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**FACTORS DETERMINING MEMBER RETENTION AMONG DEPOSIT-TAKING
SACCOS AND NON-DEPOSIT-TAKING SACCOS IN KENYA**

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MCOM/146978




**A DISSERTATION SUBMITTED TO STRATHMORE UNIVERSITY BUSINESS
SCHOOL IN PARTIAL FULFILLMENT FOR THE DEGREE OF MASTER OF
COMMERCE OF STRATHMORE UNIVERSITY**

DECEMBER 2023

DECLARATION

I declare that this is my original work and has not been submitted to any other institution, or university, and to the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

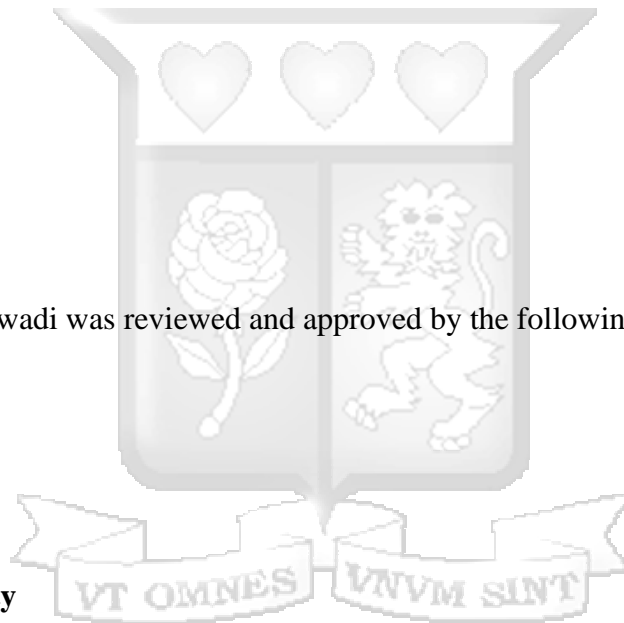

Lynn Zawadi

3rd December 2023

Approval

The thesis of Lynn Zawadi was reviewed and approved by the following:

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Lecturer
Strathmore university



Sign..... 

Date.....03/12/2023.....

ABSTRACT

This study presents a comprehensive examination of member retention in Kenya's Savings and Credit Cooperatives (SACCOs), focusing on two distinct types: Deposit-Taking SACCOs (DTS) and Non-Deposit-Taking SACCOs (NDTS). The sustainability and profitability of SACCOs depend heavily on member retention since it guarantees a steady membership base, which is essential to their long-term viability. High member turnover can undermine SACCOs and harm their financial stability because these organizations rely on member contributions for operating support and the supply of financial services. This study is among the first to compare and empirically document the member retention challenges faced by these two types of SACCOs since DTS was regulated in 2010. NDTS was only recently included in the regulatory framework by the Sacco Society Regulatory Authority (SASRA) in 2021. The research objectives were to assess retention levels, establish SACCO organizational factors for member retention strategies in DTS and NDTS, and evaluate management viewpoints on member retention in both DTS and NDTS. The study's theoretical approach was based on common bond, institutional, stakeholder, and agency theories. Using a mixed-methods methodology and positivist and post-positivist ideologies; the study combined quantitative and qualitative data. Cross-sectional data covering 2022 was analyzed using Ordinary Least Squares on data from 176 DTS and 185 NDTS in Kenya. SACCO officials' questionnaires were used to enhance the data that came from SACCO annual reports. The results showed that while NDTS and DTS exhibited comparable member retention rates, DTS had somewhat higher average rates. The study determined that several factors affected member retention. Profitability was found to have a statistically significant, positive effect, whereas interest rates while hurting retention, were not. Retention rates were surprisingly negatively impacted by asset growth, although asset quality, while negatively correlated, was considered insignificant. The study also demonstrated the importance of corporate governance elements, indicating that while board diversity had no significant effect on member retention, board size had a positive effect. It was found that the most critical component for member retention was the composition of the board. Regulatory impact adversely impacted retention, and capital structure was not significant and hurt member retention. This study advances knowledge of SACCO dynamics in Kenya's financial industry and offers valuable information on member retention tactics and regulatory implications for SACCO management and legislators.

Keywords: Member retention, Savings and Credit Cooperative Societies, Deposit-Taking SACCOs, and Non-Deposit SACCOs

DEDICATION

I dedicate this to the Almighty for His infinite grace, my father Moses and my dear mother Betty for their everlasting love, and my dog Mae who is a continual source of happiness and company.



ACKNOWLEDGEMENT

I owe a debt of gratitude to God for providing me with the courage and health I needed to complete this research thesis. I genuinely appreciate my supervisor, Dr. Geoffrey Injeni, for all his help during my academic journey. He has provided me with insightful advice, timely comments, and constant support. I also want to sincerely thank my family and friends for their unwavering moral support and inspiration.



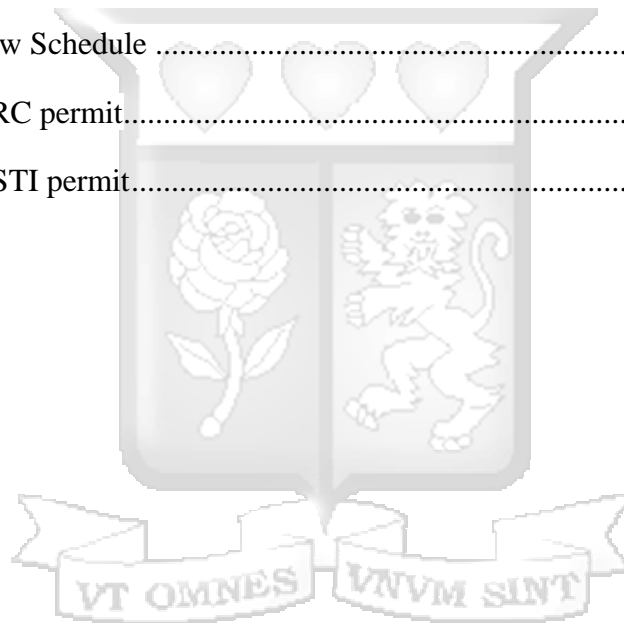
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ABBREVIATIONS AND ACRONYMS

ACCOSSCA	–	Africa Confederation of Cooperative Society Savings and Credit Union
CEO	–	Chief Executive Officer
CSA	–	Cooperative Societies Act
DTS	–	Deposit Taking SACCOs
FOSA	–	Front Office Service Activity
KUSSCO	–	Kenya Union of Savings & Credit Cooperatives
NACOSTI	–	National Commission for Science, Technology and Innovation
NDTS	–	Non-Deposit Taking SACCOs
SACCOS	–	Savings and Credit Cooperative Societies
SASRA	–	Sacco Societies Regulatory Authority
SSA	–	Sacco Societies Act
WOCCU	–	World Council of Credit Unions



DEFINITION OF TERMS

Deposit Taking Saccos: Savings and Credit Cooperatives licensed to Take deposits from the investing public (DTS Regulations, 2010).

Financial Performance: This is output in terms of achieving quantified objectives. For economic purposes, these achievements are expressed in monetary terms (SSA 2008).

Member Retention: The percentage of your members who keep their memberships active is known as member retention.

Non-Deposit Taking Saccos: Savings and Credit Cooperatives that mobilize member savings (deposits), with the sole purpose of using those deposits as collateral for credit facilities made available to those members (Sacco Annual Supervision Report, 2018)

Regulations: The guidelines that provide minimum operational standards required of a deposit-taking SACCO Society (Government of Kenya, 2008). These are the rules established to govern a locality, organization, or process of doing something (DTS Regulations, 2010).

