in Kwale County
- To examine the effect of financial training to SACCO members on financial growth in SACCOs in Kwale county

The research Hypotheses were as below;

- **H₀₁**: Financial Knowledge of SACCO members has no significant effect on the financial growth in SACCOs in Kwale County
- **H₀₂**: Financial attitude of SACCO members has no significant effect on the financial growth in SACCOs in Kwale County
- **H₀₃**: Financial behaviour of SACCO members has no significant effect on the financial growth in SACCOs in Kwale County
- **H₀₄**: Financial training to SACCO members has no significant effect on the financial growth in SACCOs in Kwale County

LITERATURE REVIEW

Prospect Theory

The adoption of this theory is expected to enable the understanding of the effects of good decision making to improved financial performance. This theory was advanced by Kahneman and Tversky, (1981). He describes how individuals make and attach a value to a decision involving uncertainty and hence risk. It is a behavioral bias that explains how individuals make a choice between various alternatives whose nature is probabilistic and they involve uncertainty and hence risk and the probabilities of outcomes are known or can be determined. The theory supports the fact that individuals take decisions that are based on the potential value gains earned and losses incurred as a result and they are not guided by the final outcome of the decision. The decision makers use certain heuristics to evaluate their gains and losses.

Theory of Planned Behavior

The purpose of the theory of planned behavior is to predict and understand consumer behavior. Ajzen (1991) found out that a person's behavior can be predicted by intention, which is predicted by the person's attitude toward the behavior, subjective norms, and perceived control. An attitude toward a behavior is defined as one's positive or negative evaluation of the particular behavior based on the person's beliefs. A subjective norm is a person's perception of whether significant referents approve or disapprove of the behavior. Perceived control is the perceived difficulty of performing the behavior.

Learning Theory

Skinner (1953) established that as soon as the behavior is associated with a consequence, whether or not a 'reinforce or punishment', the probability of the action continuing changes. Skinner argued that effective reinforcement and punishment are no longer equal; with the former supplying longer lasting results and the latter having terrible facet effects. Breger and McGaugh (1965) highlighted the criticism

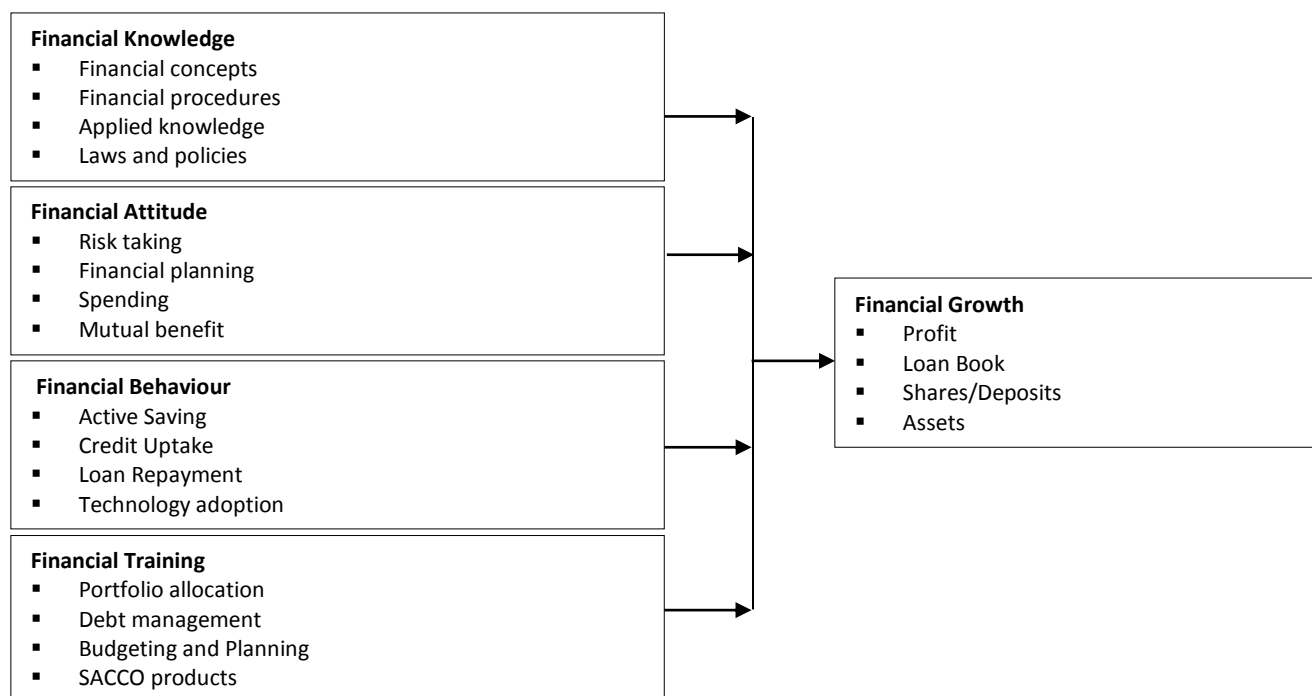
of learning theory where they questioned the larger scientific foundation of behaviorism over psychosocial or psychoanalysis concept and the capability to explain complicated human behaviors by way of solely thinking about the observable and ignoring the essential roles of cognitions and emotions. Bandura (1977) also noted the critics who question the learning theory's application to describing behavior that takes place in a social fact but behavioral experiments often take area in the laboratory.

