

**ADOPTION AND IMPLEMENTATION OF THE INTEGRATED FINANCIAL  
MANAGEMENT INFORMATION SYSTEM ON SERVICE DELIVERY IN KENYA  
NATIONAL TREASURY**

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**Abstract**

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*The study attempted to determine the effect of entrepreneurship skills on financial performance of the deposit taking saving and credit co-operative societies in Kenya. The study followed a descriptive survey design. The target population of the study was 176 registered Deposit Taking SACCOS in Kenya. The study used both purposive and simple random sampling techniques. Purposive sampling was used to select the SACCOs registered as DTS while simple random was then used to select the required sample from the list of registered DTS in Nairobi County. A sample size of 35 DTS was selected. In addition, 35 general managers, 35 credit managers and 35 marketing managers in DTS constitute the sample of respondents. The research instruments were questionnaires for general managers, credit managers and marketing managers in DTS. The pilot study was carried out in five DTS in Nairobi County. In this study, only quantitative data were generated. Descriptive statistics was used to analyze quantitative data. Multiple regression models were used to show the relationship between independent and dependent variables. Data was analyzed with the help of Statistical Package for Social Science (SPSS) Version 22. Finally, data were presented using tables, graphs and percentages. Based on the summary of the study findings, entrepreneurial skills, positively influence the financial performance of DTS in Nairobi County, Kenya. The study concluded that the enhancement of entrepreneurial skills, led to an accelerated positive financial performance of DTS in Nairobi County, Kenya. The study recommended that: DTS invest more on entrepreneurship education in order to improve the financial performance of DTS.*

**Keywords:** *Entrepreneurship skills, financial performance, deposit taking saving and credit societies*

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**1. Introduction**

Financial services provide the payment services and financial products that enable households and firms to participate in the broader economy. By offering vehicles for investment of savings, extension of credit, and risk management, they fuel the modern capitalistic society. While the essential functions performed by commercial banks have remained relatively constant over the past several decades, the structure of the industry has undergone dramatic change. Liberalized domestic regulation intensified international competition, rapid innovations in new financial instruments, and the explosive growth in information technology fuel this change (Tobin, 2008). The microfinance sector has evolved over the past three decades. It came to prominence in the

1980s, although subsidized credit programs to targeted communities date back to the 1950s and early experiments in Bangladesh, Brazil and a few other countries began in the 1970s. The important difference of microfinance sector was that it avoided the pitfalls of an earlier generation of targeted development lending, by insisting on repayment, by charging interest rates that could cover the costs of credit delivery and by focusing on client groups whose alternative source of credit was the informal sector (Morris, 2011). Financial services provide the most obvious risk that a credit union faces based on the nature of its activity. In terms of potential losses, it is typically the largest type of risk. The default of a small number of members may result in a very large loss for the union (Fulton, 2009).

This risk of default on a debt may arise from a borrower failing to make required payments. Further, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. This risk is termed as credit risk. According to Fulton (2009), credit risk is the risk that a borrower defaults and does not honor his or her obligation to service debt. It can occur when the member is unable to pay or cannot pay on time. There can be many reasons for default, and firstly, in most cases the obligor is in a financially stressed situation and may be facing a bankruptcy procedure. Secondly, he can also refuse to comply with the debt service obligation, for example in the case of a fraud or a legal dispute. Credit risk is the potential change in net asset value due to changes in the perceived ability of counterparties to meet their contractual obligations. It occurs when a borrower does not pay back the loan. The definition makes it clear that credit risk arises much earlier than the final failure to pay becomes visible. According to Mwirigi (2006) most financial institutions as early as one month late repayment, a loanee is considered as a defaulter and thus collections efforts are intensified and this explains why micro finance institutions commend low default rates. Those who don't pay on time, their property is sold to recover the money, followed by write off of the balance and others would consider writing off the balance and allow defaulters to repay the principal only.

Overall there are two important dimensions of credit risk. These are Transaction risk and portfolio risk. Transaction risk refers to individual loans and essentially measures two aspects' which include the probability that the borrower will be able to repay and the quality of procedures such as borrower selection and loan administration which should maximize the likelihood of repayment. Controlling transaction credit risk is the core business of the credit movement and most unions have to adopt good credit risk assessment and loan loss mitigation techniques. Portfolio risk on the other hand refers to the possibility that an appropriate mix or collection of investments held by an institution will not earn the expected or desired rate of return. Investors attempt to reduce this risk through diversification or hedging (Fulton, 2009). Portfolio risk includes both systematic and unsystematic risk. Systematic risk has an impact on the overall market for example inflation, interest rate changes or economic conditions. Unsystematic risk such as product defects or management turnover is unique to individual securities. From the literature, it shows that understanding risk and risk management is an important factor of risk management practices (Gestel & Baesen, 2009).

