SERVICE DELIVERY ON MEMBER ADVANCEMENT OF LICENSED DEPOSIT TAKING SACCOS IN NAIROBI COUNTY, KENYA

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ABSTRACT

The purpose of the study was to examine the effect of service delivery on member advancement of licensed deposit taking SACCOs in Nairobi County, Kenya. The study adopted a descriptive cross-sectional survey design, where both quantitative and qualitative approaches were applied. Questionnaires and semi-structured interviews were used in data collection. Email (internet) and drop and pick methods were also used. Collected data was organized according to the research objectives and hypotheses using statistical package software for social sciences (SPSS). The sample had 39 respondents out of a population frame of 42 participating licensed deposit taking SACCOs in Nairobi County. They comprised of the chief executive officers, the deputies and the departmental heads from the sampled licensed deposit taking SACCOS. Data was analyzed using descriptive and inferential statistics. Descriptive statistics included mean, standard deviation, frequencies and percentages. Inferential statistics included correlation analysis and regression analysis. The results indicated that service delivery had a positive and significant relationship with Member advancement of deposit taking SACCOs in Nairobi county Kenya. Service delivery is characterized by three components of speed, response and convenience which fulfill the obligation to actively serve the diverse interests of members by delivering products and services to them. SACCOs should enhance service delivery to build reputation that distinguishes their services from those of the competitors. This attracts net savers and borrowers to patronize the numerous appealing products of the SACCO which contribute to the growth and stability of the business.

Key Words: *Member Advancement, Service Delivery, Time, Convenience*

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INTRODUCTION

The World Council of Credit Unions (WCOCU) defines credit unions as a member owned, non-profit financial cooperatives whose main role is to provide savings, credit and other financial services to members. They are referred to in various names around the world for example savings and credit cooperative which is the term commonly used in Africa; and Islamic investment and finance cooperatives (Brunnermeier, 2009). The membership of a credit union is based on a common bond shared by borrowers and savers who either belong to a specific organization, community or religion. Credit unions pool savings and shares to build their own loan portfolio, without reliance on external capital. Their members receive benefits of high returns on their deposits and lower rates on loans. Credit unions provide members with more than financial services. They seek to improve the livelihood of members by enabling them to own homes, educate their children and finance small businesses (Amarach Research, 2009).

SACCOs have always relied on voluntary member contributions to boost their capital base to provide loan to members. In the recent past many SACCO's introduced FOSA which is a deposit taking function (Blake & Jong, 2008). This witnessed the rise of branches opened by SACCO's which seek to attract even non-members. The government of Kenya in the wake to these innovations introduced the SACCO Societies Act of 2008, and the SACCO Societies (Deposit-taking SACCO Business) Regulation of 2010, which are meant to govern SACCO societies that conduct deposit-taking business (FOSA). Owing to the fact that SACCOs depends on members contributions, they must ensure customer satisfaction by establishing quality and cost- effective services (Brown & Davis, 2009).

Service quality is the consequence of the contrast that customers construct between their prospect about a service and their discernment of the way the service is performed (Owino, 2015). It is the ability of a service firm to hang on to its customer that is, in their opinion customer retention is the best measure of service quality. In the service sector, quality is an important element for the success of a business because of the realization of its positive link with profits, increased market share and customer satisfaction. Measures of service delivery include timeliness (efficiency), cost effectiveness, responsiveness and reliability.

In the United States, Allred and Addams (2009) highlighted that credit unions do not do a good job of surveying customer needs or retaining them. Most of the credit union customers are interested in service quality in terms of access; courtesy; communication; credibility; security; empathy; tangibles; basic service; fairness; fixing mistakes; and guarantees. In Brazil, Fabiano, Ferraresid and Gerharda (2016) indicated that credit unions were making effort to improve service quality and meet the expectations of members in terms of physical installations, self-service resources and employee behavior, which had higher averages than expected. However, they were found to be lacking in reliability and responsiveness.

In regard to efficiency of SACCOs, Mwangi (2015) explained efficiency as an indicator of how well an organization uses its resources to produce goods and services. It focuses on inputs, outputs and the rate of productivity i.e. the rate at which inputs are used to produce the output. Efficiency is improved when few units of inputs are used to produce more units of output without compromising the quality. Osoti (2014) alluded that Savings and Credit Co-operative Societies had significantly adopted Front Office Services Activities to provide Savings products, Loan products, Salary Processing Account Types and Cards. However, the efficiency of these services significantly affected the member satisfaction. Similarly, Iruguthu (2014) argued that the better the quality of services in SACCOs the higher the satisfaction level with service delivery. The study also found that information communication technology influence efficiency and effectiveness (cost) of service delivery, which in turn influence customer satisfaction. The author

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indicated that low adoption of ICT caused slow feedback and slow transaction response. Customer perception of convenience shift when they experience ICT supported services, and they view slow or lack of ICT services as inconvenient. Slow physical responses to transactions are perceived as even more inconveniencing.

