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ABSTRACT

The general objective of the study was to establish the effects of financial planning practices on the financial performance of an organization, specifically a survey of SACCOs in Kisii County. The study was guided by the following specific objectives: to determine the effect of investment strategy, financial literacy, liquidity needs and risk tolerance on the financial performance of SACCOs in Kisii County, Kenya.The study adopted a descriptive survey design. The study targeted 150 respondents from selected departments in different SACCOs in Kisii County, Kenya, out of which 109 samples were used. The study used closed questionnaires as the primary instruments to collect data, alongside other instruments such as interview schedules and observations. Prior to summarizing the data, the questionnaires were checked for completeness and accuracy. Data was coded sequentially to ensure uniformity during presentation. Data was tabulated in the form of frequency tables and percentages. The findings revealed that investment strategy, financial literacy liquidity needs and risk tolerance have significant positive influence on on the financial performance of SACCOs in Kisii County. The R Square value is 0.672, meaning that approximately 67.2% of the variance in SACCO performance can be explained by these financial planning practices. This is a strong proportion, highlighting the importance of these practices in determining SACCO performance. The study concluded that investment strategy, financial literacy liquidity needs and risk tolerance have significant influence on on the financial performance of SACCOs in Kisii County, Kenya. The study reccommended that SACCOs in Kisii County should develop and implement comprehensive investment strategies that align with their financial goals and member needs. SACCOs should prioritize continuous financial education and training for both management and members. SACCOs should establish robust liquidity management frameworks to ensure sufficient cash flow for daily operations and long-term obligations. SACCOs should adopt balanced and well-informed risk management strategies that align with their institutional capacity and goals.

Key Words: *Investment Strategy, Financial Literacy, Liquidity Needs, Risk Tolerance*

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INTRODUCTION

Financial planning was a global issue integral to the success of enterprises. Drucker (2015) defined financial planning as the strategic procurement and utilization of funds to coordinate business activities and achieve objectives. Globally, More (2015) highlighted financial planning as a critical resource management function that drove organizational effectiveness. Studies by Lakew and Rao (2014) revealed that business failures often stemmed from inadequate financial planning, emphasizing its importance in managing uncertainty and enhancing profitability. Ellram and Stanley (2008) argued that financial planning improved decision-making, competitive advantage, and resource allocation, contributing to organizational control and efficiency.

Regionally, Kwame (2014) identified poor financial planning practices as a major cause of business failure in Africa, underlining the need for cash, asset, and profit planning alongside sound financing decisions. Behn (2003) highlighted the importance of efficiency evaluations in public organizations, while Otley et al. (2014) showed that financial planning fostered procedural justice and efficiency in Nigerian firms. Efficient financial planning, as Deloof (2013) asserted, was a key source of competitive advantage for businesses.

Locally, organizations in Kenya, such as Savings and Credit Cooperatives (SACCOs), promoted savings and credit at low-interest rates (Waweru, 2014). Despite their potential, SACCOs faced challenges such as poor investment decisions, delayed cash flows, and lack of proper financial planning, which hindered performance and growth (Mudibo, 2015). Barako (2014) and Wasike (2015) emphasized the need for profitable investment strategies and competitive advantage to ensure organizational sustainability

Statement of the Problem

Kenyan financial organizations, including SACCOs, faced challenges such as poor financial planning policies, under-regulation, and mismanagement, leading to underperformance and collapse (Maingi, 2014). Despite evidence from developed economies on the importance of financial planning, limited research existed on its impact in Kenya. Many SACCOs, particularly employee-based ones in Kisii County, lacked effective financial planning practices, leading to financial theft, poor cash flow management, and declining performance. This study sought to evaluate the effect of financial planning practices on the financial performance of SACCOs in Kisii County.

Objectives of the Study

The general objective was to establish the effect of financial planning practices on the performance of SACCOs in Kisii County, Kenya. The study was guided by the following specific objectives:

- To determine the effect of investment strategy on the financial performance of SACCOs in Kisii County, Kenya.
- To assess the effect of financial literacy on the financial performance of SACCOs in Kisii County, Kenya.
- To evaluate the effect of liquidity needs on the financial performance of SACCOs in Kisii County, Kenya.
- To examine the effect of risk tolerance on the financial performance of SACCOs in Kisii County, Kenya.

LITERATURE REVIEW

Life Cycle Hypothesis Theory

The Life Cycle Hypothesis (LCH) was developed by Franco Modigliani and Richard Brumberg in the 1950s. It suggested that individuals planned their financial decisions based on expected income and consumption over their lifetime. The theory assumed that people accumulated wealth during their working years and spent it during retirement to maintain a stable standard of living. This concept played a crucial role in financial planning practices, guiding decisions related to savings, investments, liquidity, and risk management across different life stages.

The Life Cycle Hypothesis (LCH) served as a guiding framework for financial planning practices by helping individuals and financial planners align savings, investment, and spending strategies with different stages of life. By understanding income patterns, liquidity needs, and risk tolerance, individuals made well-informed financial decisions that ensured financial security throughout their lifetime.

Modern Portfolio Theory

Modern Portfolio Theory (MPT) was developed by Harry Markowitz in 1952 and remained a fundamental concept in financial planning. Markowitz introduced the portfolio model, establishing a framework for evaluating portfolio risk and return. He demonstrated that the expected rate of return for a portfolio was the weighted average of the returns of individual assets, while portfolio risk (variance or standard deviation) depended on the individual asset risks, their weights, and the covariance between asset returns. His formulas emphasized the importance of diversification in reducing overall portfolio risk.

The theory highlighted three key factors influencing portfolio risks

- ✓ Risk (standard deviation) of individual securities.
- ✓ Weights or proportions of securities in the portfolio.
- ✓ Correlation of returns between securities.

In the context of SACCOs, portfolio performance depended on loan portfolio quality and effective risk management. Jansson (2002) noted that the value of a loan portfolio was affected by interest rates and repayment likelihood. Alexandra (2016) and Chipembere (2019) emphasized the role of planning, governance, and loan quality in SACCO performance. Proper risk planning, including managing loan defaults, was crucial for financial viability, as defaults led to financial losses, recovery costs, and missed opportunities (Lagat, Mugo, & Otuga, 2013).

Capital Asset Pricing Model

The Capital Asset Pricing Model (CAPM) was introduced by William Sharpe in 1964, building upon earlier work by John Lintner and Jan Mossin. It was a fundamental theory in modern finance, used to determine the expected return on an asset or portfolio based on its risk relative to the market. The model was central to understanding investment decision-making, particularly in the context of risk and return, and it integrated several factors crucial to financial planning practices, such as investment strategy, financial literacy, liquidity needs, and risk tolerance.

It helped in understanding the relationship between an asset's risk and its expected return. It integrated seamlessly with various aspects of financial planning, including investment strategy, financial literacy, liquidity needs, and risk tolerance. By incorporating CAPM, investors made more informed decisions that aligned with their financial goals, ensuring their portfolios were both efficient and appropriate for their individual needs.

Conceptual Review of Study Variables

Investment Strategy on Financial Performance

Strategic Investment Practices (SIPs) significantly influenced long-term financial and operational performance. Key aspects included research and development (R&D), mergers, and new product launches. SIPs enhanced competitiveness and profitability. Barako (2014) emphasized the importance of pursuing investments with positive net present value. Wasike (2014) linked financial value creation to a firm's ability to manage resources competitively. Effective SIPs contributed to financial performance by fostering innovation and improving resource allocation.