Given the importance of credit risk management in SACCO's functioning, the efficiency of SACCO's risk management practices which includes techniques, methods, process, procedures, activities, incentives expected to significantly influence its financial performance (Harker & Satvros, 1998). Pagano (2001) says that credit risk management practices are an important function of financial institutions in creating value for shareholders and customers. Therefore SACCOs in Kenya engage in credit risk management practices to enhance shareholder value and improve its financial performance (Ali & Luft, 2002). Effective credit risk management practices either in SACCOs is expected to enhance the value of the firm and shareholder wealth and improve financial performance of the SACCOs. The financial performance is the ability of the SACCOs to generate

new resources which include operating income, earnings before interest and taxes, and net asset value, from day-to-day operations, over a given period of time. Linbo (2004) examined efficiency versus risk in large domestic USA banks. He found that profit efficiency is sensitive to credit risk and insolvency risk but not to liquidity risk or to the mix of loan products. This indicates that its importance of upgrading financial supervision and credit risk management practices as a precondition for successful financial liberalization.

SACCOs in Nairobi County in 2013 stood at 1,325 and out of these, 43 operate FOSAs and are therefore licensed and regulated by SACCO Societies Regulatory Authority (SASRA) while the rest are supervised by the Ministry of Industrialization and Enterprise Development. SACCOs in Nairobi County just like their counterparts across the world predominantly rely on advance of credit to their members as the primary business accounting for over 90% of their income. Members contribute deposits on a monthly basis and the accumulated deposits enable the members to qualify for loans which are calculated using the formula of the accumulated deposits times three. Loans given out are secured using the member's shares and guarantors, however sometimes the loans advanced are not recovered as expected giving rise to what is called non-performing loans.

SACCOs in Nairobi County have witnessed significant growth over the past few years compared to other counties in the country. This growth is partly attributable to the early adoption of the SACCO Societies Act of 2008 that placed licensing, supervision, and deposit taking under the umbrella of the SACCO Societies Regulatory Authority (SASRA). These prudential regulations have played a major role in stimulating growth and development in the SACCO sector. This study concentrates on deposit taking (FOSA operating SACCOs) in Nairobi County.

### **1.1 Statement of the Problem**

The rapid growth of deposit taking, saving and credit co-operative societies in Kenya has brought increasing calls for regulation, but complying with prudential regulations and the associated supervision can be especially costly for microfinance institutions. Moreover, credit risk in deposit taking SACCOs is the potential change in net asset value due to changes in the perceived ability of counterparties to meet their contractual obligations. Due to this reason, most deposit taking SACCOs face challenges in enhancing their financial performances. Numerous studies (Muathe, 2005; Maleto, 2012; & Ngure, 2017) have been conducted on financial performance of microfinance institutions. However, although they mention the drivers behind financial performance of these organizations as entrepreneurship skills, hard data supporting such claims are rather limited. Louis (2006) in his study puts forward two measures of financial performance that are being applied in modern businesses today i.e. Market value added (MVA) and Economic value added (EVA). Bacidore (2007) also contends that, getting on top of financial measures of your financial performance is an important part of running a growing business and put forward three key accounting ratios that measure financial performance which include: Liquidity ratios, which tell you about your ability to meet your short-term financial obligations, Efficiency ratios, which tell you how well you are using your business assets and Gearing ratios, which tell you how sustainable your exposure to long-term debt is. Unfortunately, no literature or studies have empirically addressed how these measures of financial performance are influenced by factors such as entrepreneurship skills in deposit taking saving and credit co-operative societies in Kenya. It is on this basis the current research has been mooted.

### **1.2 Specific Objective**

The specific objective of the study was to:

To determine the effect of entrepreneurship skills on financial performance of the deposit taking saving and credit co-operative societies in Kenya

### **1.3 Research Question**

**The study was guided by the following research question**

1. What was the effect of entrepreneurship skills on financial performance of the deposit taking saving and credit co-operative societies in Kenya?