Financial Literacy Theory

Financial literacy theory argues that individuals with high degree of financial literacy possess a behavior primarily based on the dual process theories where

its argued that choices are pushed through both intuitive and cognitive processes. This argument has been supported in studies and applications is many fields (Idowu, 2010).

Atkinson and Messy (2005) sees financial literacy from the perspective where investors understand about the financial concepts, understand about risk and can be able to identify opportunities to make informed choices from the available knowledge. A lot of studies have been done world over but none has so far found the best way to eradicate financial illiteracy. There has been great improvements in terms of regulations formed, policies introduced to bridge the gap especially in the developing economies.



Independent Variables

Figure 1: Conceptual Framework

Empirical Review

Mwaniki (2018) looked at financial literacy and growth of small and medium enterprises in Nyeri County where she found out that financial literacy had positive effect on the growth of SMEs. This concurs with Fatoki (2014) who studied the causes of

Dependent Variable

SMEs failure and found out that lack of finance education have unfavorable results on the SMEs and particularly the new start-ups.

Mayiah (2016) regarded at effect of financial literacy on personal wealth of judiciary personnel in Nairobi city county, where she concludes that financial

literacy had a positive effect on personal wealth among Judiciary employees in Nairobi City County although the effect is however an insignificant one.

Motompa (2016) looked at factors influencing growth of saving and credit cooperative societies in Kenya: a case study of Kajiado east sub county where members participation was found to have a positive and significant impact on SACCO growth and recommends SACCOs to educate their members as well informed members are more versatile in understanding the advantages of SACCOs and could easily be convinced to take part actively in governance and doing business in their SACCOs.

Moore (2003) investigated the effect of financial literacy on investment decisions using a sample of 20 companies in Washington DC. The study employed descriptive survey research design, and analyzed data by using a regression model. A positive correlation between investment decisions of firms and the level of financial literacy was noted. The conclusion was that the financial performance of firms was significantly impacted by the financial literacy.

Miles (2004) in his study looked at the link between financial literacy and investment decision based on priorities. A cross sectional survey was conducted among customers of 25 sampled banks with the use of a structured questionnaire for data collection. Descriptive statistics was used for data analysis with the results showing that most customers who invested in profitable investments are those that had access to financial information.