Financial Literacy on Financial Performance

Capital structure, comprising debt and equity, significantly impacted financial performance. Debt offered benefits like tax shields and managerial discipline but posed risks such as bankruptcy. Theories like the trade-off and pecking order highlighted the complexity of debt-equity choices.

Empirical studies, including Nyoike (2014), revealed positive relationships between leverage, liquidity, and returns. The cost of capital affected shareholder wealth and optimal capital allocation, as noted by Modigliani and Miller (2018). Effective capital structure management ensured competitive advantage and financial stability.

Liquidity Needs on Financial Performance

Liquidity ensured a firm's ability to meet financial obligations and impacted profitability. Effective cash planning and liquidity management enhanced operational efficiency and reduced costs. Studies showed that balancing liquidity avoided opportunity costs while ensuring financial stability. High liquidity, though a sign of strength, could lower returns due to less profitable current assets

Risk Tolerance on Financial Performance

Risk tolerance was a central element of financial planning, influencing everything from asset allocation to investment strategy and portfolio construction. Aligning an individual's or organization's risk tolerance with their financial objectives ensured that financial plans were realistic and sustainable.

Higher risk tolerance could result in higher returns over time, but it required the ability to endure market volatility. Lower risk tolerance reduced the chances of large losses but often resulted in more modest returns over time.

By carefully integrating risk tolerance into the financial planning process, investors maximized their financial performance while remaining within their comfort zone, achieving their long-term financial goals without taking on undue risk. Effective risk management based on accurate risk tolerance assessments ensured that financial performance was both sustainable and consistent over time.

Conceptual Framework

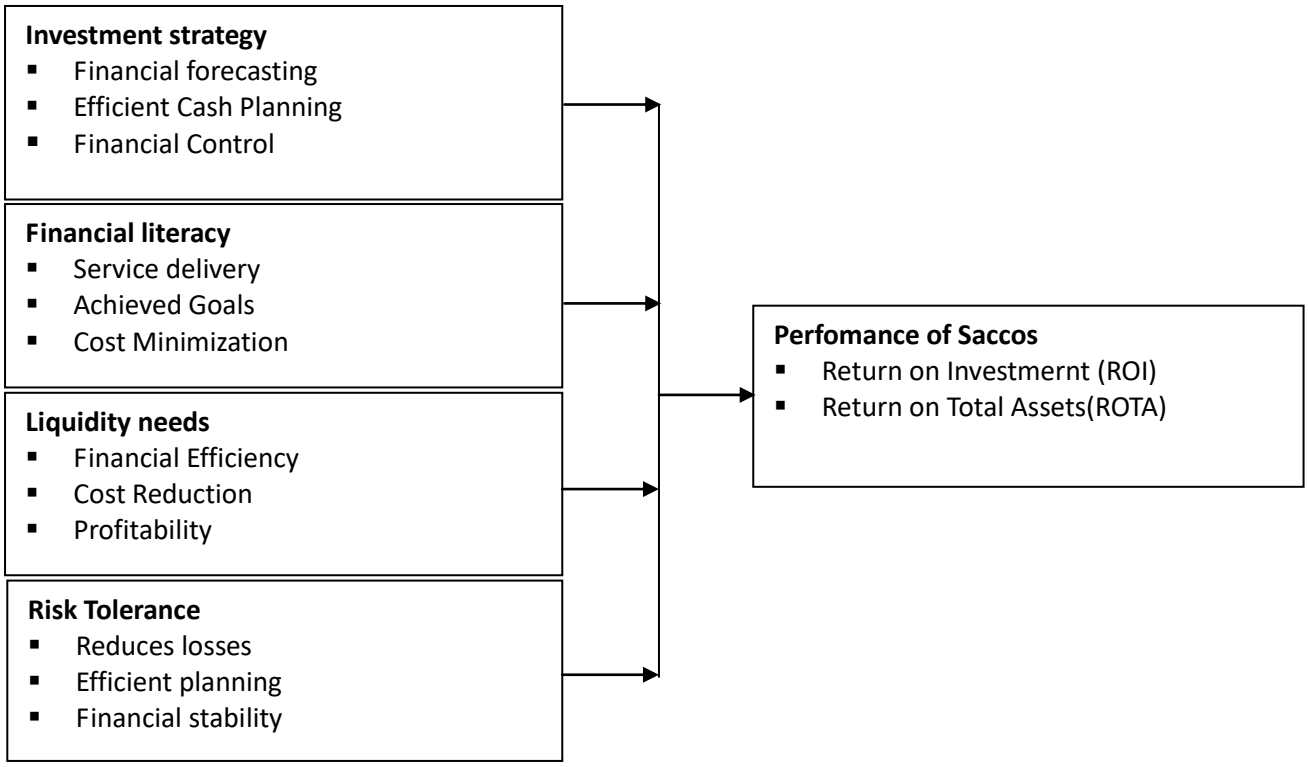

Figure 1: Conceptual Framework

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METHODOLOGY

The study employed a descriptive survey design to provide a robust framework for systematically collecting and analyzing data on financial planning practices among SACCOs in Kisii County. The study targeted 150 respondents from selected six SACCOs in Kisii County. These respondents included officers who were specifically allocated to the finance sector of the SACCOs. This focus on financial officers, auditors, and accountants ensured that the data collected directly reflected the financial planning practices and performance within the SACCOs, as these officers were responsible for overseeing and managing financial activities.

The sample size for the study was determined using Yamane's formula (Taro Yamane, 2017).

n= N/1 + N(e))^2

n = Sample size (number of respondents included in the study)

N = Total population size (total number of respondents in Kisii County)

E = Population proportion assumed at a 95% confidence level and margin of error of 5% (0.05)

Applying the formula:

$N = 150 / 1 + 150(0.05)^2$

N = 150 /1 + 0.375

N = 15/1.375 N = 109

Thus, the final sample size was 109 respondents.

The study utilized closed-ended questionnaires to ensure efficiency, clarity, and accuracy in data collection.

The reliability of the questionnaire was enhanced by subjecting it to a pilot test. Four questionnaires were given to four staff members. Modifications were made to address gaps identified in the questionnaire items. The research instruments were validated through peer review and expert judgment from the supervisor.

The data was presented using frequency tables and percentages. Prior to summarizing the data, the questionnaires were checked for completeness and accuracy. The data was then coded sequentially to ensure uniformity during presentation. The analysis involved searching for regularities and patterns in relation to the research questions. Words and phrases were categorized based on the research objectives. The data was tabulated in the form of frequency tables and percentages. A well-compiled textual analysis was employed to explain and describe the findings, which assisted in data interpretation. The regression model used was:

$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon$

Where:

Y = Financial Performance

X_1 = Investment strategy

X_2 = Financial literacy

X_3 = Liquidity needs

X4 = Risk Tolerance

$\beta 0$ = Constant

E = Error term

$B_1, \beta_2, \beta_3, \beta 4$ = Predictor variables

This model helped analyze the relationship between financial planning practices and the financial performance of SACCOs in Kisii County.