## **2. Methodology**

### **2.1 Research Design**

This study used descriptive survey design. Descriptive survey design is the investigation in which either or both quantitative and qualitative data are collected and analyzed in order to describe the specific phenomenon in its current trends, current events and linkages between different factors at the current time. The research adopted quantitative approach because the information collected through questionnaires is analyzable using statistical tools such as measures of central tendency and measures of dispersion. The descriptive survey design was also used to describe characteristics of the study variables. This was necessary to obtain information concerning the current status of phenomenon that describes the current situation as it is with respect to the variables of the study. This study was also able to generalize the findings to all the SACCOs in Nairobi County. This was made possible since the study used inferential statistics alongside the descriptive statistics.

### **2.2 Target Population**

There are 430 SACCOs registered under the Co-operative societies Act in Kenya (Survey Report, February 2012). The list of the SACCOs was obtained from the Ministry of Industrialization and Enterprise Development. The target population constituted all the registered Deposit Taking SACCOs in Nairobi County. There are 176 registered Deposit Taking SACCOs in Nairobi County (SASRA Annual Report, 2015) and this constituted the target population of institutions. The study also comprised of a quantitative study of the general managers, credit managers and marketing managers in the Deposit Taking SACCOs in Nairobi County. One seventy six general managers, 176 credit managers and 176 marketing managers in the Deposit Taking SACCOs in Nairobi County constituted the population of subjects in the quantitative study.

### **2.3 Sampling Frame**

A sampling frame is a list of all items or elements from which a sample is drawn and may include individuals, households or institutions (Creswell, 2003). In the current study, the sampling frame involved a list of all the registered Deposit Taking SACCOs in Nairobi County. The sampling frame was obtained from the list of the SACCOs in Ministry of Industrialization and Enterprise Development (2016).

### **2.4 Sampling technique and Sample Size**

The study used both purposive and simple random sampling technique. Thus, cases of subjects are picked because they have the information or possess the required characteristics. Since the purpose of this study is to assess the effect of entrepreneurial factors affecting financial performance of the Deposit Taking Saving and Credit Co-Operative societies in Nairobi County, only SACCOs registered as DTS was selected for this study.

Simple random sampling was then used to select the required sample from the list of Deposit Taking Saving and Credit Co-Operative societies in Nairobi County.

The researcher considered a sample size of 35 DTS. Consequently, 35 general managers, 35 credit managers and 35 marketing managers in the Deposit Taking SACCOs were selected for the current study. The total sample size comprised of 105 respondents.

## 2.5 Data Collection methods

The study used both primary and secondary data. The primary data was gathered by use of a questionnaire. A questionnaire was used to obtain important information about the population. According to Kothari (2002) a self-administered questionnaire is the only way to elicit self-reports on people's opinion, attitudes, beliefs and values. The questionnaire contained both closed-ended and also a few open ended questions. Primary data was the information the researcher obtained from the field. The questionnaire was utilized with the general managers, credit managers and marketing managers in the selected DTS in Nairobi County to give information concerning the influence of entrepreneurship factors on the financial performance of DTS in Nairobi County. Secondary data refers to the information obtained from articles, books, newspapers, internet and magazines. Thus secondary data for the current study was collected from the financial statements of the SACCOs and books to collect information on annual earnings of the SACCOs.

## 2.6 Pilot Study

A pilot study is the pre-testing of the research instruments in the field to determine the validity and reliability of the research instruments. In this study, content validity was established in the questionnaire by seeking a lot of assistance from the supervisors in order to ensure that the instruments, in terms of the statements, questions or indicators, represented the aspects being measured. The researcher used internal consistency method to determine the reliability of the questionnaires.

For internal consistency Orodho (2015) suggests that where Cronbach's Alpha Test is used in reliability testing, the value should not be lower than 0.8. In this study, The Cronbach Alpha Values obtained for the three independent variables was 0.848 meaning that they were above the critical value of 0.8 and hence all questions were retained in the study. A Cronbach Alpha of 0.8 and above was considered high enough to judge the instrument as reliable.

## 2.7 Data Analysis and Presentation

The first step involved the analysis of quantitative analysis. Second step involved the presentation of the analysed data. Descriptive statistics which include measure of central tendency such as means, mode and median and measure of dispersion which includes standard deviations was derived. These analyzed data was used to summarize findings and describe the population and sample involved. Inferential statistics was applied in the current study. First, Correlation coefficients between independent variable and dependent were computed to explore possible strengths and directions of relationships. Secondly, to measure the financial performance of DTS, the study employed simple regression models. Simple regressions incorporate one independent variable to explain variations of the dependent variable. To establish the overall relationship between the independent and dependent variables in the conceptual framework, the following model was used.