Savings and credit cooperatives (SACCO): Financial institutions owned and controlled by their members and operated to promote thrift, provide credit at low-interest rates, and provide other financial services to their members (Makori,2013).

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Before Kenya's 2008 regulatory reforms, SACCOs were not subject to prudential regulation, and the stability of the financial sector and the security of member deposits were regularly threatened by FOSAs, which were already in place (FSD, 2009). The main issues were inadequate capital, a shortage of liquidity (Manyara, 2003), poor credit management, and an increase in membership, all of which are essential for the SACCO's ability to develop financially and safeguard member deposits. The SASRA Act, which outlined the prudential procedures intended to address these issues the Kenyan SACCO Sector was experiencing, was developed by the government and the SACCO stakeholders. SASRA established stringent prudential practice guidelines that DT-SACCOs had to follow.

1.1.1 Savings and Credit Cooperative Societies

According to the World Council of Credit Unions (WOCCU), a Savings and Credit Cooperative (SACCO) is a member-owned, nonprofit financial cooperative that offers its members access to credit, savings, and other financial services. Members of a SACCO join it voluntarily, expecting their cultural, social, and economic needs to be met by an enterprise that is controlled democratically. Members frequently pool their funds, so other members get loans that they can use for various things. SACCOs are firms that place people, not capital, at the center of their operations. They are commercial entities that can be described in terms of three fundamental interests: beneficiary, control, and ownership. All three interests are wholly owned by the user in a cooperative enterprise. (WOCCU, 2010)

SACCOs are included in the financial cooperatives category, including cooperative (village) banks and cooperative insurance companies, among others. All of these offer their members financial services. Cooperatives are created and controlled by people to raise their standard of life and take advantage of the social services provided. The cooperative movement in Kenya has grown significantly, and it can now be divided into six main subcategories: multipurpose cooperatives, investment cooperatives, housing cooperatives, marketing cooperatives, art and

craft cooperatives, and financial cooperatives also known as Savings and Credit Cooperative Societies (SACCOs), according to Mirie (2014).

According to WOCCU, membership in a cooperative is based on a common link shared by savers and borrowers based on a community, organizational, religious, or employment relationship. Customers of SACCO are both members and owners because they are mutual organizations, so the emphasis is on the members and the advantages they receive from the union. A SACCO's success depends on maintaining accountability and openness, being a member-owned organization, and providing members with excellent services.

Savings and credit societies were first introduced to Africa in 1955 in Jipara, a small village in Ghana's upper west (Ghana Co-operative Credit Unions Association, 2017). Irish Roman Catholic priest Father John McNulty birthed the concept. He decided to help this community establish a savings and cooperative, and he subsequently taught 60 people, mostly teachers. The popularity of Jipara inspired other imitations across the African continent. The SACCOS was created to help rural communities develop their economies. (Ng'ombe & Mikwamba, 2004)

The first nations to adopt SACCOs were English-speaking nations. Ghana, Uganda, Nigeria, Tanzania, and Kenya were among the first countries to join the SACCO community. Most African countries that did not speak English began to value SACCOs in the 1960s, with a significant influx into the SACCO community in the 1970s (Mwakajumilo, 2011). SACCO growth in Africa was so rapid that in 1965, the continent's nations established the Africa Confederation of Cooperative Society Savings and Credit Union (ACCOSSCA), a continental association of SACCOs. To promote SACCO principles, provide SACCO insurance, and inform clients about SACCO difficulties, ACCOSSCA was established.

In 1964, SACCOs were introduced in Kenya, where most SACCOs were linked to churches, occupations, and residences. The government decided in 1969 to mandate that SACCOs be founded on a stable agricultural or job relationship. SACCOs were paid directly by employers, processors, or marketing groups under this "check-off system." ((Ajai Nair et al. 2007). These SACCOs are founded on democracy, self-help, equity, self-responsibility, equality, and solidarity.

The SACCO industry in Kenya is characterized by tremendous growth over the years. “Almost 14,000 cooperative societies are recognized, of which 5,000 are SACCOs. Over 400 billion shillings worth of domestic savings have been mobilized through cooperatives, which account for 33% of the country's savings and make them an important economic force. They have assets worth more than 300 billion shillings. The livelihood of about 63% of Kenya's population is based on cooperative society-related activities, both directly and indirectly”. (KUSSCO, 2023)

1.1.2 Member Retention

SACCOs are crucial in advancing financial inclusion and economic growth, and their viability depends heavily on member retention. According to WOCCU, customers of SACCO are both members and owners because they are mutual organizations, so the emphasis is on the members and the advantages they receive from the union. SACCOs are crucial in advancing financial inclusion and economic growth, and their viability depends heavily on member retention.

Customer retention is a key component of corporate success and is thought to be crucial in giving the company a competitive edge (Mashenene, 2019). Due to the dynamic and competitive business climate globally, organizations are facing the growing risk of client attrition to rival businesses (Laura, 2012). Because client retention is a profitable and cost-effective strategy for steady growth, any business must concentrate on it (Kotler & Armstrong, 2012). Companies should prioritize customer retention over customer acquisition to set themselves apart from their rivals. This is because current customers are easier to reach and acquire than new ones, who not only make larger purchases but also have lower price sensitivity and spread good word of mouth about the company (Swimberghe, Sharma, & Flurry, 2009).

According to Gitomer et al. (2017), customer retention begins with the first interaction a business has with a client and lasts throughout the relationship. In addition to being essential for a business to expand sustainably, it also makes marketing more effective because a company works with clients who have previously shown interest in its goods and services (Siegel & Yacht, 2011).

Customer retention was defined by Yang & Peterson (2004) as firmly held promises to regularly repurchase or patronize a chosen good or service in the future, even in the face of external factors and marketing initiatives that could encourage behavior changes. Customer retention, according to Edward and Sahadev (2011), is the likelihood that customers will continue to use their service providers in the future. Reichheld (2006), on the other hand, contended that there is a strong correlation between customer retention and loyalty, supporting the notion of keeping customers who demonstrate a high level of behavioral and attitudinal loyalty toward the business. Reichheld and Schefter (2012) underscore that optimizing the company-customer connection is the ultimate goal of retention, as it enables future repetition of exchange procedures.

SACCOs are member-owned organizations offering members access to credit, savings, and other financial services (WOCCU). The members form the customers of SACCO. Ofei (2001) states that SACCO's growth is gauged by how much members and savings it has amassed. SACCOs rely on member savings to provide loans and turn a profit. Therefore, for Sacco to expand, it must increase its lender, which is reliant on member funds. A rise in SACCO membership corresponds with an increase in savings. Given the similarity of products and services offered in the SACCO industry in Kenya, customers have minimal switching costs. This implies that SACCOs need to work extra hard to achieve member retention.

Other dynamics play into retaining members, such as regulation, among other aspects. This study looked at the elements that affect member retention in SACCOs to understand how financial, corporate governance, and structural issues related to member retention in SACCOs. The research shed light on these elements and suggested that SACCOs enhance member retention tactics, consequently fostering long-term sustainability and expansion.