FINDINGS AND DISCUSSIONS

Response Rate

A total of 109 questionnaires were administered to the sampled respondents, out of which 79 were successfully completed and returned resulting in a response rate of 72.5%. This response rate is acceptable, as it exceeds the commonly cited threshold of 60% for survey-based research. Genroe (2024) explains that an acceptable survey response rate is one that ensures statistical validity. While response rates vary depending on the population and research goals, a high response rate (such as above 80%) minimizes non-response bias and strengthens data reliability. Restackio (2024) states that effective survey strategies, including clear

communication, incentives, and follow-ups, can improve response rates, with 60-80% being a common benchmark for academic surveys.

Descriptive Statistics

Descriptive analysis was used to interrogate relationship between study variables and establish how the affected each other. Descriptive analysis for this section used percentages, frequencies, means and standard deviation to show the response from the respondents as shown in the tables below for each variable. The respondents were required to state their level of agreement on various statements on each variable. The level of agreement ranged from 1-strongly disagree, 2-disagree, 3-Not Sure, 4-agree and 5- strongly agree. The results are as follows.

Investment strategy

The sampled respondents were provided with 4 statements related to Investment strategy on financial performance Saccos in Kisii County. The results are as presented in Table 1.

Table 1: Investment strategy

Investment strategy	5	4	3	2	1	Mean	S.D
Financial forecasting and risk management provide insights into future trends and uncertainties	15 (19%)	28 (35.4%)	20 (25.3%)	12 (15.2%)	4 (5.1%)	3.48	1.119
Cash planning balances immediate and long-term financial goals	27 (34.2%)	26 (32.9%)	11 (13.9%)	11 (13.9%)	4 (5.1%)	3.77	1.208
Financial control ensures consistent monitoring and alignment with objectives	31 (39.2%)	25 (31.6%)	14 (17.7%)	7 (8.9%)	2 (2.5%)	3.96	1.079
Risk management minimizes exposure to potential financial threats.	32 (40.5%)	16 (20.3%)	15 (19%)	12 (15.2%)	4 (5.1%)	3.76	1.273
Overall Mean						**3.74**	

On financial forecasting and risk management, respondents moderately agreed that these practices provide insights into future trends and uncertainties, with a mean of 3.48 and standard deviation of 1.119. This suggests that while financial forecasting is acknowledged, its adoption is not uniform across SACCOs. The variation in responses may reflect disparities in capacity and understanding of forecasting tools. This aligns with findings by Otieno and Ndung'u (2023), who observed that while SACCOs acknowledge the value of forecasting, inconsistent adoption weakens strategic planning. Mugambi and Karugu (2021) similarly noted that the rising non-performing loan levels indicate gaps in effective risk management, despite tool adoption.

In terms of cash planning, respondents strongly agreed that it helps balance immediate and long-term financial goals (mean = 3.77; SD = 1.208). This indicates that most SACCOs prioritize effective liquidity management, which is essential for operational stability and investment planning. The findings mirror those of Kamau and Wanyoike (2022), who linked sound cash planning to improved liquidity positions in Kenyan SACCOs. Kimani et al. (2022) also emphasized that strategic cash planning directly contributes to better returns on assets by enabling prudent resource allocation.

The highest-rated element was financial control, with a mean of 3.96 and a relatively low standard deviation of 1.079, suggesting a shared belief in its

effectiveness across SACCOs. Respondents noted that financial control ensures consistent monitoring and alignment with objectives. This reflects the presence of internal financial mechanisms such as audits, reporting structures, and performance tracking. These findings are supported by Mwangi and Nyakundi (2023), who established that robust financial controls promote transparency and accountability, key to sustainable SACCO operations. Maingi and Kobuthi (2024) further noted that strong control systems help SACCOs withstand financial shocks, enhancing overall stability.

Risk management was also viewed positively, with a mean of 3.76 and SD of 1.273. While respondents agreed that risk management helps minimize exposure to financial threats, the variation in scores points to uneven implementation. This may be due to differing governance structures or resource constraints. Gathenya and Ochieng (2022) observed that despite technological advances, operational risks remain high in SACCOs, indicating implementation shortcomings. Likewise, Wambua and Muturi (2023) found that credit risk significantly hampers SACCO profitability, suggesting a need for enhanced mitigation frameworks..

Financial literacy

The sampled respondents were provided with 4 statements related to Financial literacy on financial performance of Saccos in Kisii County. The pertinent results are as shown in Table 2.

Table 2: Financial literacy

Financial literacy	5	4	3	2	1	Mean	S.D
The ability to effectively utilize financial resources ensures improved service delivery and satisfaction for stakeholders	22 (27.8%)	30 (38%)	16 (20.3%)	2 (2.5%)	9 (11.4%)	3.68	1.236
Setting measurable financial objectives and achieving them within defined timeframes reflects strong financial literacy	25 (31.6%)	19 (24.1%)	19 (24.1%)	9 (11.4%)	7 (8.9%)	3.58	1.287
Applying cost-efficient practices and strategies demonstrates financial expertise and resource optimization	16 (20.3%)	28 (35.4%)	24 (30.4%)	7 (8.9%)	4 (5.1%)	3.57	1.070
Making informed and data-driven financial decisions enhances organizational and personal financial outcomes.	14 (17.7%)	32 (40.5%)	21 (26.6%)	8 (10.1%)	4 (5.1%)	3.56	1.059
Overall mean						**3.6**	

Firstly, respondents moderately agreed that the ability to effectively utilize financial resources ensures improved service delivery and stakeholder satisfaction (mean = 3.68; SD = 1.236). This implies that most SACCO personnel recognize how financial knowledge contributes to resource efficiency and improved outcomes. These results align with Musiega and Akenga (2023), who found that financial literacy enhances operational efficiency in SACCOs, ultimately boosting member confidence and satisfaction.

Secondly, setting measurable financial objectives and achieving them within defined timeframes was positively rated (mean = 3.58; SD = 1.287). This suggests that while goal-setting is practiced, its execution may face challenges such as inconsistent financial planning or limited managerial capacity. According to Nduta and Mwangi (2022), financial goal-setting and tracking are often underutilized in rural SACCOs due to low financial skills among staff, despite their strategic importance.

Thirdly, respondents acknowledged that applying cost-efficient practices reflects financial expertise and resource optimization (mean = 3.57; SD = 1.070). This finding suggests that SACCOs appreciate frugality and efficiency in financial operations. The study by Wainaina and Njiru (2023) emphasized that SACCOs with a strong focus on cost-effectiveness often show higher returns on assets, as minimized waste translates to better use of member funds.

Lastly, making informed and data-driven financial decisions was moderately endorsed by respondents (mean = 3.56; SD = 1.059), indicating room for improvement in evidence-based financial decision-making. While there is appreciation for data in financial planning, practical limitations such as lack of access to real-time financial data or limited analytical skills might hinder consistent use. This supports findings by Baraza (2020), who observed that SACCOs with robust data use frameworks performed significantly better than those relying on intuition or outdated methods.

Liquidity needs

The sampled respondents were provided with 4 statements related to Liquidity needs on fiancial performance of deposit taking Saccos in Kisii County. The relevant results are as shown in Table 3.