Statement of the Problem

In the last one decade, SACCOs started experiencing competition from microfinance institutions and commercial banks. This necessitated improvement in service delivery. Most SACCOs adopted information technology to improve service quality. However, members in SACCOs complained for lack of efficiency, poor service quality in terms of responsiveness and reliability. Despite the increase in the number of services offered and the tremendous growth of SACCOs in Kenya, Low income groups of members continued to be disadvantaged. According to the Savings and Credit Cooperative Societies supervisory report,2015, loans disbursed to members accounted for only one quarters of the total assets. Member loan demands are not adequately met due to insufficiency of funds. (Pana & Mukherjee, 2010). SACCO members cannot obtain the full amount of credit desired for advancement. Richardson (2014) asserted that the lack of finance as a challenge faced by SACCO members in particular. They are limited to capture investment opportunities that arise within their environments. Therefore, this study investigates the effect of SACCO service delivery on members advancement.

Other studies were conducted on service delivery in SACCOs in Kenya. Iruguthu (2014) examined the factors influencing customer satisfaction in Balozi savings and credit cooperative. Owino (2015) assessed the relationship between service quality and customer loyalty in deposit taking SACCOs in Kenya; and Korir (2017) examined the effect of service quality on competitive strategy in deposit taking savings and credit co-operatives in Kericho County, Kenya. Studies done in this field did not show how service delivery affects members advancement in deposit Taking SACCOs. This study sought to examine the effect of service delivery on member advancement of licensed deposit taking SACCOs in Nairobi County, Kenya.

The study was guided by the following hypotheses:

- **H_{01}:** Service delivery has no significant effect on member advancement of deposit Taking SACCOs in Nairobi County, Kenya.
- **H_{A2}:** Service delivery has significant effect on member advancement of deposit Taking SACCOs in Nairobi County, Kenya.

LITERATURE REVIEW

Theoretical framework

The study adopted the operating efficiency theory. Lyons and Scherpf (2006) pointed that, as the front office operations created greater competition, the concept of operating efficiency takes greater significance. Competition forces financial institutions, including credit unions, to look for ways to improve client satisfaction, including improvements to lending methodologies, product mix, and the cost of services, in order to retain their best clients. Credit unions operating front office services proves to be some of the most efficient institutions. They have historically used lower cost, individual based lending methodologies, an approach that most leading nonGovernmental organizations try to adopt in their search for greater efficiency and client satisfaction (Sanne, 2002).

Other important credit union strategies to maintain operating efficiency include Employee remuneration (Korczak, 2004). Credit union salaries are lower than Non-Governmental organizations salaries because credit unions are not for profit but are service oriented. Credit unions found that as long as they can maintain their delinquency rates below ten percent, they can still be profitable and ensure safe and sound institutions. They maintain that the loan monitoring and collection expenses required to reach very low delinquency levels far exceed the cost of provisioning for delinquent loans. Credit union front offices also offer large loans and seek large deposits from their members, and thus offset the higher cost of making smaller loans to the poor by spreading out fixed costs (Hollis & Arthur, 1999).

Service delivery
- Customer retention
- Response & Convenience

→

Member advancement
- Investments in Assets
- Growth in income & membership

Independent variables **Dependent variable**

Figure 1: Conceptual Framework

Empirical Review

Service delivery

Brown and O'Conner (1999) explained the three components of high- quality service. These are speed, response, and convenience. The client wants to spend as little time as possible transacting business. Clients want access to financial products in as many ways as possible, as quickly as possible. Long waits in lines, insufficient tellers, excessive bureaucracy, unclear procedures, or rude treatment by the staff turn away potential members. Managers minimize these unfavorable effects by training staff and by preparing systems to provide timely and accurate responses to client inquiries. Linares stressed the importance of client relations, particularly in the context where an institutional response is required. He stated that good client relations involve establishing policies that define how an institution deal with and respond to clients, developing a client first attitude among all staff, sensitizing staff to client needs, and training staff to respond to clients (Worthington, 2010).