Garman and Grable (1999) interrogated the effect of financial decisions on productivity 100 households in Amsterdam, Holland. Data was collected by use of an interview guide and analysis was done by use of content analysis. A positive correlation between financial decisions and productivity of each household from their various investments and projects was observed. Calvert et al., (2005) conducted a study on the relationship between

financial literacy and financial behavior. A descriptive study was conducted and data was collected using a structured questionnaire in 200 households in Cambridge Massachusetts. Results from the data was analyzed using frequencies, mean and standard deviation show that financially sophisticated households are more likely to buy risky assets and invest more efficiently.

Lusardi and Mitchell (2006) used a special module on financial literacy for the 2004 HRS which measures basic financial knowledge related to the workings of interest rates, the effects of inflation, and the concept of risk diversification. Findings from this module revealed that there was an alarmingly low level of financial literacy among older individuals in the United States (50 and older). Financial illiteracy is particularly acute among the elderly, African-American and Hispanics, women, and those with low education, a common finding in the surveys of financial literacy.

Gatakaa (2010) looked at the relationship between lending by commercial banks in Kenya and personal financial literacy. A census survey was conducted involving all 43 licensed Commercial Banks in Kenya as at 31st December 2009 as per the Central Bank of Kenya. Primary data was used and collected through the use of detailed questionnaires issued to banks. Analysis of the data was done using descriptive statistics where frequency tables, percentages, means and standard deviations, Graphs and charts were used to provide conclusions on findings. There was a positive correlation between the lending decision by commercial banks and personal financial literacy. The personal financial literacy increases the chances of approval of the loan facility, the client is able to understand the decisions made by the bank and can demonstrate the credit worthiness and serviceability of the loan facility.

Amisi (2012) interrogated how financial literacy has affected pension managers' decision making process.

He employed a modified likert scale questionnaire. The study found out that there is a significant effect of financial literacy level on the investment decision making by fund managers.

Nyamute and Monyoncho (2008) observed how financial literacy impacts on personal financial management practices of personnel of finance and bank institutions. It was once a survey where statistics was bought from 192 personnel using a structured questionnaire. This concentrated on the effect of financial education on personal financial management practices. The findings show that those who are financially education do practice to an extent the general financial behaviors. Better appreciation and application of the financial management practices used to be found amongst the financially literate. This lead to the conclusion that financial literacy influences private financial management practices. Olima (2013) analyzed how Kenya Revenue Authority employees' savings practices have been affected by their levels of financial literacy. The study used essential data amassed from semi-structured questionnaires. Quantitative records was once analyzed using descriptive data while qualitative facts was analyzed using content analysis. The study discovered that financial literacy affects to a brilliant extent the personal financial management with regard to saving practices and retirement planning.

METHODOLOGY

To achieve optimal results of the study, descriptive study design was used to show the relationship between the two variables. The target population was 15,281 members of the 80 licensed SACCOs in Kwale County by June 2018. A sample size of 390 was selected from a total population of 15281 SACCO members in Kwale County as at June 2018. Semi-structured questionnaire were used to collect primary data from the sampled members of the 80 licensed Saccos in Kwale County which captured data

regarding both independent and dependent variables. Data analysis was conducted using both descriptive and inferential statistics with the help of statistical package for social sciences (SPSS, Version 23.0) and MS Excel. Linear multiple regression was used to establish and explain the relationship between financial literacy and financial growth of SACCOs. Based on Cohen, West, and Aiken, (2014), the relationship between financial literacy and financial growth of SACCOs will develop into linear regression model as follows;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where:- Y – Financial growth (Dependent variable); β_0 – Constant (value of Y when $X_i=0$); X_1 – Financial knowledge; X_2 – Financial attitude; X_3 – Financial behavior; X_4 – Financial training; B_i – Regression coefficients (change in Y with respect to a unit change in X_i); and ϵ – Error term.