Table 3: Liquidity needs

Liquidity needs	5	4	3	2	1	Mean	S.D
Our Sacco's effectively manages cash flow to support daily operations.	10 (12.7%)	34 (43%)	22 (27.8%)	11 (13.9%)	2 (2.5%)	3.49	0.972
Cost reduction strategies directly improve our organization's financial stability.	15 (19%)	31 (39.2%)	22 (27.8%)	9 (11.4%)	2 (2.5%)	3.61	1.005
The financial decisions made in our organization prioritize both liquidity and long-term growth	18 (22.8%)	30 (38%)	20 (25.3%)	9 (11.4%)	2 (2.5%)	3.67	1.034
Financial planning effectively minimizes liquidity risks.	25 (31.6%)	28 (35.4%)	18 (22.8%)	6 (7.6%)	2 (2.5%)	3.86	1.034
Overall Mean Score						**3.66**	

Risk tolerance

The sampled respondents were provided with 4 statements related to Risk tolerance on financial performance of deposit taking Saccos in Kisii County. The relevant results are as shown in Table 4.

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Table 4: Risk tolerance

Risk tolerance	5	4	3	2	1	Mean	S.D
The ability to implement risk mitigation strategies to minimize financial setbacks	15 (19%)	31 (39.2%)	14 (17.7%)	4 (5.1%)	15 (19%)	3.34	1.367
Ensuring proactive financial planning to anticipate and manage risks effectively	32 (40.5%)	24 (30.4%)	9 (11.4%)	2 (2.5%)	12 (15.2%)	3.78	1.402
Ensuring proactive financial planning to anticipate and manage risks effectively	13 (16.5%)	36 (45.6%)	13 (16.5%)	2 (2.5%)	15 (19%)	3.38	1.333
The capacity to adjust strategies in response to economic shifts and emerging risks.	16 (20.3%)	30 (38%)	18 (22.8%)	(0%)	15 (19%)	3.41	1.345
Overall Mean Score						**3.48**	

Firstly, respondents moderately agreed that their SACCOs effectively manage cash flow to support daily operations (mean = 3.49; SD = 0.972). This suggests that while efforts exist to manage liquidity, operational cash flow planning may still face challenges such as delayed member deposits or irregular loan repayments. This aligns with SASRA (2022) findings, which reported that 78.4% of SACCOs failed to meet the 80% liquidity ratio requirement, signaling ongoing liquidity strain.

Secondly, the statement that cost reduction strategies directly improve financial stability received moderate to strong agreement (mean = 3.61; SD = 1.005). This implies that SACCOs recognize the impact of controlling operational expenses on liquidity and overall stability. These results are supported by Kimani et al. (2022), who observed that liquidity-conserving strategies in SACCOs, such as budget tightening and digital transaction systems, directly influence financial sustainability.

Thirdly, respondents agreed that financial decisions in their SACCOs prioritize both liquidity and long-term growth (mean = 3.67; SD = 1.034). This finding indicates that strategic financial planning attempts to balance short-term liquidity with long-term investment goals. According to Wambua and Muturi (2023), successful SACCOs develop investment portfolios and reserve policies that enhance liquidity without compromising future returns.

Lastly, the highest-rated item was that financial planning effectively minimizes liquidity risks (mean = 3.86; SD = 1.034), showing strong agreement among respondents. This reflects a positive outlook on proactive financial management as a buffer against liquidity shocks. The study by Benti and Biru (2023) found that institutions with strong liquidity planning practices, such as scenario analysis and contingency reserves, maintained higher financial performance during market disruptions.

Performance of SACCOs in Kisii County, Kenya

The sampled respondents were provided with 4 statements related to performance of SACCOs in Kisii County, Kenya of county government. The relevant results are as shown in Table 5.

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Table 5: Performance of SACCOs in Kisii County, Kenya

Financial performance	5	4	3	2	1	Mean	S.D
The SACCO's ROI has shown a consistent upward trend over the past few years.	9 (11.4%)	29 (36.7%)	27 (34.2%)	12 (15.2%)	2 (2.5%)	3.39	0.966
Compared to similar financial institutions, the SACCO's ROI is highly competitive.	9 (11.4%)	38 (48.1%)	20 (25.3%)	10 (12.7%)	2 (2.5%)	3.53	0.945
The SACCO effectively utilizes its total assets to generate income, as evidenced by its return on assets.	28 (35.4%)	41 (51.9%)	8 (10.1%)	(0%)	2 (2.5%)	4.18	0.813
The SACCO's return on assets demonstrates a strong ability to manage its assets efficiently.	34 (43%)	28 (35.4%)	6 (7.6%)	4 (5.1%)	7 (8.9%)	3.99	1.235
Overall Score						**3.77**	

The overall mean score was 3.77, indicating that respondents generally agreed that their SACCOs were performing well financially. Firstly, the statement that the SACCO's ROI has shown a consistent upward trend in recent years yielded a mean score of 3.39 (SD = 0.966). This moderate agreement suggests that while some SACCOs have recorded growing returns, others have experienced fluctuations. This finding aligns with Mutinda and Ngugi (2022) who reported that many SACCOs in Kenya show inconsistent ROI due to market volatility and governance challenges.

Secondly, when asked if the SACCO's ROI is highly competitive compared to similar financial institutions, respondents had a mean score of 3.53 (SD = 0.945). This indicates that the SACCOs perceive their investment returns as relatively favorable. Ooko and Muturi (2021) supported this view by stating that SACCOs in devolved units such as Kisii are increasingly adopting competitive financial strategies to match microfinance and banking institutions.

Thirdly, the highest agreement came from the statement on SACCOs' effectiveness in utilizing assets to generate income (mean = 4.18; SD = 0.813). This strong agreement implies that SACCOs in Kisii County are considered efficient in asset utilization. This is consistent with Ng'ang'a and Wanyoike (2023), who found that SACCOs that focus on asset optimization, such as loan-to-asset ratios and investment in productive assets, tend to post stronger ROA.

Lastly, the statement on ROA reflecting strong asset management capability received a mean of 3.99 (SD = 1.235), indicating positive perceptions of asset efficiency despite slight variability. Kariuki and Maina (2023) noted that prudent asset management—including timely recovery of loans and portfolio diversification—plays a significant role in enhancing SACCO performance.

Inferential Statistics

To establish relationship and the effect financial planning had on the financial performance, the study used inferential analysis where correlation, simple linear regression and multiple linear regression were used. Before embarking on the inferential analysis, diagnostics tests were done; normality using Shapiro-Wilk, Linearity using Scatter plots and multi-Collinearity test using VIF. The results are as follows.

Normality

The tests of normality, specifically the Kolmogorov-

Smirnov and Shapiro-Wilk tests, assess whether the distribution of data for each variable follows a normal distribution. Normality is an assumption often required for certain statistical analyses.

Table 6: Kolmogorov-Smirnova and Shapiro-Wilk

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
Investment strategy	.199	79	.200*	.894	79	0.144
Financial literacy	.180	79	0.174	.891	79	0.062
Liquidity needs	.162	79	0.182	.934	79	0.086
Risk tolerance	.204	79	.200*	.798	79	0.307
Financial performance	.130	79	0.114	.892	79	0.126
a. Lilliefors Significance Correction						

For the variable "Investment strategy," both the Kolmogorov-Smirnov and Shapiro-Wilk tests resulted in statistically insignificant values (p> .05), indicating that the data does not significantly deviate from a normal distribution. Similarly, for the variables "Financial literacy," "Liquidity needs," "Risk tolerance," and "Performance of SACCOs in Kisii County, Kenya," both tests yielded insignificant results, suggesting normal distributions for these variables as well.