1.1.3 Factors Determining Member Retention

In SACCOs, financial factors are extremely important for member retention. Previous research (Ngugi & Omari, 2018; Nyamori et al., 2019) has emphasized the impact of dividend payments, financial performance, and interest rates on member loyalty and satisfaction. For instance, Ngugi and Omari (2018) discovered that SACCOs tend to have higher member retention rates when they have superior financial performance, such as higher

return on assets and capital adequacy ratios. Similar findings were made by Nyamori et al. (2019), who found that SACCOs are more likely to keep members if they offer competitive interest rates and enticing dividend payouts.

Corporate governance practices have a significant impact on SACCO's member retention rates. Transparency, accountability, and member involvement in decision-making processes have been highlighted in previous research (Mbugua et al., 2020; Wafula et al., 2021). According to Mbugua et al. (2020), SACCOs with responsible and transparent governance systems increase member trust and confidence, improving retention rates. Wafula et al. (2021) further emphasized the beneficial connection between member loyalty and participation in SACCO decision-making.

SACCO's structural features may have an impact on member retention. As predictors of member loyalty, studies have looked at variables such as organizational size, branch network, and service quality (Njagi & Mugambi, 2017; Tufan & Tarcan, 2020). According to Njagi and Mugambi (2017), SACCOs with a more extensive branch network typically have more excellent member retention rates because members find them more accessible and convenient to reach. Additionally, Tufan and Tarcan (2020) found that SACCOs with high-quality services are likelier to retain members. Examples of these services include effective loan processing and timely customer support.

Other factors might affect member retention, such as capital adequacy, earnings rating, and liquidity. According to regulatory and supervisory agencies, the amount of capital required for DTS and NDTs societies to assume financial health and soundness is capital adequacy (Onoh, 2002). The solvency indicator, capital adequacy, assesses if DTS and NDTs have adequate capital to support the risks on their balance sheet. It's crucial to maintain a balance between capital levels; too little capital might lead to bankruptcy, while too much capital reduces profitability and wastes money (Chakraborty, 2010).

The rate of return on investment is known as the earning rating (Kheeche, 2011). To provide value for the owners and maintain the DTS, management must utilize resources effectively (Quin & Pastroy, 2012). According to Barus, Muturi, and Koima (2017), a financial institution is viable if it can provide a steady return on assets, enabling it to maintain its competitiveness and raise money for expansions. According to Dang (2011), liquidity refers

to DTS's capacity to meet its commitments, primarily to its depositors. According to Kimathi (2014), a company entity can honor all cash payment promises when they become due. Njeru (2016) asserts that DTS which effectively manages its liquidity can promptly disburse share and savings withdrawals to members, meet member loan demand, and control operating expenses. According to Njeru (2014), DTS needs liquidity to fund expansion, account for balance sheet volatility, and process customer withdrawals. Without liquidity, these things would not be possible.

1.1.4 Regulation

The Kenyan government has worked to enhance credit unions and make them safer for members by establishing an agency since preserving SACCO viability is crucial. The agency in charge of supervising and regulating SACCOs in Kenya is known as the Sacco Societies Regulatory Authority (SASRA). SASRA was founded in 2010 under the Sacco Societies Act, No.14 of 2008. The primary duties of SASRA are to grant SACCO societies a license to conduct Deposit Taking Business in Kenya (FOSA) and oversee and control both Deposit Taking and specified Non-Deposit Taking SACCO societies. The Authority regulates 185 specified Non-Deposit-Taking SACCOs (NDTS) and its 176 Deposit-Taking Saccos (DTS).

Deposit-taking SACCOs (DTS), following SASRA, are those that accept demand deposits and provide services related to withdrawable savings accounts comparable to those offered by banking institutions. They are the equivalent of cooperative banks in South Africa, India, and some regions of continental Europe and credit unions in countries like the United States, Canada, the United Kingdom, Australia, and Latin America.

A subset of Kenya's more significant cooperative sector, Deposit Taking- Savings and Credit Cooperative (DT- -SACCO) Societies uphold the seven cooperative principles established by the International Cooperative Alliance (Fred, James, and Francis 2017). These values include autonomy and independence, member economic involvement, democratic member control, voluntary and open participation, education, training, and information, cooperation among cooperatives, and consideration for the local community (SASRA Annual Supervision Report, 2018). The NDTS category consists of organizations that mobilize member savings (deposits) to use those deposits as collateral for credit facilities made available to those members. The

member cannot withdraw these deposits; they can only be returned (minus any debts the member owes) if the member leaves the Sacco.

The Sacco Societies Act (SSA) and the Cooperative Societies Act (CSA) are the two main acts that govern the oversight and regulation of SACCOs in Kenya (Cap 490B). The CSA has been under force ever since the early days of independence. It deals with general supervision, incorporation, and registration of all cooperative societies, including DTS. It is administered by the Office of the Commissioner for Cooperative Development. Nevertheless, the CSA does not provide a framework for the prudential regulation of DTS. The SSA, which provides the legal mechanisms for the prudential rules of DT-SACCOs in Kenya, serves as the foundation for the legal framework for the supervision of DTS (SASRA 2010 report).

Consequently, the DTS has two different supervisory systems. The CSA, which is applied to all cooperative societies, is on the one hand, and the SSA, which applies to the prudential aspects of DTS supervision and regulation, is on the other. It's significant to remember that the distinction between deposit-taking and non-deposit-taking SACCOs is a phenomenon specific to the credit union movement in Kenya. The evolutionary and developmental stages Sacco's in Kenya have undergone suggest this to be the case. Yet, in the international context of credit union systems, all credit unions are regarded as deposit-taking financial institutions and are thus licensed and regulated (Sacco Supervision Annual Report, 2017).

1.2 Statement of the problem

An earlier impact study by Nyagengo (2012) cited member retention levels as low in SACCOs due to poor marketing strategies, lack of building long-term relationships with members, and lack of confidence in the election process. High client retention rates are necessary in many businesses, but achieving them has proven difficult (Agyeman-Duah, & Asimah, 2016). Numerous research studies on customer retention have been conducted (Rootman, 2011; Ondieki, 2012; Anani, 2013; Nwankwo, 2013; Msoka, 2014). Research conducted in Tanzania includes that of Ondieki (2012), which looked at factors influencing bank section and retention. The study discovered that factors other than ownership and recentness of the bank influence corporate customers' decision to choose and then stick with the bank. These factors include the services the bank offers, the bank's location, aggressive promotion, its capacity to meet customer demands, and its positive public image.

Six banking service delivery characteristics, including fee structures and the ethical behavior of banks, were found to influence banks' customer retention in the relationship marketing and customer retention study conducted for South African banks (Rootman et al., 2011). Conversely, Anani (2013) discovered a large and positive correlation between customer retention and switching obstacles and service quality. Nwankwo (2013) discovered that customer relationship management has a good impact on customer retention within the insurance sector, which in turn contributes to the creation of value for Nigeria's insurance population.

From those few cited studies, it is clear that not much has been done in SACCOs about member retention. Deposit-taking SACCOs started being regulated by SASRA in 2010, while Non-Deposit-Taking Saccos entered the regulatory space in 2021. There is no empirical documentation as to which of these two have member retention issues or which is more likely to have member retention issues than the other. This study compares member retention among Deposit-Taking and Non-Deposit-Taking SACCOs in Kenya by evaluating the financial, corporate governance, and structural elements that affect SACCO member retention. Understanding these elements and how they interact can help DTS and NDTS create efficient plans to boost member retention and raise overall performance.

1.3 Research objectives of the study

1.3.1 General objective of the study

Evaluate factors determining member retention among Deposit-Taking and Non-deposit-taking SACCOs in Kenya.