RESULTS

Financial Knowledge

The respondents were required to respond to a series of statements which sought to bring out their level of knowledge on various financial aspects including financial concepts, financial procedures and SACCO's financial activities among others. The aggregate score of the responses was used to measure the SACCO members' level of financial knowledge. The results ($\bar{X} = 3.04, SD = 1.27$) indicate that the respondents neither agreed nor disagreed with the different statements suggesting that the respondents had an average level of knowledge on various financial aspects. This is supported by mean scores of between 2.81 and 3.15 for most of the statements. The respondents only agree with the statement on whether they fully understood the procedure for borrowing/accessing SACCO loans ($\bar{X} = 3.44, SD = 1.24$). Table 1 presented the response results on financial knowledge.

Table 1: Financial Knowledge

Financial Knowledge	n	Min	Max	Mean	Std. Dev.
I fully understand the computation of Interest rates on SACCO loans	397	1	5	2.89	1.29
I understand the procedure for borrowing loans	397	1	5	3.44	1.24
I understand the Budgeting process	397	1	5	3.11	1.32
I know the value of SACCO assets	397	1	5	3.15	1.22
I know about the sources of SACCO Revenue	397	1	5	2.81	1.25
I know how Profit or loss is arrived at by the SACCO	397	1	5	3.03	1.37
I know the value of Investments our SACCO has	397	1	5	2.84	1.30
I am well informed about our SACCOs competitors in the Financial market	397	1	5	3.06	1.19
Average				3.04	1.27

Financial Attitude

The respondents were required to respond to a series of statements which sought to bring about their attitude towards various financial aspects including risk taking, long-term and short-term financial planning, and spending preferences among others. The aggregate score of the responses was used to measure the SACCO members' financial attitude. The

results ($\bar{X} = 3.92, SD = 1.04$) indicate that the respondents agreed with the different statements suggesting that the respondents had a positive financial attitude towards various financial aspects. This is supported by mean scores of between 3.71 and 4.07 for all the statements. Table 2 presented the response results on financial attitude.

Table 2: Financial Attitude

Financial Attitude	n	Min	Max	Mean	Std. Dev.
I am ready to take risks in ventures with good returns	397	1	5	3.71	1.19
I believe that long-term planning helps invest prudently and accumulate savings	397	1	5	3.87	1.11
I believe that I need to spend within my means to remain financially stable	397	1	5	3.99	1.00
I feel that taking SACCO loans helps me/SACCO to grow	397	1	5	4.03	0.98
Accumulation of SACCO deposits is beneficial to me and SACCO growth	397	1	5	3.89	1.07
Timely loan repayment prevents unnecessary costs and helps the SACCO to grow	397	1	5	4.07	0.88
Average				3.92	1.04

Financial Behavior

The respondents were required to respond to a series of statements which sought to bring out their behavior towards various financial activities including active saving, credit uptake, and loan repayment among others. The aggregate score of the responses was used to measure the SACCO members' financial

behavior. The results ($\bar{X} = 3.78, SD = 1.06$) indicate that the respondents agreed with the different statements suggesting that the respondents had positive behavior towards various financial activities. This is supported by mean scores of between 3.46 and 3.99 for all the statements. Table 3 presented the response results on financial behavior.

Table 3: Financial Behavior

Financial Behavior	n	Min	Max	Mean	Std. Dev.
Consistently make deposits or savings to my account(s)	397	1	5	3.91	1.02
Regularly borrow loans from the SACCO for various investments.	397	1	5	3.73	1.09
Participate in passing of resolutions to help the SACCO increase its working capital	397	1	5	3.46	1.14
Encourage members to save more and access SACCO products	397	1	5	3.91	1.02
Market the SACCO to friends to join	397	1	5	3.99	0.98
Adaptation of technology to access services	397	1	5	3.60	1.17
Make prompt loan repayments	397	1	5	3.87	1.04
Average				3.78	1.06

Financial Training

The respondents were required to respond to a series of statements which sought to bring out their level of training on various financial aspects including portfolio allocation, debt management, and budgeting and planning among others. The aggregate score of the responses was used to measure the SACCO members' level of financial training. The results ($\bar{X} = 2.85, SD = 1.01$) indicate that the respondents neither agreed nor disagreed with the

different statements suggesting that the respondents had a low level of training on various financial aspects. This is supported by mean scores of between 2.62 and 2.96 for most of the statements. However, respondents agreed with the statement on whether members are provided with information about the various SACCO products available ($\bar{X} = 3.41, SD = 1.18$). Table 4 presented the response results on financial training.