Linearity

Linearity in statistical analysis refers to the assumption that the relationship between two variables can be represented by a straight line. When testing for linearity, scatter plots are often used as they visually show the relationships between the independent variables (e.g., Investment strategy, Financial literacy, training and development, and risk tolerance) and the dependent variable (financial planning). A pattern of points clustering around a straight line in the scatter plot confirmed linearity. This step is crucial because many statistical methods, such as regression analysis, assume a linear relationship between variables for accurate results.

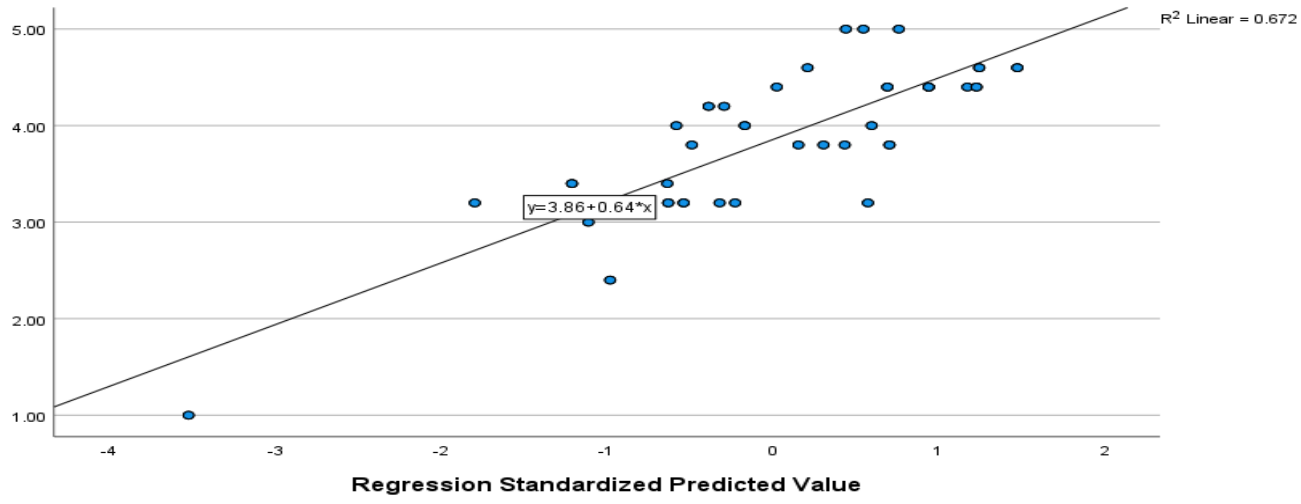

Figure 2: Scatter Plot

Multi-Collinearity Test

Multicollinearity problem cause ability to define any variable to diminish owing to their interrelationship. According to Besley 1980 as sighted in (Jingyu li, 2003) researchers have used VIF= 10 as critical value rule of thumb to determine whether there is too

much correlation. The VIF value in the table 7, are less than 10 so there is no multi-Collinearity problem in study variables.

Table 7: Multi-Collinearity

Independent variable	Tolerance	VIF
Investment strategy	.789	1.267
Financial literacy	.782	1.278
Liquidity needs	.770	1.299
Risk tolerance	.764	1.309

Pearson Correlation Results

Pearson product moment correlation test was to establish relationship between variable. The results are as shown in Table 8.

Table 8: Multiple Correlation Matrix

		Investment strategy	Financial literacy	Liquidity needs	Risk tolerance
Investment strategy	Pearson Correlation	1			
	N	79			
Financial literacy	Pearson Correlation	.450**	1		
	Sig. (2-tailed)	.000			
	N	79	79		
Liquidity needs	Pearson Correlation	-.065	.043	1	
	Sig. (2-tailed)	.567	.704		
	N	79	79	79	
Risk tolerance	Pearson Correlation	-.018	.112	.476**	1
	Sig. (2-tailed)	.875	.324	.000	
	N	79	79	79	79
Financial performance	Pearson Correlation	.460**	.509**	.489**	.546**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	79	79	79	79

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

The findings indicate a positive and statistically significant relationship between all the independent variables and financial performance of SACCOs in Kisii County, at the 0.01 significance level. Investment strategy showed a moderate positive correlation with financial performance ($r = 0.460$, $p < 0.01$). This suggests that SACCOs that prioritize structured financial forecasting, control, and risk management tend to perform better. This supports Makori and Jagongo (2021) who found that strategic investment planning enhances SACCO profitability through better resource allocation.

Financial literacy had a moderately strong positive relationship with financial performance ($r = 0.509$, $p < 0.01$). This aligns with Njuguna and Wanyoike (2022) who emphasized the importance of financial knowledge in decision-making, improving financial outcomes among SACCO staff and management. Liquidity needs also exhibited a significant positive correlation ($r = 0.489$, $p < 0.01$), indicating that SACCOs with efficient cash flow and liquidity planning experience stronger financial outcomes. This supports findings by Mutua and Murigi (2023), who argued that managing liquidity risks helps

SACCOs maintain solvency and improve performance.

Risk tolerance had the strongest correlation with financial performance (r = 0.546, p < 0.01). This implies that SACCOs with a well-balanced approach to financial risk—neither overly conservative nor reckless—are more likely to achieve superior financial results. This concurs with Odhiambo and Chege (2023), who noted that SACCOs that embrace calculated risks in investment and lending activities often outperform more risk-averse counterparts.

Simple Linear Regression

The study used simple linear regression test to establish the effect of various financial planning variables on the financial planning. The results are present below.

Influence of Investment strategy on Financial performance

The first objective of the study was to examine the influence of Investment strategy on performance of SACCOs in Kisii County, Kenya. Regression analysis was used to tell the amount of variance accounted for by one variable in predicting another variable. Regression analysis was conducted to find the proportion financial performance which can be predicted from Investment strategy. Table 9 shows the analysis results.

Table 9: Regression Results of Investment strategy and Financial performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.460[a]	.211	.201	.69699

a. Predictors: (Constant), Investment strategy

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.028	1	10.028	20.643	.000[b]
	Residual	37.407	77	.486		
	Total	47.435	78			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Investment strategy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.605	.286		9.106	.000
	Recruitment and Selection	.329	.072	.460	4.543	.000

a. Dependent Variable: Financial performance

From the Table 9 above the value of R square was 0.211 this shows that Investment strategy explains 21.1% of variance in performance of SACCOs in Kisii County, Kenya. From the ANOVA table significance of the model has a value F (1,78) =20.643, P<0.05 this shows that it's significant at 95% confidence level hence the model is significant. This implies that Investment strategy is a useful predictor of performance of SACCOs in Kisii County, Kenya. The simple linear regression equation is as shown below

Y=2.605+0.329 Investment strategy

The unstandardized regression coefficient value of Investment strategy was 0.329 and significance level of P<0.05. This indicated that a unit change in Investment strategy would result to significant

change in performance of SACCOs in Kisii County, Kenya by 0.329 in same direction.

Influence of Financial literacy on performance of SACCOs in Kisii County, Kenya

The second objective of the study was to assess the influence of Financial literacy on performance of SACCOs in Kisii County, Kenya. Regression analysis was conducted to find the proportion in the financial performance which can be predicted from the Financial literacy. Table 10 shows the analysis results.