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where;

Where  $Y$  = Financial Performance,  $\beta_0$  = the intercept term

$\beta_0, \beta_1$  = regression coefficients to be estimated

$X_1$  = Entrepreneurship Skills

$e$  = Error Term

An independent variable was considered to be a significant predictor of the dependent variable if the absolute t-value of the regression coefficient associated with the dependent variable is greater than the absolute critical t-value. The overall fit of model was based on the F-test. The model treats financial performance of SACCOs as the dependent variable while the independent variable was Entrepreneurship Skills. Data was presented in various forms. A frequency distribution table was used to summarize data. Frequencies and percentages were also used to present the data. The tables were numbered and a title given to every table. Other methods to used present the data were bar charts and pie charts and line graphs.

### 3. Findings

#### 3.1 Questionnaire Response Rate

A total of 105 questionnaires were issued out to selected participants for completion in this study. Of the 105 questionnaires issued to the selected sample, 93 were returned and responded to, yielding a response rate of 89%. Based on the recommendations by Mugenda and Mugenda (2003), the response rate of 89% is very good as it is above 70% which is the minimum threshold for analysis to progress.

#### 3.2 Reliability Analysis

A pilot study was conducted to detect weaknesses in design and instrumentation. Reliability analysis was done using the Cronbach’s Alpha Test (Cronbach, 1951).

**Table 1: Cronbach’s Alpha Test**

| Reliability Statistics |  |            |
|------------------------|--|------------|
| Cronbach's Alpha       | Cronbach's Alpha Based on Standardized Items | N of Items |
| .848                   | .570   | 39         |

**Source: Pilot Data (2017)**

The Cronbach Alpha Values obtained for the three independent variables was 0.848 meaning that they were above the critical value of 0.8 and hence all questions were retained in the study.

#### 3.3 Sample Characteristics

Out of the 93 respondents, 18 of them constituting 19.4% of the sample were females and 75 of them constituting 80.6% of the sample were males. This indicates that female participation in deposit taking, saving and credit co-operatives is lower than that of males despite their important contributions in the growth of deposit taking, saving and credit co-operatives in Kenya. Descriptive results indicate that the current age of participants ranged from 25 years to 50 years and above. The findings suggest that age is a factor in the management of Deposit Taking SACCOs with medium aged employees being most preferred. These results

show that in addition to more male participants holding senior positions in Deposit Taking SACCOS, more males than females will also continue to engage in higher leadership positions at older age than females. Show that majority of Deposit Taking SACCOS (83.9%) had operated over six years. This implies that most of the Deposit Taking SACCOS had been in business for long.

### 3.4 Descriptive Results and inferential Statistics

A variety of statistical tools were used in the analyses of the data beginning with simple descriptive statistics to complex analyses such as the correlations between the independent and dependent variable, followed by multiple linear regression. The descriptive analyses involved frequency distribution measures, measures of central tendency such as means and measures of dispersion such as standard deviation.

**Table 2: Entrepreneurship Skills and the Financial Performance of Deposit Taking SACCOS**

| Statement  | SD %       | D %         | N %         | Agree %      | SA %         | Mean         | STD           |
|--|------------|-------------|-------------|--------------|--------------|--------------|---------------|
| 1. DTS set clear goal and objectives in their business planning    | 6.5        | 7.5         | 5.5         | 32.3         | 48.4         | 4.06         | 1.180         |
| 2. Data on DTS are gathered , analyzed and organized on time       | 3.2        | 3.2         | 3.2         | 25.8         | 64.5         | 4.45         | .9500         |
| 3. Problems and their causes are well diagnosed by DTS             | 7.5        | 5.5         | 6.5         | 45.2         | 35.5         | 3.96         | 1.127         |
| 4. There is proper communication within the DTS                    | 3.2        | 3.2         | 3.2         | 29.0         | 61.3         | 4.41         | .9478         |
| 5. DTS are actively involved in evaluating their course of actions | 6.5        | 8.5         | 4.5         | 35.5         | 45.2         | 4.06         | 1.168         |
| 6. Course of action are implemented and monitored by DTS           | 9.7        | 3.2         | 3.2         | 29.0         | 54.8         | 4.16         | 1.253         |
| 7. DTS have strong financial controls                              | 3.2        | 3.2         | 3.2         | 32.3         | 58.1         | 4.46         | .9444         |
| <b>Average</b>   | <b>4.8</b> | <b>4.39</b> | <b>4.69</b> | <b>36.13</b> | <b>50.01</b> | <b>4.237</b> | <b>1.0191</b> |