Lyons and Neelakantan (2008) identified Convenience as the second priority that savers establish as criteria for where they place their savings. For most members, convenience is characterized by physical proximity, hours of access, transaction requirements or costs, speed of transactions, and product access. The physical proximity of the institution facility determines the cost and time required for the member to go to the deposit facility. For many members, time away from their business has a high opportunity cost. For many small savers, the cost of paying for transportation from their location to a distant office may exceed the average small deposit. Savings institutions respond by locating their offices in high traffic markets or town centers and by opening minimal infrastructure branches to serve rural communities and urban centers (Cohen, 2007).

Corr (2006) advised that the savings institutions must provide service hours that are compatible with the schedules of savers in the local market. Savings institutions should offer service on weekends, extend evening hours, or open service windows to provide minimal services when the lobby is closed. Convenient access also requires an adequate physical layout of space, sufficient human resources, and simple, streamlined procedures. Trust worthiness and client confidence are critical to the continuing existence of a savings institution. When several financial institutions in the local market project images of safety and soundness creating strong brands, clients make their choices based on the services and products offered. They place their deposits in the institution that best meet their saving needs. Financial institutions with a solid brand (reputation) must distinguish their models (services) and options (products) to differentiate themselves from competitors, but having provided instructions on how to evaluate the position of existing products in the market (Burger & Zelmer, 2005).

Damar and Hunnicutt (2010) advised that when existing products do not meet local demand, new products must be developed to fill the void. Because designing and launching new products can be costly, new products should be developed only where managers have determined through careful study and market research that existing products

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cannot be adapted to meet the demand. Savings institutions should develop savings products to target different income groups so that they are able to attract the volume of savings needed to sustain independent financial intermediation (Branch, 2013).

Pana and Mukherjee (2010) pointed in their discussion of costing, that institutions must broaden their outreach to attract more clients if they are to provide savings services in a cost effective and sustainable manner. Financial intermediation requires institutions to attract both net savers and net borrowers as clients. Credit unions have found that serving large numbers of small savers generates a significant volume of funds; however, self-sustainability depends on attracting large numbers of these small savings accounts together with a smaller number of large savings accounts. Woccu surveys revealed that credit unions often average four to eight savers for each single borrower. The higher the number of net savers per borrower, the better the liquidity condition of the institution. It is the combination of many small accounts, a moderate number of mid-sized accounts, and a few large accounts that together provide the volume of savings required to fund the loan portfolio, and to offset the costs of providing micro savings services.

Servon and Kaestner (2008) stated that a SACCO should always be committed to serving members with an array of high-quality products and services. It should fulfill its obligation to actively serve the diverse social and economic interests of the community by delivering products and services to members through a network of convenient locations and the latest technology. It strives to empower existing and potential members to build strong financial futures by communicating the unique role that member owned financial cooperatives play in their lives. All members are treated with respect and dignity by the professional staff whose highest priority is to meet the members monetary needs and goals in a friendly, convenient and professional manner. In a study on the factors influencing SACCO members to seek services of other financial service providers in Kenya, Auka and Mwangi (2013) concludes that SACCOs were not as competitive as other financial service providers in terms of processing and delivering financial services to their customers.

Member Advancement

Branch (2013) indicated the growth witnessed in credit unions since they were started; Growth in savings volume and in the number of members and clients served. The fact that total deposits grew many times as fast as the number of members, suggests that the credit unions have been successful both in attracting new members and in deposit accumulation. The dramatic increase in total deposits demonstrated that the institutions have been successful in building the trust of new and existing savers. Further growth is seen when an institution establishes the financial disciplines necessary to build a sound institution where savers entrust their deposits. Therefore, credit unions hold to the principle that internally generated savings provide an independent and sustainable supply of funds invested in the local community (Branch & Klaehn, 2001).

Kempton et al. (2000) viewed Savings and credit as fundamental to sustainable economic development. They are the most frequent source of funding for microenterprise startup and expansion. Voluntary savings enable households to smooth consumption in the face of uneven income flows, to accumulate assets for the future, to invest in education, and to better prepare for emergencies. Onchangwa (2012) conducted a study to establish whether Savings and Credit Cooperative Societies (SACCOs) have any effect on member investment culture in Kenya. He established that investment play an important role in sustaining growth and development of the country. High rates of investments depend on high rates of savings. They also argue that a high saving economy accumulates assets faster and thus grows faster than a low saving economy.

ACCOSCA (2011) classified SACCOs as vehicles for economic growth through savings and investment.