Table 10: Regression Results of Financial literacy and Financial performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.509[a]	.259	.250	.67553

a. Predictors: (Constant), Financial literacy

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.297	1	12.297	26.946	.000[b]
	Residual	35.138	77	.456		
	Total	47.435	78			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Financial literacy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.335	.303		7.713	.000
	Financial literacy	.416	.080	.509	5.191	.000

a. Dependent Variable: Financial performance.

From the table 10 above the value of R square was 0.259 which implies that up to 25.9% change in performance of SACCOs in Kisii County, Kenya is significantly accounted for by their Financial literacy. From the ANOVA result, the significance of the model has a value F (1,78) =26.946, P<0.05 which shows that the model is significant 95.0% confidence level. This postulates that financial literacyis a useful predictor of performance of SACCOs in Kisii County, Kenya. The simple linear regression equation is as shown below

Y=2.335+0.416 Financial literacy

The unstandardized regression coefficient value of Financial literacywas 0.416 and significance level of P<0.05. This implies that a unit change in Financial literacywould result to significant change in performance of SACCOs in Kisii County, Kenya by 0.416 in the same direction.

Influence of Liquidity needs on Financial performance

The third objective of the study was to evaluate the influence of Liquidity needs on performance of SACCOs in Kisii County, Kenya. Regression analysis was conducted to find the proportion in the financial performance which can be predicted from the Liquidity needs. Table 11 shows the analysis results.

Table 11: Regression Results of Liquidity needs and Financial performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.489[a]	.239	.229	.68456

a. Predictors: (Constant), Liquidity needs

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.351	1	11.351	24.222	.000[b]
	Residual	36.084	77	.469		
	Total	47.435	78			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Liquidity needs

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.338	.318		7.353	.000
	Liquidity needs	.411	.084	.489	4.922	.000

a. Dependent Variable: Financial performance

From the table 11 above the value of R square was 0.239 this shows that Liquidity needs explains 23.9% of variance in performance of SACCOs in Kisii County, Kenya. From the ANOVA table significance of the model has a value F (1,78) =24.222, P<0.05 this shows that it's significant at 95% confidence level hence the model is feasible. This implies that Liquidity needs is a useful predictor of performance of SACCOs in Kisii County, Kenya. The simple linear regression equation is as shown below

Y=2.338+0.411 Liquidity needs

The unstandardized regression coefficient value of 0.411 for Liquidity needs indicates a significant positive effect on financial performance of SACCOs in Kisii County, Kenya. This means that a unit change in Liquidity needs results in a 0.411-unit change in financial performance.

Influence of Risk tolerance on Financial performance

The fourth objective of the study was to investigate the influence of Risk tolerance on performance of SACCOs in Kisii County, Kenya. Regression analysis was conducted to find the proportion in the financial performance which can be predicted from the Risk tolerance. Table 12 shows the analysis results.

Table 12: Regression Results of Risk tolerance and Financial performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.546[a]	.299	.289	.65737

a. Predictors: (Constant), Risk tolerance

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.161	1	14.161	32.770	.000[b]
	Residual	33.274	77	.432		
	Total	47.435	78			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Risk tolerance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.616	.229		11.432	.000
	Risk tolerance	.355	.062	.546	5.725	.000

a. Dependent Variable: Financial performance

The regression model examining the relationship between risk tolerance and SACCO performance in Kisii County yielded statistically significant findings. With an R^2 value of 0.299, the analysis indicates that approximately 29.9% of the variance in SACCO performance can be attributed to differences in risk tolerance levels among these institutions. While this leaves 70.1% of performance variability explained by other factors, the substantial explanatory power of risk tolerance underscores its importance as a key strategic determinant for SACCOs in the region.

The model's statistical significance was confirmed through ANOVA testing ($F(1,78) = 32.770$, $p < 0.05$), demonstrating that the relationship between risk tolerance and performance is highly unlikely to occur by chance (at a 95% confidence level). This robust F-statistic validates risk tolerance as a reliable predictor of SACCO performance within Kisii County's financial cooperative sector.

The simple linear regression equation is as shown below

Y=2.616+0.355 Risk tolerance

The unstandardized regression coefficient value of Risk tolerance was 0.355 at 0.05 significance level. This implies that a unit change in Risk tolerance would result to significant change in performance of SACCOs in Kisii County, Kenya by 0.355 in the same direction.

Multiple Regression Analysis

The multiple regression analysis was conducted to assess the influence of financial planning practices (investment strategy, financial literacy, liquidity needs, and risk tolerance) on the performance of SACCOs in Kisii County, Kenya. The analysis aimed to determine how these variables collectively impact SACCO performance when entered together as a block in the model. The results of multiple linear regression analysis were presented in Table 13.

Table 13: Model Summary

Model	R	R Square	Adj R Square	Std. Error of the Estimate	Change Statistics			
					R Sq Change	F Change	df	Sig. F Change
1	.820[a]	.672	.654	.45871	.672	37.858	4,74	.000

a. Predictors: (Constant), Risk tolerance, Investment strategy, Financial literacy, Liquidity needs

The results in Table 13 show that the R value is 0.820, which indicates a strong positive correlation between the predictors (investment strategy, financial literacy, liquidity needs, and risk tolerance) and SACCO performance. The R Square value is 0.672, meaning that approximately 67.2% of the variance in SACCO performance can be explained by these financial planning practices. This is a strong proportion, highlighting the importance of these practices in determining SACCO performance. The Adjusted R Square value of 0.654 indicates that the model is well-adjusted, accounting for variations in the data while considering the number of predictors. The F Change value is 37.858, with a significance level of 0.000, which is highly significant. This suggests that the combination of financial planning practices significantly contributes to explaining SACCO performance. The degrees of freedom (df) for this model are 4 for the predictors and 74 for the error, confirming the adequacy of the model in representing the relationship between the predictors and the dependent variable (SACCO performance).

Table 14: ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.864	4	7.966	38.858	.000[b]
	Residual	15.571	75	.210		
	Total	47.435	79			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Risk tolerance, Investment strategy, Financial literacy, Liquidity needs

The F-statistic for the model was 37.858 with a corresponding significance level (p-value) of 0.000. This value is well below the conventional threshold of 0.05, indicating that the overall model is statistically significant. In other words, the combined influence of investment strategy, financial literacy, liquidity needs, and risk tolerance has a significant effect on the financial performance of SACCOs. These findings confirm that financial planning practices are vital in determining the financial success of SACCOs. The statistical significance of the model aligns with existing empirical literature. For instance, Mutua and Murigi (2023) emphasized that well-structured financial planning enhances SACCO resilience and profitability. Similarly, Odhiambo and Chege (2023) found that organizations with effective risk and liquidity management systems are better positioned to achieve strong financial outcomes. Makori and Jagongo (2021) also established that investment strategies tailored to an organization's financial goals significantly impact performance.

The presented in Table 15 shows unstandardized coefficients, standardized coefficients, t statistic and significant values.