**Source: Survey Data (2017)**

Table 2 shows that majority of the respondents (80.7%) were of the opinion that DTS sets clear goals and objectives in their business planning and this influences their financial performance while 90.3% agreed that data on DTS are gathered, analyzed and organized on time and this also increased financial strength of DTS. In addition, 81% indicated that problems and their causes are well diagnosed by DTs where potential weaknesses and threats are identified, and when solved leads to enhanced financial performance. During diagnosis, a SWOT analysis is carried out and this is a tool by which the necessary information can be analyzed to develop competitive analysis. As such SWOT analysis is determined by the role of entrepreneurial skills in business success. The majority of respondents (90.7%) were of the opinion that proper communication within the DTS was crucial in the enhancement of financial performance of deposit taking SACCOS. Finally, majority of participants (80.7%) agreed that DTS are actively involved in evaluating their course of actions ,(80.%) agreed that course of action are implemented and monitored by DTS ,(90.3% ) also strongly agreed that DTS create and review their financial plan regularly, (87.1%) said DTS create and review their financial plan regularly, (86.2%) agreed that DTS keep, maintain and update their financial records periodically, (97.1%) said DTS have a clear accounting and budgetary process and (90.4%) DTS have strong financial controls and

all these elements had positive effect on the financial performance deposit taking SACCOS. The mean score for responses in this variable was 4.237 (STD=1.0191) which implies that majority of the respondents were of the opinion that entrepreneurial skills had a positive effect on the financial performance of deposit taking SACCOS.

### 3.5 Financial Performance of the Deposit Taking, Saving and Credit Co-Operative Societies

Information concerning the net surplus, saving, membership, interest on members’ deposit and average savings per member in the Deposit Taking, Saving and Credit Co-Operative Societies in Nairobi County is presented.

**Table 3: Financial Performance of the Deposit Taking, Saving and Credit Co-Operative Societies in Nairobi County**

| Financial Performance Indicators<br>In DTS | Amount in Kenya Shillings |                 |                 |                 |
|--|---------------------------|-----------------|-----------------|-----------------|
|  | 2012                      | 2013            | 2014            | 2015            |
| 1. Net Surplus                             | 1,889,737,530             | 2,229,747,112   | 2,640,927,402   | 2,965,493,626   |
| 2. Interests on Members’ Deposit           | 6,004,070,766             | 8,079,461,894   | 9,649,225,891   | 11,063,553,431  |
| 3. Savings                                 | 8,289,474,599             | 101,451,994,592 | 116,283,101,283 | 130,946,006,891 |
| 4. Membership                              | 421289                    | 460122          | 502757          | 511541          |
| 5. Average Savings Per Member              | 209569.85                 | 220489.34       | 231290.86       | 255983.4        |

Source: Survey Data (2017)

Results presented in Table 3 show that the sum of net surplus, interests on members’ deposit, savings, membership and average savings per member for all DTS in Nairobi increased substantially in the four successive years under study. The net surplus increased from Ksh 1,889,737,530 in 2012 to Ksh 2,965,493,626 in 2015, interests on members’ deposit increased from Ksh6, 004,070,766 in 2012 to Ksh 11,063,553,431 in 2015. Total savings also increased from Ksh 8,289,474,599 in 2012 to Ksh130, 946,006,891 in 2015. Membership in the same period increased from 421289 in 2012 to 511541 in 2015. Finally, the average savings per member increased from Ksh209569.85 in 2012 to Ksh255983.40 in 2015. This increase in net surplus, interests on members’ deposit, savings, membership and average savings per member is an indicator of financial performance.

### 3.5 Using Inferential Statistics to Determine the Effect of Entrepreneurship Skills Affecting Financial Performance of the Deposit Taking, Saving and Credit Co-Operative Societies

The correlation between entrepreneurship skills and financial performance variables ( $r=.381, p=.000; r=.374, p=.000; r=.432, p=.000$ ) is positive and highly significant at .05 levels. This implies that an enhancement in entrepreneurship skills leads to increased net surplus, increased interests on members’ deposit and increased average savings per member in DTS. Whilst correlations are a useful research tool for examining the relationships between variables, they provide little financial performance information about the predictive power of the independent variables. Thus simple regression modeling provides the means of testing the predictive ability of independent variables. On this strength, to measure the effects of entrepreneurial skills on the financial performance of DTS, the study employed simple regression models.