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The government of Kenya recognizes cooperatives as the major contributor to national development with the country population approximately 42 million. Whether in developing, transitioning, or developed countries, the purpose of a credit union remains the same: to provide members with financial services that improve their economic and Social wellbeing through asset accumulation and income generation (Lyons & Neelakantan, 2008).

In Kenya, the impact of licensing front office operations, in the year 2011 witnessed the continued growth of the sector on various key areas such as membership and advancements in technology; Thus, facilitating service delivery and increased number of branches. Key definitive milestones in efficiency and service delivery have profoundly transformed the sector both in the short and medium term. SACCOs comprise over 50% of all cooperatives in Kenya and as financial institutions they play a critical role of financial intermediation in the country financial sector The SACCO sub sector comprises of large SACCOs, some of which have a total asset base of over Kshs. 15 billion to the very small ones that have under Kshs. 10 million in assets and are well spread across the country. Deposit taking SACCOs accumulated assets to the tune over 171 billion (Atkinson, 2008).

SASRA reports (2013) revealed that all the counties registered growth in branch network. The branch distribution reflected the level of economic activities across the regions. Deposit taking SACCOs embraced the use of technology to deliver services to members. The most notable is the connectivity to ATMs and mobile delivery channels. They are connected to the Cooperative SACCO Link network and several others hooked on the Pesa point ATM network. The use of mobile phone to deliver financial services made software vendors in the SACCO subsector partner with the telecommunications companies to integrate mobile solutions to their core systems (Manyara, 2003).

This significant development enabled SACCO members withdraw or deposit money into the FOSA account, make enquiries on the accounts, get notifications on their loans as well as pay for bills conveniently without having to travel to Fosa premises. SACCOs in Nairobi County estimated at 42, accountes for over 70% of the total assets and deposits in the entire subsector. This is mainly because they are salary based SACCOs providing a stable source of deposits and market to lend. The same trend is replicated of the deposits and assets (FSD, 2012).

This trend is however reversed. when it comes to membership with Nairobi SACCOs accounting for less than 40% of the total membership. Based on the recent performance, the deposit taking SACCOs take the largest market share accounting for over 75% of the deposits and total assets for the subsector. These SACCOs also comprise the large SACCOs in terms of key indicators including membership, assets and deposits. The Kenyan SACCO sector is observed to contribute significantly to the total financial industry and consequently the economy. It contributes to over forty five percent of the nation's Gross Domestic Product and Contributes to over 31% of the national savings, supporting over 60% of the nation's population either directly or indirectly.

METHODOLOGY

The study adopted a descriptive cross-sectional survey research design. The population of interest was composed of all licensed deposit taking SACCOs in Nairobi County registered by the SACCO societies regulatory Authority (SASRA, 2014). This was a total of 42 deposit taking SACCOs which were categorized in different sizes according to number of members in each SACCO. There were other licensed deposit taking SACCOs registered with the SACCO societies regulatory authority but excluded from the population because they operate in the rural areas and in other counties outside Nairobi and their inclusion would conflict the objectives of the study.

Three SACCOs were excluded from the sampling frame as they had only been issued with provisional registration for noncompliance with the requirements for capital adequacy. As a result of the small sample of the licensed deposit taking SACCOs in Nairobi County (39); It was possible to collect data from the entire population and hence a census inquiry was used. The sample comprised 39 respondents which was 92% of the target population. This indicated that the sample was sufficiently large for descriptive studies for which the minimum sample size is 10% (Saunders et al., 2007). The study used a questionnaire and a research interview guide to collect primary data. The Chief executives, the Deputies and the department heads were the key informants in each SACCO as they were deemed to possess the specific information of SACCO financial empowerment on member advancement. The interview guide was used for in-depth qualitative data collection on various themes on the study. These two instruments were administered concurrently and only one respondent was interviewed in each SACCO. The research instruments were pre-tested using a sample size of five respondents as per recommendation by Mugenda and Mugenda (2004) who observed that a successful pilot study uses 1% to 10% of the actual sample size. Both reliability and validity of the research instruments were examined.