Table 15: **Multiple Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.172	.314		.549	.585
	Investment strategy	.254	.054	.355	4.739	.000
	Financial literacy	.240	.062	.294	3.905	.000
	Liquidity needs	.274	.064	.326	4.295	.000
	Risk tolerance	.237	.050	.364	4.782	.000
a. Dependent Variable: Financial performance						

A regression of the four predictor variables against performance of SACCOs in Kisii County, Kenya established the multiple linear regression model as below as indicated in Table 15:

Y=0.172 + 0.254 X_1**+0.240** X_2**+0.274** X_3**+ 0.237** X_4

Where Y is the dependent variable (Financial performance),

X_1 is Investment strategy

X_2 is Financial literacy

X_3 is Liquidity needs

X_4 is Risk tolerance

From the findings presented, the results of the multiple regression analysis reveal that all financial planning practices included in the model—investment strategy, financial literacy, liquidity needs, and risk tolerance—have a statistically significant influence on the performance of SACCOs in Kisii County, Kenya. When all the predictors are held at zero or are absent, the model predicts the performance of SACCOs to be 0.172 (p=0.585), which is statistically insignificant. This suggests that the four financial planning practices jointly contribute substantially to the financial performance of SACCOs.

What are the effects of investment strategy on financial performance of Sacco's in Kisii County, Kenya?

The study found that investment strategy had a significant positive influence on the performance of SACCOs, with a regression coefficient (B) of 0.254 and a p-value of .000. This indicates a statistically significant relationship, suggesting that, when other variables are controlled, a unit increase in the effectiveness or application of investment strategies leads to a 0.254 unit improvement in SACCO performance. This finding highlights the crucial role that strategic financial planning and investment decisions play in enhancing both profitability and operational growth. When SACCOs strategically allocate their financial resources into productive and diversified investment opportunities, they are more likely to realize higher returns, improve sustainability, and build long-term value for their members.

Several empirical studies reinforce this finding. For instance, Ndegwa and Muturi (2016) conducted a study in Kenya which established that SACCOs that implemented clear, well-researched investment strategies—particularly those focusing on diversified portfolios—demonstrated stronger financial performance. The researchers attributed this to improved income streams and better risk management. Similarly, Ayub and Muriithi (2020) found that SACCOs that actively invested in member-based products, real estate, and government securities experienced consistent profitability growth and increased member confidence.

In Ghana, Bawuah et al. (2021) reported that credit unions with structured investment policies achieved higher returns and lower default rates. The study emphasized the importance of aligning investments with institutional goals and conducting regular

performance reviews to adapt to changing market conditions. Additionally, research by Juma and Okibo (2018) in Kenya showed that strategic investments in technology, member education, and financial instruments not only improved returns but also contributed to operational efficiency and member retention.

On the other hand, some studies caution that poor or overly aggressive investment strategies can negatively affect SACCO performance. For example, Wekesa and Ndung'u (2019) found that SACCOs that lacked proper investment guidelines or ventured into high-risk ventures without adequate analysis often suffered from capital erosion and member distrust. Similarly, a study by Mulei and Kamau (2020) observed that ineffective investment decisions, such as allocating excessive funds to non-core business areas or speculative assets, resulted in underperformance and liquidity challenges.

What are the effects of financial literacy on financial performance of Sacco's in kisii County, Kenya?

The study found that financial literacy has a positive and statistically significant influence on SACCO performance, with an unstandardized coefficient (B) of 0.240 ($p < .001$) and a standardized coefficient (β) of 0.294. This suggests that, when controlling for other variables such as risk tolerance, investment strategy, and liquidity needs, a one-unit improvement in financial literacy levels leads to a 0.240-unit increase in SACCO performance. This finding emphasizes the importance of financial knowledge and understanding in driving the financial health and operational success of SACCOs. It implies that members and management who possess higher levels of financial literacy are more likely to make informed decisions, allocate resources efficiently, and effectively manage risks, which ultimately enhances the overall performance of SACCOs.

Numerous studies support the positive impact of financial literacy on organizational performance, particularly in cooperative financial institutions such as SACCOs. For example, Lusardi and Mitchell (2014), in their global study on financial literacy, concluded that higher financial literacy is linked to better financial decision-making and improved performance in various financial institutions. Specifically, they observed that members with higher financial literacy made more informed investment choices, leading to improved financial outcomes. In Kenya, Wekesa and Muturi (2017) found that financial literacy was a key determinant of SACCO performance, especially in improving loan repayment rates and resource allocation. They noted that when both management and members are financially literate, SACCOs are able to make more strategic decisions, which enhances profitability and reduces risks. Similarly, Mugenda et al. (2019) in Kenya concluded that financial literacy among SACCO members and management was positively associated with improved SACCO financial performance, particularly in areas like credit management and savings mobilization. Their research showed that better financial understanding allowed SACCOs to develop tailored products for members, leading to increased membership retention and higher income generation.

However, some studies present a more nuanced view of the relationship between financial literacy and SACCO performance. Akinyi and Muturi (2018) found that while financial literacy plays an important role, its direct impact on performance can be limited if not complemented by other factors such as effective leadership, operational efficiency, and strategic planning. They argued that financial literacy alone is insufficient unless SACCOs have strong governance structures and clear operational frameworks. Furthermore, Kipkemboi and Njiru (2021) suggested that while financial literacy contributes to better decision-making, its effect on SACCO performance can be diluted in environments where institutional challenges such as poor infrastructure, low levels of member engagement, and lack of innovation persist. In their study, they observed that SACCOs with higher financial literacy were not necessarily performing better if these

other operational factors were not addressed.

What are the effects of liquidity needs on financial performance of Sacco's in Kisii County, Kenya?

The study further revealed that liquidity needs have a positive and significant influence on SACCO performance, with a standardized coefficient (B) of 0.274 and a p-value of .000. This statistically significant relationship indicates that when other variables are held constant, a unit increase in the management or responsiveness to liquidity needs results in a 0.274 unit improvement in SACCO performance. The implication is that effective liquidity management—such as maintaining adequate cash reserves, accurately forecasting cash flows, and minimizing liquidity-related risks—contributes directly to enhanced financial health and operational efficiency within SACCOs. When SACCOs manage their liquidity effectively, they are better positioned to meet short-term obligations, invest in emerging and profitable opportunities, and shield themselves from the adverse effects of financial distress.

Empirical evidence supports this finding across various contexts. For example, a study by Kamau and Wanyoike (2019) in Kenya established that SACCOs with strong liquidity management frameworks experienced improved solvency and profitability. The researchers noted that institutions with efficient cash flow planning and contingency reserves were more stable and resilient, particularly in periods of economic volatility. Similarly, a study by Owusu and Agyapong (2021) on credit unions in Ghana found a significant relationship between liquidity adequacy and financial performance, noting that timely access to liquid assets enhanced credit delivery and member satisfaction, which in turn boosted overall SACCO performance.

Globally, similar trends are observed. Khan and Ahmad (2020) in Pakistan found that liquidity management was among the key determinants of financial performance in cooperative financial institutions. Their study emphasized the importance of striking a balance between liquidity and profitability to avoid over-investment in non-earning assets while maintaining operational flexibility. In another case, Olayemi and Olaniyi (2018) in Nigeria observed that SACCOs and microfinance institutions with well-defined liquidity policies had lower default rates and stronger financial outcomes, largely due to their ability to meet obligations and adapt to market dynamics swiftly.