1.3.2 Specific objectives of the study

The specific objectives of the study:

- i. To assess member retention levels in DTS and NDTS.
- ii. To establish SACCO organizational factors affecting member retention strategies in DTS and NDTS.
- iii. To evaluate the perspectives of SACCO management on member retention in DTS and NDTS.

1.4 Research questions (As above)

- i. What are the member retention levels in DTS and NDTS?
- ii. What are the SACCO organizational factors affecting member retention strategies in DTS and NDTS?
- iii. What are the perspectives of SACCO management on member retention in DTS and NDTS?

1.5 Scope of the study

The study targeted a census of 176 Deposit-Taking SACCOs and 185 Non-Deposit-Taking SACCOs regulated by SASRA as of 31st December 2022. These SACCOs are dispersed countrywide. The study analyzed data in 2022 and not the consequent years, as it heavily relied on aspects of regulation, and the NDTS started being regulated in 2021. The study employed methods such as using questionnaires to collect data in addition to the annual reports of these DT-SACCOs.

1.6 Significance of the study

Policymakers (SASRA)

The study partly sought to examine member retention among DTS and NDTS due to regulation. Based on the findings, this study will be able to make policymakers revise some of the policies and rules when it comes to DTS and NDTS. The study will also be relevant to policymakers such that both SACCOs will be considered when other regulations are being formulated for them.

Researchers and academicians

The findings in this study will be used as a reference point in terms of literature review for other researchers and academicians. The study also laid out research gaps that researchers can manipulate to know more about member retention. Lastly, the survey filled in gaps by looking at attributes that had not been studied before.

Banks and other financial institutions

The study provided evidence to the banking sector and other financial institutions on factors determining member retention so that they can make informed decisions on the strategies they will use to retain their customers.

SACCOs management

Understanding the concept of member retention and the factors leading to it will enable these DTS and NDTS to create value for their members. SACCOs will be able to know how to develop long-term relationships to achieve retention of members. This is vital as the success of SACCOs depends on the number of active members. These members are the ones that raise capital for these SACCOs; hence, the management of these SACCOs being able to understand member retention and what to manipulate to achieve it will positively impact the SACCOs.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The theoretical perspective of the study is presented in this chapter. It gives the conceptual framework of the study and previous studies and draws attention to the research gap while covering both the theoretical review and empirical review of the literature.

2.2 Theoretical review

A theory is a collection of coherent, linked ideas that are sophisticated to clarify and predict events (Cooper & Schindler, 2011). So, the theoretical literature aids in the researcher's ability to perceive the study's variables offers a broad framework for data analysis, and aids in choosing an appropriate research design. The study was anchored by agency, institutional, common bond, and stakeholder theories.

2.2.1 Agency Theory

Jensen and Meckling (1976) defined an agency relationship as a contract that develops when one or more people (principals) hire another person (agent) to carry out a specific task on their behalf, which may involve giving the agent considerable discretion over decision-making.

According to Aboagye-Otchere et al. (2014), the separation of ownership and management is the primary cause of the fundamental agency conflict in contemporary organizations. According to the argument, managers (agents) don't always behave in the owners' best interests (principals). Managers, on the other hand, promote their interests.

The incomplete and asymmetrical information between the agent and principal worsens this situation (Urquiza et al., 2010). This causes agency costs, such as those associated with managing managers and keeping them from hurting owners' interests, and residual loss or the wealth difference brought on by acts that the principals themselves did not do. By supporting laws and policies that solely increase shareholder and not employee interests, the founders themselves may endanger the managers.

It has frequently been discovered that agency theory conflicts with other ideas, such as stakeholder theory. For instance, stewardship theory promotes shared candidacy in the board chair and CEO role, contrary to agency theory, which contends that stakeholder interests must be protected by preserving board independence (Donaldson & Davis, 1991).

According to this view, there can be conflicts of interest between the management of the SACCO and its members. This idea is pertinent to the research since it may be used to monitor the management team's performance through financial factor variables and make sure they operate in the members' best interests.

2.2.2 Common Bond Theory

In the early 1900s, German cooperative pioneer Friedrich Wilhelm Raiffeisen introduced the Common Bond theory to SACCOs. SACCO operations and design are still influenced by these principles today.

Credit unions, also known as savings and credit cooperatives, are formed and run according to the common bond idea (SACCOs). According to this hypothesis, people who have something in common—a profession, a religion, or a geographic region, for example—form SACCOs. Within the SACCO, the shared tie pulls members together and fosters a sense of community (Gichuki, 2020).

The premise of the standard bond theory, according to Gichuki (2020), is that individuals who have something in common are more likely to be trustworthy and cooperative. Since members entrust the SACCO with their savings and investments, this trust and collaboration are crucial for the smooth operation of SACCOs. The shared bond facilitates a robust and devoted membership base, which also gives members a sense of identity and belonging.

In many parts of the world, the standard bond theory has extensively explained the development and operation of SACCOs. For instance, in Kenya, where members share a common geographic location and experience comparable economic hardships, the standard bond theory has been used to explain the success of SACCOs in rural areas (Gichuki, 2020). Similarly, in the US, credit unions are frequently founded by people with a similar profession, such as teachers or firefighters, who are drawn to the credit union's mission and principles (Credit Union National Association, 2021).

As it describes the creation and functioning of SACCOs, the common bond hypothesis is an essential theory in this research. According to the theory, SACCOs are created by people with something in common, fostering a sense of belonging and trust among the members. This hypothesis has been used extensively to explain the growth of SACCOs worldwide, and it is still applicable today because SACCOs are still vital to delivering financial services to their members.

2.2.3 Institutional theory

Institutional theory focuses on the more complex and durable facets of social organization. It considers the procedures by which structures, such as schemas, rules, norms, and routines, come to be recognized as authoritative standards for social behavior. It looks into how these elements are produced, disseminated, adapted, and modified over time and space and how they deteriorate and become obsolete. Students of institutions must, by necessity, pay attention to conflict and change in social structures as well as consensus and conformity, despite the seeming subject matter of stability and order in social life (Meyer and Rowan, 1977).

With an emphasis on social norms, values, rules, and expectations as the sources of pressure on organizations, the fundamental ideas and premises of the institutional theory approach offer helpful guidelines for understanding organization-environment relationships. This theory is based on the idea that the main organizational objective should be legitimacy rather than effectiveness or efficiency (McAdam and Scott, 2004). The concept of the environment refers to the organizational field, which is represented by institutions, such as judicial systems, governmental agencies, professional associations, public opinion, interest groups, and legislative and regulatory frameworks. According to institutional theory, an organization adapts to its surroundings. However, there are some fundamental aspects of organizational environments and activities that institutional theory does not fully address, making the approach problematic for understanding organizations and their environment. These include the organization's reliance on outside resources and ability to adjust to or even change its environment (Scott, 2004).

This idea contends that organizations function within a larger institutional framework that determines their behavior and structures, which is crucial to this study. The institutional context for SACCOs comprises legislative frameworks, business standards, and cultural expectations. SACCOs that comply with these institutional demands and implement the proper structures and procedures are more likely to be accepted by their members and enjoy their support, increasing member retention rates.

2.2.4 Stakeholder theory

The advocate of the aforementioned is Freeman (1984). Three thematic dimensions—descriptive, normative, and instrumental—are shown by this approach. When the model is applied as a management tool, instrumental dimensions become apparent, and this happens when the managers in question recognize the interests of the various stakeholders and give them intrinsic value (Donaldson & Preston 1995)

Regarding SACCOs, many stakeholders take on responsibility in places where their needs cannot be fully realized. According to Freeman (1984), the SACCOs in issues that establish positive relationships can generate higher returns through efficient operations. For instance, SACCOs regarded as socially responsible can hire a staff of qualified employees who can provide top-notch services. The management of SACCOs' stakeholders is an integral component of the organizational strategy that influences firm performance (Berman et al., 1999).