Quantitative data was entered and analyzed by both descriptive and inferential statistics using Statistical Package for Social Sciences (SPSS) version 21 and Microsoft Excel. Descriptive analysis were conducted to present the main characteristics of the sample. Inferential statistics included regression analysis and correlation analysis. Regression analysis was used to analyze the contribution of the independent variable to the dependent variable and to test the hypotheses. The following represents the regression equation according to the general model used to represent the relationship between the dependent variable **(Y)** as a linear function of the independent variable (**X**) with (**e**) representing the error term.

$$\mathbf{Y = B_0 + B_1X_1 + e}$$

Where: **Y**= Member Advancement; $\mathbf{X_1}$ = Service delivery; $\boldsymbol{\beta}_0$ = Constant; $\boldsymbol{\beta}_1$, regression coefficient to be estimated; **e** =Error term reflecting other factors

FINDINGS AND DISCUSSION

The researcher issued 42 questionnaires to the Chief Executive Officers of the deposit taking SACCOs in Nairobi County. All the 42 questionnaires were filled in by the Chief Executive officers, their deputies and the department heads and returned. This represents a 100 per cent response rate which was excellent and representative. Bryman and Bell (2011) state that a response rate of 50% is adequate for analysis and reporting, 60% is good and 70% is very good and above 80% is excellent. The persistent and personal calls to the respondents informing them of the study intent, and personal administration of the questionnaires by the researcher and research assistants ensured good response rate.

The results indicated that majority (67%) of the respondents were male, and 33% were female. These results were consistent with the findings of Mugambi, Njeru and Memba (2016) where they noted that alignment with one third rule of the Kenya Constitution brings about gender balance and good corporate governance in the institutions. The findings established that men were active in the formal sectors while women were active in the informal sectors and gave a ratio of 28: 14.

The results indicated that majority (93%) of the respondents were the chief executive officers and only 7% of the respondents were the rest of the management team either the deputy chief executive officers or the departmental heads. These results indicate that the chief executive officers, being positioned at the top level of management in the organization, have wider knowledge and skills to oversee the internal operations and bind the business with external stakeholders.

The results found that majority (54.8%) of the respondents worked for more than 6 years; 42% worked between 4-6 years, while a small percentage 2.4% worked for 1 year. The findings imply that most chief executive officers had more than 6 years of experience. This means that the chief executive officers make remarkable contribution to the performance and growth of the organizations. This aligned with the 2016/2017 performance contracts of the public institutions.

The findings indicated that 50% of the respondents had a Bachelor's degree, 43% of the respondents held Masters, while 7% of the respondents held Diploma. These results indicate that majority of the respondents in the study were degree holders. Therefore, they had requisite academic background to enable them make deposit taking decisions as well as complete the questionnaire satisfactorily. These findings were consistent with those of the SACCO Societies Act (2008) which recommends that Deposit taking SACCOs be run by professionals.

Table 1: Gender distribution

Gender	Frequency	Percentage
Male	28	67
Female	14	33
Total	42	100
Position		
Chief executive officers	39	93
Others	3	7
Total	42	100
Number of years served		
>6	23	54.8
4-6	18	42.9
<1	1	2.4
Total	42	100
Level of education		
Masters	18	43
Degree	21	50
Diploma	3	7
Total	**42**	**100**

Service Delivery

The year institutions opened doors for front office services

The researcher performed tests on the year the institutions opened doors for front office services as a Measure of the length of period each institution has rendered deposit taking services to members, and also to examine whether data collected was adequate and appropriate for inferential and other statistical tests. The data was regarded appropriate for statistical analysis if the frequency is greater than 1; and particularly for the SACCOs that started operating from the year 2008 when the SACCO Societies Act was enacted.

Table 2 findings indicated that prior to the year 2008, some SACCOs offered front office services but without proper financial framework. With the creation of the SACCO societies Act, 2008 and the SACCO regulation, 2010; all SACCO Societies that operated Front office services were required to apply for licenses from the regulator and meet the prudential regulatory framework. The SACCOs that opened doors for deposit taking services in the year 2008 and after met the requirements of the regulatory framework for licensing and supervision. They also met requirements for adequate physical layout of space, sufficient human resources, and simple streamlined procedures (Berge & Humphrey, 2003).

The results revealed that there was high frequency of SACCOs that opened doors for front office services before and after the creation of the SACCO regulatory Authority for licensing and supervision (Kamau, 2014). The year 2004 indicated the highest frequency of 7 SACCOs opening doors for deposit taking with a percentage of 16.7. This was the period before the enactment of the SACCO Act. The year 2011 which is the year after the coming of the Regulator, indicate the highest frequency of 6 SACCOs opening doors for deposit taking with a percentage of 14.3. This confirmed that the application of regulatory framework in supervision of deposit taking financial institutions was a first step in mainstreaming SACCO societies into the formal inclusive financial system by promoting best practices in the conduct of SACCO business (Yeronet & Seyfang, 2010). These results provided justification for conducting further statistical analysis hence the statements were retained for analysis.