However, there are studies that suggest that excessive focus on liquidity could be counterproductive if not well-balanced. For instance, Wekesa and Muturi (2017) observed that SACCOs in Kenya that maintained overly conservative liquidity positions—by holding large idle cash reserves—sacrificed profitability and growth opportunities. In such cases, funds that could have been channeled into revenue-generating activities were instead kept inactive, leading to inefficiencies. Likewise, Karugu and Kinyua (2022) reported that while liquidity is essential, its mismanagement—either through over-accumulation or under-allocation—can hamper SACCO performance, depending on the economic context and member demand dynamics.

What are the effects of Risk tolarence on financial performance of Sacco's in Kisii County, Kenya?

The study found that risk tolerance significantly influences SACCO performance, with a standardized coefficient (B) of 0.237 and a p-value of .000, indicating a statistically significant and positive relationship. This suggests that when other variables are controlled, a unit increase in the application or effectiveness of risk tolerance would lead to a 0.237 unit improvement in SACCO performance. In practical terms, this implies that SACCOs which adopt higher levels of risk tolerance—particularly through the implementation of robust risk assessment frameworks and flexible operational strategies—are more likely to achieve enhanced financial performance. This can be attributed to the fact that a strategic approach to risk management promotes better decision-making, supports innovation, and enhances competitive agility.

Several empirical studies support this finding. For instance, Agyemang et al. (2022) in Ghana revealed that credit unions with moderate to high risk tolerance backed by strong governance and data analytics experienced better loan portfolio performance and overall profitability. Similarly, Wambua and Muturi (2017) in Kenya established that SACCOs engaging in proactive risk management practices, particularly those that embraced risk tolerance, exhibited higher returns on assets. These findings were echoed by Zhao et al. (2019) in China, who observed that rural cooperative financial institutions benefitted from risk-taking behaviors moderated by institutional controls, resulting in improved growth and stability. Additionally, Gitonga and Githinji (2021) found that in Kenya, SACCOs that incorporated risk-tolerant practices such as diversification and flexible credit policies were more resilient and financially stable, especially during periods of economic uncertainty.

However, not all studies concur with these findings. Mutua and Kiragu (2018), in their study on SACCOs in Kenya, found no statistically significant relationship between risk tolerance and financial performance. Their results suggested that governance structures and capital adequacy played a more pivotal role in influencing performance. Similarly, Okibo and Wario (2014) cautioned that excessive risk tolerance without adequate risk identification and mitigation strategies led to a rise in non-performing loans, which in turn negatively affected SACCO performance. In West Africa, Amponsah et al. (2020) reported that smaller cooperatives achieved better results by adopting a cautious, low-risk approach due to limited capital buffers and narrower operational margins. In these cases, high risk tolerance was detrimental when not supported by sufficient institutional.

CONCLUSIONS AND RECOMMENDATIONS

Investment strategy significantly contributes to the financial performance of SACCOs in Kisii County. Strategic practices such as financial forecasting, risk management, and internal controls play a critical role in enhancing decision-making and resource allocation. When SACCOs adopt structured investment approaches aligned with their long-term goals, they are better positioned to manage financial uncertainties and optimize returns. The findings suggest that SACCOs with well-developed investment plans are more likely to experience financial stability, growth, and improved service delivery to members. A consistent application of investment strategies supports not only profitability but also operational efficiency, highlighting the need for continuous improvement and professional oversight in investment planning.

Financial literacy is an essential driver of financial performance among SACCOs in Kisii County. The study concludes that SACCO staff and management with better financial knowledge are more capable of making sound financial decisions, managing resources efficiently, and aligning operations with strategic goals. Financial literacy enhances the ability to set realistic objectives, evaluate financial options, and maintain organizational accountability. The results highlight the importance of continuous financial education to build capacity and strengthen institutional performance. As SACCOs face increasingly complex financial environments, equipping personnel with relevant knowledge ensures sustainable growth and member trust. Thus, fostering financial literacy is not only beneficial for individuals but is also a strategic priority for institutional success.

Effective management of liquidity needs is vital for sustaining the financial performance of SACCOs in Kisii County. The findings reveal that SACCOs that plan and manage their cash flows well are better equipped to meet day-to-day operational demands and respond to unexpected financial pressures. Ensuring adequate liquidity improves service delivery, member satisfaction, and investment readiness. This underscores the importance of implementing strong financial planning systems that balance immediate operational needs with long-term financial commitments. SACCOs that actively monitor and respond to their liquidity needs are

more resilient, stable, and capable of pursuing strategic opportunities. Therefore, liquidity management should be treated as a central element of financial planning.

Risk tolerance plays a significant role in shaping the financial performance of SACCOs in Kisii County. The study concludes that SACCOs that embrace well-calibrated risk strategies neither too conservative nor overly aggressive are more likely to thrive. Institutions that proactively assess, plan for, and respond to risks are better positioned to capitalize on opportunities while minimizing potential setbacks. Risk tolerance facilitates innovation, strategic growth, and adaptive decision-making, all of which contribute to better financial outcomes. The results highlight the need for SACCOs to strengthen their risk management frameworks and cultivate a culture that supports informed risk-taking. When integrated into financial planning, appropriate risk tolerance enhances institutional agility and long-term sustainability

The following recommendations have been made based on the study conclusions as shown below.

SACCOs in Kisii County should develop and implement comprehensive investment strategies that align with their financial goals and member needs. This includes establishing clear investment policies, regularly reviewing investment performance, and diversifying portfolios to minimize risk exposure. Management should be trained on financial forecasting, cash planning, and risk mitigation techniques to enhance strategic decision-making. Additionally, internal financial control systems should be strengthened to ensure alignment with organizational objectives and promote accountability in investment execution.

To enhance financial performance, SACCOs should prioritize continuous financial education and training for both management and members. Financial literacy programs should cover budgeting, financial planning, resource optimization, and data-driven decision-making. Collaboration with professional trainers and financial experts can help build capacity and foster a more informed workforce. SACCO leadership should also encourage a culture of learning and knowledge sharing to support effective financial practices across all operational levels.

SACCOs should establish robust liquidity management frameworks to ensure sufficient cash flow for daily operations and long-term obligations. This includes implementing accurate cash flow forecasting, maintaining emergency reserves, and regularly evaluating liquidity ratios. Management should adopt cost control measures and technology-driven tools that support real-time liquidity tracking and efficient financial planning. Furthermore, SACCOs should integrate liquidity planning into their broader financial strategies to maintain operational stability and enhance their investment capacity.

It is recommended that SACCOs adopt balanced and well-informed risk management strategies that align with their institutional capacity and goals. Risk tolerance levels should be clearly defined, documented, and communicated across the organization. Management should invest in risk assessment tools and conduct regular reviews of risk exposure to guide strategic decisions. Training on risk identification, analysis, and mitigation should also be provided. Encouraging calculated risk-taking within a structured governance framework can improve innovation and long-term performance.

Suggestion for Further Studies

The current study focused on how investment strategy, financial literacy, liquidity needs and risk tolerance influences performance of SACCOs in Kisii County, Kenya which presented conceptual limitations to the study. Further studies should consider other financial planning practices variables. The study did not include moderating and mediating variable, and since the R square did not amount to 100%, further studies should also consider moderating and/or mediating variables.

The study used quantitative data collected using structured questionnaire, implying similar study can

be done using mixed methodology so that triangulation can be done with qualitative data.

The study focused on saccos confined in Kisii County, implying other Saccos were not considered. In this regard, further studies should be conducted in other counties for the purposes of comparison.

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