All organizations in issue operate in a commercial environment to make money, according to Donaldson et al., (1995). Stakeholder theory places a strong emphasis on managerial decision-making and taking shareholders' interests into account. Because of this, the SACCOs in question value the managers' contributions to decision-making that fully considers the interests of the various stakeholders, leading to operations that run smoothly and effectively.

The theory states that in addition to having a duty to invest, businesses also have a variety of duties to various stakeholders they engage with (Norman, 2004). Deposit-taking SACCOs should ensure that stakeholder demands and interests are controlled to manage stakeholder conflict. As a result, the adoption of a stakeholders-focused governance structure enables the

realization of the premise of stakeholder theory within the company. However, the broad definition of the fundamental ideas on which this theory is predicated restricts its applicability. Stakeholders are "any group or person who can affect or be affected by the decisions and actions of the organization," for instance. This generality has the potential to broaden the responsibility of organization management from the board and executives to the entire society, establishing any social actor as a party interested in the choices and actions of companies.

SACCOs must be able to recognize their various stakeholders, as well as their interests, goals, and capacity to exert influence over the SACCO. They must also be able to comprehend the processes that SACCOs may use to interact with these stakeholders, and they must be able to determine which decisions will best align the interests of these stakeholders with the processes of the SACCO.

This theory is vital in this. It is important to note that the members of a SACCO are the stakeholders of a SACCO. To enhance smooth operations, SACCOs have to act in the interests of their members. This will, in turn, have a positive effect on the retention of members in these SACCOs.

2.3 Empirical review

This involved research done by numerous researchers and authors both domestically and abroad. The empirical review entails a direct examination of diverse writers' published works. Using the work of others allows a researcher to put his work into a historical and intellectual context, which enables the researcher to explain why his research is essential.

2.3.1 Member retention levels in DTS and NDTS.

Nyagengo (2012) investigated and analyzed factors influencing the retention of SACCO members. The study used data collected from a representative sample of Wana-anga SACCO members in Nairobi to establish the influence of different factors on membership of the SACCO and to determine their effect on retention level. The study focused on the active members who had paid up their share capital contribution and were alive by the time the study was being conducted. The objectives of the study were to find out the level to which the SACCO Act influences the retention rate, to establish the marketing strategies used by the

SACCO, to show the influence of products offered by the SACCO on the retention rate, and finally, to establish the influence of the organizational structure of the Sacco on membership retention levels.

The study incorporates individual characteristics, knowledge of the SACCO Act, and confidence level in the SACCO Act's ability to sustain the SACCO through the enactment of good governance. It also sought to establish marketing strategies and influences of products available to ensure membership retention levels. Finally, the study looked at Sacco's organizational structure and the management team's influence levels in achieving retention. Frequency distribution and cross-tabulations were employed to describe background characteristics and associations. Chi-square statistics were used to infer the findings and thus enable generalization to the whole population under study. Results indicate that most members are from the civil service and that the female gender contributes almost as much as men in the form of shares. The SACCO Act was found to be very influential in ensuring the retention of members. The members were not satisfied with the marketing strategy employed, but only a fraction of them thought a marketing strategy was essential in ensuring their retention in the Sacco. The interest rate charged on loans was the most popular reason why members acquired loans with the Sacco. All members were either moderately or not confident in the election process. The study recommends that SACCOs acknowledge the importance of marketing strategies in building long-term relationships, reaffirming trust, and thus ensuring retention levels among their members. The management team should also try as much as possible to incorporate members' ideas in decisions to ensure participatory management, which will also result in the retention of Sacco members. The present study examined member retention in Kenya's Deposit-Taking and Non-Deposit-Taking SACCOs.

According to Kivuvo and Olweny (2014), the ability to generate income impacts how well SACCOs perform. This capability relies on a SACCO's membership size while holding other variables constant. A greater level of income will result from this. Accordingly, SACCO's membership size demonstrates its financial advancement (Bwana & Mwakujonga, 2013). Poor services in terms of finances are what cause membership withdrawal. Worst of all, prospective members can lose faith in SACCO, making it impossible to meet the organization's requirements. The size of the membership is also influenced by income. The members of SACCOs need to be adequately educated on how to conduct business and increase their income. The cost of the funding that SACCO members have gotten influences

how much of the same they will request in the future. If unfavorable, such members are likely to leave (Hausknecht & Holwerda, 2013).

According to Auka and Mwangi (2013), SACCOs in Kenya were up against fierce competition due to their members' desire to use commercial banking institutions and other financial services providers for their financial needs. Further research revealed that despite reports of rising SACCO membership and loan demand, SACCOs were struggling with low capital bases, which led SACCO members to look for financial products and services from other providers of financial services (Njagi, Kimani & Ngugi, 2012).

Members' loyalty to the SACCO is primarily influenced by the rates of interest on loans, payment methods (cash, checks, mobile banking), and a range of products; as a result, the SACCO's ability to maintain its membership size depends on the loyalty of its members. The number of members may ensure a steady flow of income, improving SACCOs' performance (Koskei & Naibei, 2017). The more members there are, the more money is accessible through membership fees and member contributions. This money will be issued in the form of loans and will increase SACCO's revenue by charging interest to its members. The SACCO also generates income by charging commissions and bank fees to members after they do various transactions. This has a significant impact on improving SACCO's financial success. According to Mumanyi (2014), education is a crucial component that enables members to put the funds they receive toward viable projects and increases their loyalty to SACCOs.

Reichheld et al. (1990) measured the importance of client retention in another study. They discovered that the length of a customer's relationship directly correlated with industry profitability and that a 5% increase in customer retention raised average customer value by 125%. A company's marketing budget should allocate at least 75% to client retention strategies and relationship building (Weinstein, 2002). If customer satisfaction and service quality are raised, more customers will stay (Parasuraman et al., 2002). Understanding behavioral intentions is crucial to determining whether or not a consumer will stick with a business (Anani, 2013). The quality of the services will affect these behavioral intentions (Parasuraman et al., 2002). High-quality service can boost client retention and loyalty while also enhancing corporate success (Ennew and Binks, 1996). According to an empirical study by Nwankwo (2013), service quality has a beneficial effect on customer loyalty and retention.

The study used data from the Nigerian banking sector and its small business customers. The current study looked at member retention in the context of the SACCO industry.

2.3.2 SACCO organizational factors affecting member retention strategies.

A study by Barus et al. (2017) examined the effect of asset quality on the financial performance of Savings and Credit Cooperative Societies in Kenya. This study aimed to determine how asset quality affected Kenyan savings and credit organizations' financial performance. The 83 registered deposit-taking SACCOs in Kenya operating for at least five years comprised the target population. The 83 SACCOs that were still operating as of 2015 were the study's sample size. The study made use of a census approach. The statistical software for the social sciences (SPSS) and STATA were used to examine the data using multiple linear regression models. To assess the validity and reliability of the research instruments, a pilot study was carried out. To analyze the data, descriptive and inferential analyses were used. Based on its findings, the study concluded that the financial performance of Kenya's savings and credit societies was influenced by asset quality. The regression results, which indicated positive effects and the degree to which asset quality affected savings and credit societies' financial performance, can be used to explain this. The study recommended that managers exercise caution when establishing a credit policy to avoid harming profitability. They should also be aware of how credit policy influences how their SACCOs operate to ensure prudent use of deposits and profit maximization. The study looked at Deposit-Taking SACCOs only, while the present study looked at DTS and NDTs.