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon \quad \text{Where:}$$

Y= Financial Performance,  $\beta_0$  = the intercept term;  $\beta_1$ , = partial regression coefficients (shows the change in the expected value of Y for a unit change in X)



X<sub>1</sub>= Entrepreneurship Skills,

The dependent variable (financial performance) was measured using three sub- variables, namely; net surplus, increased interests on members’ deposit and increased average savings per member. The result shows that the independent variables statistically and significantly predict the dependent variable ( $F = 12.626, p = .000$ ) (i.e., the regression model is a good fit of the data).

**Table 4: Regression Analysis of the Effect of entrepreneurial skills on financial performance of DTS**

| Variable                | Un standardized Coefficients |            | Standardized Coefficients | t    | Sig. |
|-------------------------|------------------------------|------------|---------------------------|------|------|
|                         | B                            | Std. Error | Beta                      |      |      |
| (Constant)              | 41.234                       | 5.125      |                           | 4.43 | .000 |
| Entrepreneurship Skills | .623                         | .354       | .143                      | 2.63 | .019 |

*Significant at  $p = .05$  levels;  $R^2 = 76.4\%$ ;  $F = 12.626, p = .000$*

The simple linear regression models was summarized as: Financial Performance = 41.234+ .623 (Entrepreneurship Skills). This relation shows that there is a significant influence of Entrepreneurship Skills on financial performance of DTS in Kenya. The study further computed the proportion of the total variance on the financial performance of DTS ( $R^2$ ) that was due to the Entrepreneurship Skills. From Table 4.20,  $R^2 = 0.764$  or  $R^2 = 76.4\%$ ; implying that 76.4% of the variability in the effect on the financial performance of DTS can be explained from the Entrepreneurship Skills.

#### 4. Discussions

The objective of the study stated: *to determine the effect of entrepreneurship skills on financial performance of the deposit taking saving and credit co-operative in Kenya*. Majority of the respondents (93.5%) supported the view that entrepreneurship skills are an important tool in the enhancement of financial performance of the Deposit Taking, Saving and Credit Co-Operatives Societies in Kenya. From the results of findings, two important type of entrepreneurship skills were used to enhance financial performance: financial planning with (80.6%) respondents and business planning with (12.9%) respondents. In addition, 80.7% of respondents indicated that DTS sets clear goals and objectives during business planning where data was gathered, analyzed and organized on time. Further, through diagnosis, potential weaknesses and threats are identified solved. The study noted that proper communication within the DTS was crucial in the enhancement of financial performance. The study indicated that DTS are actively involved in evaluating their course of actions, and these are implemented and monitored by DTS. The study also noted that DTS create and review their financial plan regularly, keep, maintain and update their financial records periodically and have a clear accounting and budgetary process for strong financial controls and all these elements had positive effect on the financial performance deposit taking SACCOS. Entrepreneurship Skills have been found to be a predictor of financial performance of DTS. Pearson correlation coefficient between Entrepreneurship Skills and financial performance of DTS ( $r = .381, p = .000$ ;  $r = .374, p = .000$ ;  $r = .432, p = .000$ ) shows a positive and highly significant at .05 levels. This implies that an enhancement of entrepreneurship skills leads to increased net surplus, increased interests on members’ deposit and increased average savings per member in DTS. According to Boot

and Thakor (2007) Entrepreneurship Skills generally does seem to have positive effects in raising financial performance of financial institutions.

## 5. Summary

The effect of entrepreneurship skills on financial performance of the DTS was positive. First, the study results revealed that entrepreneurship skills are an important tool in the enhancement of financial performance of the Deposit Taking SACCOs. The most used type of entrepreneurship skills were business and financial planning. To enhance the entrepreneurship skills, proper communication within the DTS was crucial in the enhancement of financial performance. The study also noted that DTS review their financial plans regularly, maintain and update their financial records periodically, and finally follow a clear accounting and budgetary process and have strong financial controls and all these elements had positive effect on the financial performance deposit taking SACCOs.

## 6. Conclusions

Based on the summary of the study findings, the main conclusion can be drawn from the research findings and assisted in answering the research questions. The study thus concluded that financial performance of Deposit Taking SACCOs in Kenya is greatly influenced by exposure to entrepreneurship skills.

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