Table 2: The year the institutions opened doors for front office services

Year	Frequency	Percent
1989	2	4.8
2001	1	2.4
2002	1	2.4
2004	7	16.7
2005	4	9.5
2006	3	7.1
2007	4	9.5
2008	4	9.5
2009	3	7.1
2010	2	4.8
2011	6	14.3
2012	4	9.5
2015	1	2.4
Total	42	100.0

Descriptive Results on service delivery

Table 3 showed that 100% of the respondents agreed that Clients want to access financial products in as many ways as possible, as quickly as possible, 100% of the respondents agreed that Good client relations involve establishing policies that define how institutions deal with and respond to clients, 97.6% of the respondents agreed that Credit unions look for ways to improve client satisfaction, 100% of the respondents agreed that Successful attraction of new savers required adequate space, safety, and a professional image, 100% of the respondents agreed that Credit unions serving the poor maintain sustainability by spreading costs across loans of larger and medium sizes, 100% of the respondents agreed that for most members, convenience is characterized by physical proximity, hours of access, transaction requirements or costs, speed of transactions, and product access, 100% of the respondents agreed that savings institutions must provide service hours that are compatible with the schedules of savers in the local market, 100% of the respondents agreed that Convenient access requires adequate physical layout of space, sufficient human resources, and simple, streamlined procedures, 100% of the respondents agreed that Financial institutions in the local market project images of safety and soundness creating strong brands.

The mean score for responses for this section was 4.384 which indicated that majority of the respondents agreed that service delivery influences member advancement of licensed deposit taking

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SACCOs in Nairobi Kenya, hence giving a justification of its inclusion as a key driver of member advancement. The standard deviation gives the variations of the responses from the mean. It provides indication of how far the individual response to each factor varies from the mean. The average standard deviation of 0.492 on all the statements indicated respondents were moderately distributed.

Table 3: Responses on service delivery

Opinion Statement	SA(%)	A(%)	D(%)	SD(%)	DK(%)	Mean	Std. D
Clients want to access financial products in many ways, as quickly as possible.	23(54.8)	19(45.2)	0(0)	0(0)	0(0)	4.548	0.504
Good client relations involve establishing policies to deal with clients	19(45.2)	23(54.8)	0(0)	0(0)	0(0)	4.452	0.503
Credit unions look for ways to improve client satisfaction	21(50)	20(47.6)	0(0)	1(2.4)	0(0)	4.390	0.586
Attraction of new savers require space, safety, and a professional image.	16(38.1)	23(61.9)	0(0.0)	0(0)	0(0)	4.381	0.491
Credit unions serving the poor maintain sustainability by spreading costs across loans of larger and medium sizes	16(38.1)	26(61.9)	0(0)	0(0)	0(0)	4.381	0.491
Convenience is characterized by physical proximity, hours of access, costs, speed, and product access.	16(38.1)	26(61.9)	0(0)	0(0)	0(0)	4.390	0.494
savings institutions provide service hours compatible with schedules of savers	11(26.2)	31(73.8)	0(0)	0(0)	0(0)	4.261	0.445
Convenient access requires physical layout of space, human resources, and streamlined procedures.	9(21.4)	33(78.6)	0(0)	0(0)	0(0)	4.214	0.415
Financial institutions project image, of safety and soundness creating strong brands	20(47.6)	22(52.4)	0(0)	0(0)	0(0)	4.446	0.505
Average						**4.384**	**0.492**

Member advancement

This was the dependent variable of the study on which socio-economic conditions for investing in assets for future test, and descriptive statistics were performed to determine the influence of independent variables on member advancement of licensed deposit taking SACCOs in Nairobi Kenya.

Improve Socio-economic conditions by investing in assets for the future

The researcher performed tests on Improving Socio-economic conditions by investing in assets for the future as a Measure of the percentage of growth in savings volume and in the number of members and clients served and also to examine whether data collected was adequate and appropriate for inferential and other statistical tests. The data was regarded appropriate for statistical analysis if the total deposits grew many times as fast as the number of members.

Findings indicated that members save and borrow credit from SACCOs to improve their socio-economic conditions by investing in assets for the future; which gave 100 percent response. The findings were in agreement with the views of Kempton et al. (2000) that credit unions hold to the principle that internally generated savings provide independent and sustainable supply of funds that are invested in the local community. They are fundamental to sustainable economic development and most frequent source of funding for microenterprise startup and expansion.