Daniel and Josephine, (2013) examined the factors that influence SACCO members in Kenya to seek financial products from other financial service providers. The study investigated the factors that make SACCO members seek the services of other financial service providers. To achieve this objective, the investigation employed a survey involving a sample of 100 SACCO members drawn from 18,833 members of the 44 SACCOs operating within the Central Rift Valley Region of the cooperative society. Stratified Random sampling was used to select respondents, and a questionnaire was used to collect data from SACCO members. Both descriptive and inferential statistics were used to analyze the data. Hypotheses were tested using correlation analysis and regression analysis. Correlation analysis tested the relationship between the independent variables and the dependent variable, while regression analysis was used to determine the contribution of each independent variable to the

dependent variable. The findings of the study revealed that a large number of SACCO members took loans offered at the SACCOs despite the cutthroat competition by other financial institutions and that the SACCOs were not as competitive as other financial service providers in terms of processing and delivering loans. The study looked at economic factors like loans but did not consider structural factors, which the present study extended into.

Olando et al. (2013), while investigating the Contribution of SACCO Financial Stewardship to the Growth of SACCOs in Kenya, found out that the growth of SACCOs wealth depended on loan management, institutional strengths, and innovativeness of SACCO Products. The study further found that SACCOs inadequately complied with their by-laws; incomes from investments did not adequately cover their costs. The survey which employed descriptive design in soliciting information on the determinants of growth of SACCOs' wealth and collected from the census of 44 SACCOs in Meru County using a questionnaire and document review tool and analyzed using both descriptive and inferential statistics underscored the role of innovativeness of SACCO products. The study focuses on three strategies for the growth of SACCOs. This research seeks to focus on an additional strategy, which is member retention. Moreover, the study collected data from 44 SACCOs without distinguishing between those that applied to deposit-taking and non-deposit-taking SACCOs.

Njoroge (2008) conducted a study to evaluate the association between financial performance and a few factors for SACCOs in Nairobi, Kenya. 30 SACCOs were included in the sample size for 2002–2007. Financial performance was evaluated using return on assets and equity. The size of the SACCO, loans to total assets, liquidity to total loans, operational expenses to total assets, and the growth rate of loans were the factors used for regression versus ROA. Positive correlations existed between financial performance and asset size, loans to total assets, liquidity to total assets, and loan growth rate. Performance was inversely correlated with the operating expenditure ratio. The capital ratio and ROA have a favorable correlation. This study did not specify whether the results applied to Deposit-Taking SACCOs or Non-Deposit-Taking SACCOs.

Another study focusing on the influence of product diversity is that of Mosongo, et al. (2013). The study sought to investigate whether there was a relationship between financial innovation and financial performance among the SACCO in Nairobi County. The study adopted a descriptive research design to assess the study's general intent. The study's target population

comprised 41 SACCOs registered under the commissioner for cooperatives in Nairobi County. Stratified random sampling was used to select respondents from each SACCO sampled. A self-administered questionnaire was delivered to the respondents and collected after completion. Mosongo et al. (2013) established that product innovation contributed also to a great extent to the financial performance of SACCOs. The study revealed that new deposit accounts, credit cards, debit cards, personal unsecured loans, money transfer services, and products tailored to favor particular groups also help in realizing a high market share in the sector. The study further concludes that there was a positive relationship between financial innovation and financial performance among SACCOs in Nairobi County. The study recommends that for SACCOs to be highly competitive and relevant in the market, they must employ various types of products and financial innovation, which are the primary basis for member retention. This study touched on member retention in the context of product types and financial innovation, whereas the present study considered other variables.

Liquidity measures a SACCO's capacity to pay its debts when they become due. It is assessed in terms of the proportion of liquid assets to short-term liabilities and deposits. According to SASRA (2010), the minimal statutory ratio of 15% must be maintained. Financial institutions need liquidity since they are particularly susceptible to unforeseen and urgent payment requests. A SACCO needs to be able to immediately honor valid withdrawals and credit requests to remain in operation Bald (2007). Deshpande (2006), on the other hand, found that high levels of liquidity in financial institutions tend to encourage the mobilization of new deposits, particularly those from low-income individuals, who are typically thought of as having short-term, unstable, and expensive savings. At the institutional level, a lack of adequate lending possibilities (actual or perceived) may be the root of surplus liquidity.

Financial institutions' capital bases aid them in absorbing unforeseen shocks. Additionally, it shows that the institution will uphold its commitments. The wealth-maximizing bank's capital situation should impact its capital structures and loan policy since capital is a crucial managerial decision variable. If capital has an impact on lending, it will also have an impact on how well banks perform their role as financial intermediaries and, as a result, how real resources are distributed across the economy. Bichsel and Blom (2005) discovered that capital controls not only increase GDP but also help to reduce negative externalities (such as a general decline in confidence in the banking sector). An appropriate amount of capital is needed to ensure the bank's stability and security and increase client confidence.

According to White and Morrison (2001), capital regulations guarantee that banks are risking sufficient capital. A sufficient Capital Adequacy Ratio indicates that the financial institution will keep upholding its obligations while assisting banks in absorbing unexpected shocks. Haron (2004) discovered that the ability of financial organizations to handle shocks to their balance sheets ultimately depends on the amount of capital they have on hand. Thus, the capital adequacy ratio assesses the financial institution's ability to cover temporal liabilities alongside other risks, including credit and operational risks.

Profitability and earnings enable financial institutions to generate income consistently, allowing them to continue raising money to assist in settling debt. This claim was supported by Kumar (2006), whose research showed that when income increases, a firm's ability to grab a significant portion of the market and seize further possibilities increases. After analyzing the fiscal health of the banking industry in Ethiopia, a case study of Zemen Bank, Mengistu (2015) validated this. In Ethiopian banks, the study discovered a strong correlation between earning potential and performance. Ongore and Kusa (2013) conducted a study on the variables affecting Kenyan commercial banks' financial performance. The least squares approach and multiple linear regression were used to create the correlation between the variables. To assess the performance of the banks, the study used the CAMEL model elements, GDP Growth rate, and inflation as independent variables. The analysis showed a strong correlation between CAMEL and financial performance. When examining the performance, the CAMEL model did not include earnings management.

Another issue is the lack of significant switching costs for consumers with relevant information. According to Richards (1996), dissatisfied customers transfer service providers and vice versa when more options are attracted. Even loyal customers might change if better options are available. According to Ranaweera and Prabhu (2003), the likelihood that a consumer will stay loyal increases with the level of perceived switching cost. According to Jones et al. (2000), dissatisfied customers are less eager to stick around than satisfied customers when perceived switching costs are more diminutive. Member retention can prove a challenge in the SACCO industry, especially in Kenya, where the switching costs are almost nil.

Numerous researchers have grown more interested in the effect of Corporate Governance on financial performance in recent decades. The results of a thorough analysis of the literature (Agarwal and Knoeber, 1996; Xu and Wang, 1997; Lehman and Weigand, 2000; Gruszczyński, 2006; Black et al., 2006; and Berthelot et al., 2010) indicate that researchers have not yet agreed. Some of these research claims that using Corporate Governance has a favorable, significant impact on financial performance. In this regard, Drobetz et al. (2004) conclude that more robust Corporate Governance practices correlate highly with business value metrics like Tobin's Q and market-to-book value. Tobin's Q is found to have a significant positive correlation with developed Corporate Governance Indicators comprising 51 components for internal and external governance mechanisms Brown and Caylor (2006).