Table 4: Financial Training

Financial Training	n	Min	Max	Mean	Std. Dev.
New members are oriented when they join the SACCO and given copies of by-laws/policies	397	1	5	2.62	0.86
Members are mobilized to increase savings to enable them access bigger loans/dividends	397	1	5	2.96	1.15
Members are trained on the SACCO budgeting process.	397	1	5	2.63	0.84
Members are provided with info about the various SACCO products	397	1	5	3.41	1.18
Open days are held often to pass info on SACCO products	397	1	5	2.63	0.95
Average				2.85	1.01

Financial Growth

The respondents were required to respond to a series of statements which sought bring out the level of the SACCOs' financial growth over the previous three years in terms of growth in profits, loan book, shares/deposits, and assets. The aggregate score of the responses was used to measure the SACCOs' level

of financial growth. The results ($\bar{X} = 4.01, SD = 0.94$) indicate that the respondents agreed with the different statements suggesting that the SACCOs had experienced a high level of financial growth over the previous three years. This is supported by mean scores of between 3.75 and 4.22 for all the statements. Table 5 presented the results.

Table 5: Financial Growth

Financial Growth	n	Min	Max	Mean	Std. Dev.
The SACCO posted increased profits over the last 3 years	397	1	5	4.04	0.95
The SACCO experienced significant growth in its Loan book over the last 3 years	397	1	5	4.10	0.89
The SACCO mobilized more deposits over the last 3 years	397	1	5	4.15	0.89
The SACCO expanded its total assets over the last 3 years	397	1	5	3.77	1.02
The SACCO increased its investments over the last 3 years	397	1	5	3.75	1.03
The SACCO saw significant increase in membership over the last 3 years	397	1	5	4.22	0.86
Average				4.01	0.94

Pearson's Product Moment Correlation Analysis

The study conducted Pearson's correlation test at a level of significance of $\alpha = .05$ to determine the significance and nature of relationship between the financial growth of SACCOs in Kwale County and financial literacy aspects. The results indicated that all

the independent variables (financial knowledge, financial attitude, financial behavior and financial training) had significant associations with the SACCOs' financial growth ($p < 0.05$) and were therefore included in the multiple regression model. Table 6 presented the correlation test results.

Table 6: Correlation Matrix

		Financial Growth	Financial Knowledge	Financial Attitude	Financial Behavior	Financial Training
Financial Growth	Pearson r	1				
	Sig.					
	N	397				
Financial Knowledge	Pearson r	.287	1			
	Sig.	.000				
	N	397	137			
Financial Attitude	Pearson r	.409	.087	1		
	Sig.	.000	.083			
	N	397	397	397		
Financial Behavior	Pearson r	.375	.069	.153	1	
	Sig.	.000	.170	.002		
	N	397	397	397	397	
Financial Training	Pearson r	.243	.126	.092	.046	1
	Sig.	.000	.012	.067	.361	
	N	397	397	397	397	397

Table 7: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805 ^a	0.649	0.645	1.55582

a. Predictors: (Constant), Financial Knowledge, Financial Attitude, Financial Behavior, Financial Training

b. Dependent Variable: Financial Growth

Table 8: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1752.927	4	438.232	181.045	.000 ^b
	Residual	948.861	392	2.421		
	Total	2701.788	396			

a. Dependent Variable: Financial Growth

b. Predictors: (Constant), Financial Knowledge, Financial Attitude, Financial Behavior, Financial Training

Table 9: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	.016	.503			.031	.488
1	Financial Knowledge	.212	.061	.157	3.455	.000
	Financial Attitude	.370	.075	.451	4.924	.000
	Financial Behavior	.333	.074	.326	4.514	.000
	Financial Training	.220	.077	.237	2.925	.002

a. Dependent Variable: Financial Growth

Therefore, the financial growth of SACCOs in Kwale County could be predicted using the following regression equation.