Table 4: Improve socio-economic conditions by investing in assets for the future

Opinion Statement	Frequency	Percentage
Improve socio/economic conditions	42	100

Descriptive Results on member advancement

Descriptive analysis was performed to establish the respondent's perception concerning member advancement of licensed deposit taking SACCOs in Nairobi Kenya. Table 4 findings indicated that 100% of the respondents agreed Credit unions must make a surplus to build capital reserves, an essential element for meeting international standards for capital adequacy and solvency, 97.6% of the respondents agreed Member-owners have contributed their own share capital with the expectation of receiving access to the financial products and services offered, 100% of the respondents agreed Members expect to receive a real dividend yield greater than inflation, 97.6% of the respondents agreed Credit unions hold to the principle that internally generated savings provide an independent and sustainable supply of funds invested in the local community, 100% of the respondents agreed Savings and credit are fundamental to sustainable economic development, 97.6% of the respondents agreed Voluntary savings enable households to smooth consumption in the face of uneven income flows, to accumulate assets for the future (Kempton & Viren, 2005).

The mean score responses of 4.361 indicated that majority of the respondents exhibited high responses on member advancement. This implied that member advancement is a key factor in member advancement of licensed deposit taking SACCOs in Nairobi Kenya. The standard deviation gives the variations of the responses from the mean. It provides an indication of how far the individual response to each factor varies from the mean. The average standard deviation of 0.523 on all the statements indicates that the respondents were moderately distributed.

Table 5: Responses on member advancement

Opinion Statements	SA(%)	A(%)	D(%)	SD(%)	DK(%)	Mean	Std. Dev
Credit unions make surplus to build capital reserves for meeting international standards for capital adequacy	18(42.9)	24(57.1)	0(0)	0(0)	0(0)	4.429	0.501
Member-owners contribute share capital expecting to receive access to the financial products	11(26.2)	30(71.4)	0(0)	0(0)	1(2.4)	4.214	0.565
Members expect to receive real dividend yield greater than inflation	11(26.2)	31(73.8)	0(0)	0(0)	0(0)	4.262	0.445
SACCOs hold to the principle that internally generated savings provide sustainable funds for investment	20(50.6)	20(47.6)	0(0)	1(2.4)	0(0)	4.428	0.590
Savings and credit are fundamental to sustainable economic development	20(47.6)	22(52.4)	0(0)	0(0)	0(0)	4.476	0.505
Voluntary savings enable households to smooth consumption.	16(38.1)	25(59.5)	0(0)	1(2.4)	0(0)	4.357	0.532
Average						**4.361**	**0.523**

Inferential statistics

The section tested the assumptions of regression thus normality and multicollinearity after which statistical tests (Correlation analysis, regressions analysis and ANOVA) were performed to test the hypotheses as per the objectives.

Correlation Results

The results aimed at determining the degree of association between two or more variables. According to Zikmund (2003) correlation exists between two variables when one is related to the other and its calculation gives correlation coefficient statistics (r) whose values lies between -1 and +1. Interpretation of the correlation matrix followed the yard stick presented by Willis (2009) which stated that r of 0.9 to 1 shows very high correlation, 0.7 to 0.89 showed high correlation, 0.5 to 0.69 showed moderated correlation, 0.3 to 0.49 showed low correlations and 0.0 to 0.30 shows little, if any correlation.

The Table 6 further showed a strong positive correlation of 0.827 between the Service delivery and member advancement of Deposit taking SACCOs. The p value of 0.000 was obtained indicating that the relationship is significant; implying that Service delivery is a strong determinant of member advancement of Deposit taking SACCOs.

Table 6: Correlation Matrix

		Member advancement	Service delivery
Member advancement	*r-Pearson correlation*	1.000	
	Sig.(2-tailed)		
Service delivery	*r- Pearson correlation*	0.827	1.000
	Sig.(2-tailed)	0.000	

Regressions Results

The researcher used bivariate and multi regression analysis to determine the linear relationship between the dependent and independent variables. The study hypothesis was given as follows:

- **Ho_1:** Service delivery has no significant effect on member advancement of deposit Taking SACCOs in Nairobi County, Kenya
- **Ho_2:** Service delivery has significant effect on member advancement of deposit Taking SACCOs in Nairobi County, Kenya

The Regression analysis was run to test the above hypothesis which established that the coefficient of determination R^2 was 0.684 meaning that Service delivery explains 68.4% of the variance in member advancement of deposit taking SACCOs in Nairobi County, Kenya; as shown in table 7. The correlation coefficient (R) of 0.827 indicated the strength of association between the observed and the predicted values and satisfies that Service delivery is a strong predictor of member advancement of deposit taking SACCOs.