According to Mohanty (2004), a strong correlation exists between Corporate Governance practices and financial performance in developing nations, as gauged by Tobin's Q and excess stock return. Black et al. (2006) look into the relationship between the market value of Korean public firms and the overall Corporate Governance Indicators. The results demonstrate that more robust Corporate Governance predicts higher market values. As investors highly value better Corporate Governance, it also reduces the cost of a firm's capital. The relationship between Corporate Governance structure and business performance for 107 companies listed on the Nigerian Stock Exchange is also examined by Ehikioya (2009).

On the one hand, the findings show a correlation between ownership concentration and improved business performance, where a highly concentrated ownership structure safeguards the interests of stakeholders and investors. On the other hand, there is no connection between the makeup of the board and company performance. According to Huang (2010), family-owned shares, the size of the board, and the number of outside directors all contribute to better bank performance. This statement is in line with the findings of Varshney et al. (2012), who offer empirical proof that sound CG practices have a favorable impact on a company's success as indicated by economic value added.

In the Lango subregion of Northern Uganda, Okwee (2011) conducted a study on the corporate governance and financial performance of SACCOs. The analysis looked at the degree to which corporate governance standards were being followed, the relationship between corporate governance and risks, and the correlations between corporate governance and financial results. Among a total of 75 SACCOs, 63 were chosen as a sample, and each SACCO received a questionnaire. After that, the surveys were gathered, reviewed, and

evaluated. The results showed that most SACCOs did not adhere to corporate governance standards to the same extent. That risk was weakly and adversely connected with corporate governance and financial performance.

Nonetheless, it was shown that there was a considerable positive correlation between corporate governance and financial performance. The study concluded that the relatively poor performance of the SACCOs in Uganda may be explained by lower compliance with corporate governance and high-risk levels. The paper advises a deeper investigation into lending strategies used by SACCOs in Uganda and the application of corporate governance guidelines. The study is limited to Uganda, but the present analysis looked at corporate governance in Kenya's geographical scope.

Using a cross-sectional research approach, Ondari, Nyang'au, and Chesoli (2019) evaluated the impact of corporate governance principles on the expansion of SACCOs in Kisii County, Kenya. The intended audience was 108 DTS representatives from the eight registered deposit-taking SACCOs. Most respondents indicated that management taking full responsibility as an essential corporate governance attribute as implied by (3.53 mean rating), moderate participatory governance (3.27 mean rating), and moderate accountability for governance among deposit-taking SACCOs were established by the study. The study concluded that the accountability policy greatly influenced deposit growth among deposit-taking SACCOs in Kisii County. The research also advocated for the creation of regulations governing shareholder accountability. The present study looked at a broader population to make more conclusive results.

Fornell (1992) and Ranaweera and Prabhu (2003) discuss customer satisfaction as the primary barrier to retention. They contend that client retention increases with customer satisfaction; hence, many businesses make a significant effort to increase and sustain customer satisfaction. The difficulty of keeping consumers grows, given the variety of customer satisfaction metrics. The present study sought perspectives on member retention from SACCO officials so that more insights on member retention, for instance, challenges and opportunities, could be brought to light.

The Effect of Service Quality on Customer Retention was a 1996 study by Zeithaml et al. examining customer retention and defection from a firm with customer service quality. The study found that higher loyalty was associated with a company's higher service-quality

rankings. However, they observed that despite providing good service, surprisingly few clients had abandoned their service providers. This implies that customer retention in a company is influenced by more than just the quality of its services. The study focuses more on quality service but does not give additional strategies that can be used to enhance customer retention.

According to Fluss (2010), one of the biggest obstacles to insurers' ability to keep customers is competition. He contends that rival businesses seek to steal clients by offering better deals. According to Fluss, annual customer attrition rates range from 7% in banking sectors with substantial exit barriers to roughly 40% in the mobile phone sector. Client retention directly affects long-term customer lifetime value, which is a more profitable path for businesses pursuing growth and sustainability or trying to guard against market contraction brought on by a slowing economy (Gee et al., 2008).

Due to their substantial contribution to enhancing business performance, customer retention methods have received much study from academics and practitioners. Kotler & Armstrong (2008), conclude that client retention strategies are activities and actions that a company takes to reduce the likelihood of their customers leaving the brand. A high retention rate is rarely attained naturally without using several tactics (Reichheld & Sefter, 2000).

It takes a company culture that is transparent and open to customer input as well as one that actively seeks information and feedback and responds to complaints to develop effective feedback programs for customer retention (Reichheld, 1991).

According to Babayeva & Aliyev (2016), through feedback, a business can ascertain if a consumer is satisfied and, consequently, identify areas that need improvement. They go on to say that in many circumstances, dissatisfied consumers who had an issue and had it resolved as a result of their feedback will show greater loyalty to the business, positively impacting customer retention and long-term relationships.

Mashene (2019) contends that the level of customer service a firm provides determines in large part whether or not a strong business relationship will last. For insurers, service quality is especially crucial as it may positively or negatively impact customer retention (Thakur, 2016). In contrast to bad quality service, which will only drive customers away, good quality

service will keep them loyal to the company since they feel their requirements are being met. Good customer service will also stop clients from switching to competing brands because they are happy with what the business is providing (Devaraj et al., 2001).

2.3.3 Perspectives of SACCO management on member retention.

Zerfeshewa (2010) conducted a study to identify the determinant factors for the development of SACCOs in Gondar town. The study area was selected purposively, due to the presence of long-established SACCOs. Using a simple random sampling method, from seven case SACCOs selected for this study, 120 members were selected at probability proportionate to size. As key informants, 30 SACCO officials were also considered. A structured questionnaire was used to generate primary data from sample respondents. Secondary data were collected from the financial and performance reports of the case SACCOs. Results of the study indicate that narrow alternate options in collateral requirement inhibit members from getting a loan as they require, and it becomes the cause for the excess accumulation of liquid assets in banks. The study recommended the importance of the transformation mechanism of SACCOs into modern service delivery practice, financial product diversification and improving the collateral system, adopting appropriate financial standards, and the need to formulate the SACCOs act. Although this study suggests that collateral requirement and member retention are essential determinants of performance in SACCOs, there is no study conducted in Kenya to explore this variable. The study was conducted within the context of Gondar town in Ethiopia, whereas the current study focused on the SACCOs in Kenya.

Poor management is the root cause of every organizational failure study (Noebere 2000). A company's profitability, which depends on the executive's skill and ability, determines how well it performs. Making sure that wealth is maximized through performance is the principal objective of the executive, which consists of the chief executive officer and others below him. The board of governors often oversees management to ensure that managers are accountable while adhering to the established policies and procedures. Therefore, managers must possess the necessary management competencies, skills, and abilities to lead the company successfully. These skills include academic aptitudes, leadership qualities, charisma, and the ability to see the future.

According to Kibera (1996), management is a set of tasks aimed at the effective and efficient use of resources to attain one's objectives and goals. The resources can include labor, time, effort, raw materials, and equipment. A manager's primary responsibilities are planning, organizing, directing, managing, and inspiring. The board of governors must choose effective management teams with the capacity and expertise to advance the company if DT-SACCOs are to be successful. Integrity should also be considered to prevent managers from wasting shareholders' money. To ensure ownership and sustainability, managers must also be visionary leaders who can sell the organization's vision to all stakeholders. According to Kiriimi and Minja (2010), a lack of visionary leaders contributes to the failure of many organizations.