Financial growth

$$= 0.016 + 0.212X_1 + 0.370X_2 + 0.333X_3 + 0.220X_4$$

Where: X_1 = financial knowledge; X_2 = financial attitude; X_3 = financial behavior; and X_4 = financial training.

Hypotheses Testing

The hypotheses of the study were tested based on the results of the regression model. Table 10 presents the hypotheses test results.

Table 10: Hypotheses Testing

Hypothesis Statement	B	t	Sig.	Decision
H₀₁ : Financial Knowledge of SACCO members has no significant effect on the financial growth in SACCOs in Kwale County.	0.212	3.455	0.000	Reject H ₀₁
H₀₂ : Financial attitude of SACCO members has no significant effect on the financial growth in SACCOs in Kwale County.	0.370	4.924	0.000	Reject H ₀₂
H₀₃ : Financial behavior of SACCO members has no significant effect on the financial growth in SACCOs in Kwale County.	0.333	4.514	0.000	Reject H ₀₃
H₀₄ : Financial training to SACCO members has no significant effect on the financial growth in SACCOs in Kwale County.	0.220	2.925	0.002	Reject H ₀₄

DISCUSSION

Findings indicated that SACCO members' financial knowledge had a statistically significant effect on financial growth in SACCOs in Kwale County ($\beta = .212$; $t = 3.455$; $p < .01$). The findings were consistent with the findings of Mwaniki (2018), Njehia (2014) and Kibui (2013).

Findings indicated that SACCO members' financial attitude had a statistically significant effect on financial growth in SACCOs in Kwale County ($\beta = .370$; $t = 4.924$; $p < .01$). The findings were consistent with the findings of Aboidun (2016) and Potrich *et al.* (2016)

Findings indicated that SACCO members' financial behavior had a statistically significant effect on financial growth in SACCOs in Kwale County ($\beta = .333$; $t = 4.514$; $p < .01$). The findings were consistent with the findings of Sucuahi (2013), Abiodun (2016) and Grohmann *et al.* (2015).

Findings indicated that SACCO members' financial training had a statistically significant effect on financial growth in SACCOs in Kwale County ($\beta = .220$; $t = 2.925$; $p < .05$). The findings were consistent with the findings of Mwaniki (2018), Njehia (2014), Olima (2013) and Kibui (2013).

CONCLUSION AND RECOMMENDATIONS

The study concluded that financial knowledge had statistically significant and positive effect on financial growth of SACCOs in Kwale County. The study concluded that financial attitude had statistically significant and positive effect on financial growth of SACCOs in Kwale County. The study concluded that financial behavior had statistically significant and

positive effect on financial growth of SACCOs in Kwale County. Finally, the study concluded that financial training had statistically significant and positive effect on firm financial growth of SACCOs in Kwale County.

The study recommended that the County Government of Kwale through the department of trade and co-operatives should consider developing new initiatives for financial education of SACCO members in order to improve the financial growth of the SACCO industry and thereby enhance the general economic development of the County. The study also recommended that the National Government through the Ministry of Industry, Trade and Co-operatives, State department of co-operatives, and SASRA should improve on the existing policy and regulatory framework to support the financial education of SACCO members as part of the strategies to alleviate poverty. This would ensure that the co-operatives movement continues to play a crucial role in the achievement of Vision 2030, eradicating poverty and contributing to the economic development of the country.

Suggestions for Further Studies

The findings revealed that financial knowledge, financial attitude, financial behavior and financial training did not exhaustively explain the variability in financial growth of SACCOs in Kwale County. Therefore, the study suggested that further studies should be conducted focusing on other factors influencing the financial growth of SACCOs. The study should also be replicated in other sectors in order to compare findings with an aim of generating more knowledge on the impact of financial literacy on financial growth.

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