Table 7: Service delivery and member advancement model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.827	0.684	0.681	0.60841

a. Predictor: (Constant), Service Delivery

Further regression analysis slope coefficient representing the influence of the Service delivery and member advancement was tested. The t-statistic was used to test the hypothesis on the significance of slope coefficient (β) at 5 per cent level of significance. The results of Table 8 showed that linear regression model of Service delivery on member advancement was $Y = \beta o + \beta 1X1+\varepsilon$ which becomes $SD = 0.586+ 0.806X1$. The beta factor indicates the effect of Service delivery on member advancement which has been supported by the higher figure of t= 14.557 at P =0.000 at 5% level of significance. The null hypothesis was rejected and alternative hypothesis accepted that Service delivery significantly determine member advancement of deposit Taking SACCOs in Nairobi county, Kenya.

Table 8: Service delivery and member advancement regression coefficients

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	β	Std. Error	Beta		
(Constant)	0.586	0.195		3.005	.003
Service delivery	0.806	0.055	0.827	14.557	.000

a. Dependent Variable: Member advancement

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Further ANOVA (F-test) was run to find the overall significance of the regression model (goodness of fit) at 5% level of significance. The findings of Table 9 indicated that the value of computed F statistic was 171.443 with a P- value of 0.000 at the 5% level of significance. The null hypothesis was rejected since the probability value (P value) of obtained F was significantly low (P<0.005). Thus, the model fit was acceptable implying that there was a significant positive linear relationship between Service delivery and member advancement of deposit Taking SACCOs in Nairobi county Kenya.

Table 9: Service delivery and member advancement ANOVA

Model	Sum of Squares	df	Mean square	F	Sig.
Regression	44.397	1	44.397	171.443	.000
Residual	25.378	98	0.359		
Total	69.776	99			

a. Dependent Variable: Member Advancement

b. Predictor: (Constant), Service delivery

Discussion of key findings

Further, the study established mean of 3.460 on Service delivery meaning that majority of the respondents were in agreement that Service delivery affects Member advancement. The coefficient of correlation of 0.827 was found indicating a strong positive correlation between Service delivery and Member advancement. Coefficient of determination of 68.4% indicates the proportion of changes in Member advancement that were explained by Service delivery.

These findings indicated that Service delivery was a strong driver of Member advancement of deposit taking SACCOs in Nairobi county Kenya. The findings were consistent with the results of Damar and Hunnicutt (2010); who explained the three components of high- quality service as speed, response, and convenience. The clients want to spend as little time as possible transacting business. Clients want access to financial products in as many ways as possible, as quickly as possible. Long waits in lines, insufficient tellers, excessive bureaucracy, unclear procedures, or rude treatment by the staff turn away potential members (Cohen, 2005).

Worthington (2010) identified Convenience as the second priority that savers establish as criteria for where they place their deposits. It is characterized by physical proximity, hours of access, transaction requirements or costs, speed of transactions, and product access. The physical proximity of the institution facility, physical layout of space, sufficient human resources, and streamlined procedures determines the cost and time required for the member to go to the deposit facility. Deposit institutions respond by locating their offices in high traffic markets or town centers and by opening minimal infrastructure branches to serve rural communities and urban centers. Trust worthiness and client confidence are critical to the continuing existence of a deposit taking institution (Thuo,2011).

CONCLUSIONS AND RECOMMENDATIONS

Service delivery had a positive and significant relationship with Member advancement of deposit taking SACCOs in Nairobi county Kenya. (t =5.585, P=0.000<0.05). Service delivery is characterized by three components of speed, response and convenience which fulfill the obligation to actively serve the diverse interests of members by delivering products and services to them. This attract both net savers and net borrowers for member advancement.

They should enhance service delivery to build reputation that distinguish their services from those of the competitors. This will attract net savers and borrowers to patronize the numerous appealing products of the SACCO which contribute to the growth and stability of the business.

Areas for further research

This study focused on the effect of service delivery on member advancement of licensed deposit taking SACCOs in Nairobi County. The results indicated that service delivery explains 68.4% of the member advancement of licensed deposit taking SACCOs in Nairobi County. Therefore, further studies should be conducted on other factors affecting member advancement of licensed deposit taking SACCOs in Nairobi County. In addition, the study was limited to Nairobi County and hence the findings cannot be generalized to other Counties in Kenya, due to differences in socio-demographic and economic factors from one County to another. Therefore, similar studies should be conducted to cover other Counties in Kenya.

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