According to a different study by Hatrawang et al. (2012), company directors indicate that leadership abilities are now essential in managing the car industry. A good manager exhibited leadership, creative drive, and inspiration by communicating the management's and the company's vision. The outcomes of this encouraging process and successful creativity were the organizational vision, company strategy, and organizational culture. Technology advancements raise the likelihood that the global economy will transform how individuals conduct business and interact, which is becoming more challenging with growing participation in globalization as well as technological development (Punnett, 2004). Managers working across cultures must view global dynamics as both an opportunity and an obstacle for personal and organizational development.

2.4 Summary of literature review and research gaps

A literature review revealed that little research has been done on member retention, particularly SACCOs, even though SACCOs contribute to the economy. The research produced the conceptions that served as the conceptual framework for the study. The variables in the study were brought out through a thorough analysis of relevant empirical literature that was in line with the problem statement and the study's objectives. The objective of the current study is to provide information about the degree of member retention in DTS and NDTs in a developing nation with SACCOs in the transitional stage. According to the empirical literature evaluation, member retention in organizations remains a relevant area for additional study. Further empirical studies are essential to highlight member retention, specifically among SACCOs. A summary of research gaps is presented in Table 2.1 below.

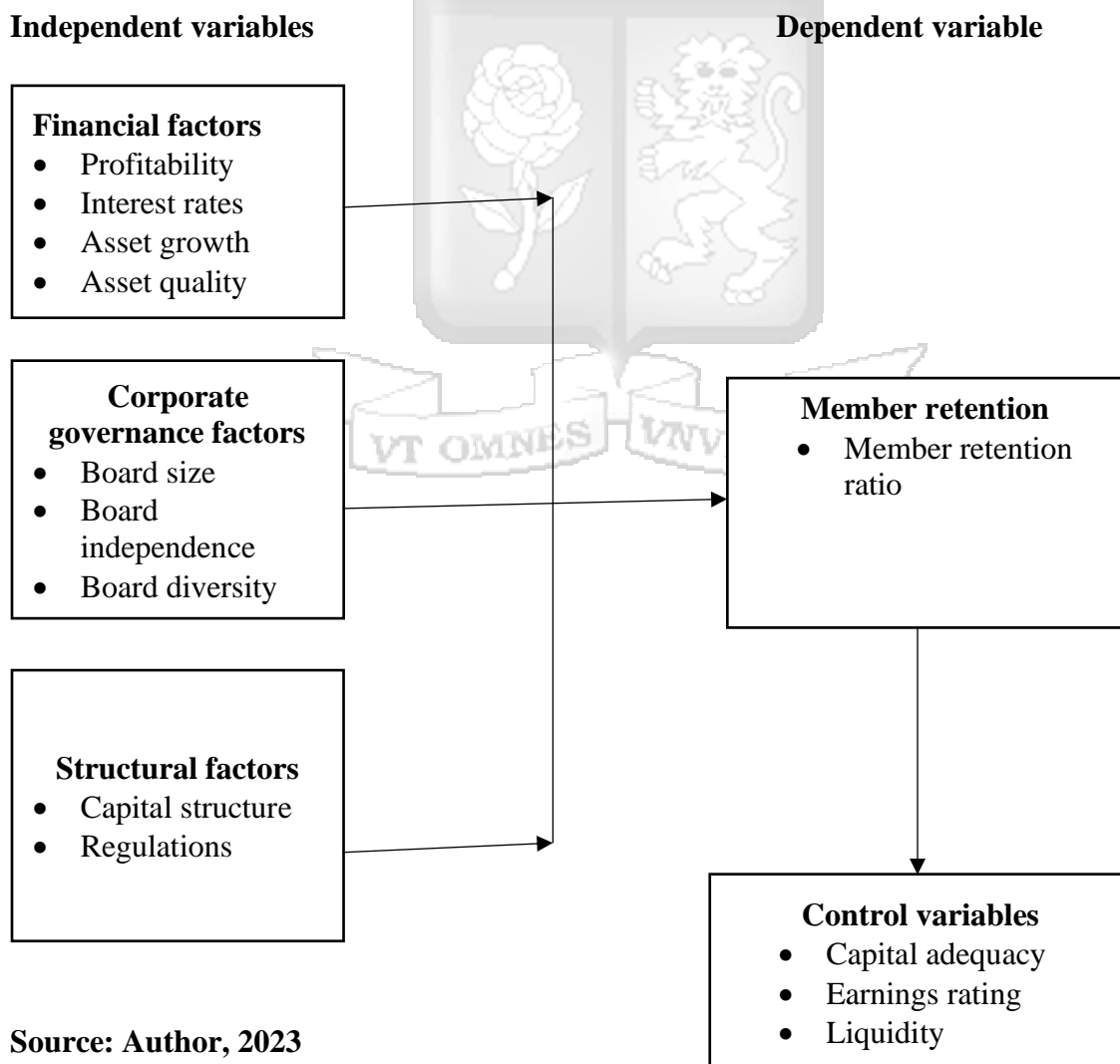
Table 2.1: Research gaps

Author	Title	Findings	Research gap
Nyagengo (2012)	Factors influencing retention of SACCO members.	The findings of this study indicated that members were not satisfied with the marketing strategy employed by SACCO. Still, only a fraction of them thought a marketing strategy was important in ensuring their retention in the SACCO.	The study is a case study focusing on Wana-anga SACCO, while this research reviewed all the DTS in Kenya.
Daniel and Josephine (2013)	Factors that influence SACCO members in Kenya to seek services from other financial service providers	The findings showed that SACCOs were less competitive than other financial service providers in processing and delivering loans.	The study looked at financial factors like loans but did not consider structural factors, while this research also took into account structural factors.
Zeithaml et al. (1996)	The effect of service quality on customer retention.	The study found that higher loyalty was associated with a company's higher service quality rankings. However, despite providing good service, some clients abandoned their service providers.	The study focuses more on quality service but does not give additional strategies that can be used to enhance customer retention.
Olando et al. (2013)	The contribution of SACCO financial stewardship to the growth of SACCOs in Kenya.	The study found that SACCOs inadequately complied with their by-laws, and incomes from investments did not adequately cover their costs.	The study focuses on three strategies for the growth of SACCOs. This research seeks to focus on an additional strategy: member retention. Moreover, the study collected data from 44 SACCOs without distinguishing between those that applied to deposit-taking and non-deposit-taking SACCOs.
Zerfeshewa (2010)	Identifying the determinant factors for the development of SACCOs in Gondar town.	The study's results showed that narrow alternate collateral requirements inhibit members from getting loans as they require. SACCOs should transform into a modern service delivery practice, financial product diversification, and improve the collateral system.	The study was conducted within the context of Gondar town in Ethiopia, whereas the current study focused on the SACCOs in Kenya.

2.5 Conceptual framework

The conceptual framework provides a concise description of the phenomenon being studied, accompanied by a graphic of the significant variables of the study (Mugenda, 2008). It is a basic structure consisting of certain abstract blocks representing the observational, experimental, and analytical aspects of a process or system being conceived (Bogdan & Biklen, 2007). The conceptual framework usually explains the possible connection between the variables. The variables provided are justified in the literature discussed under the background of the study. The relevance of the control variables in the study was that it was used to improve the multiple regression model. The conceptual framework is shown in Figure 2.1 below.

Figure 2.1: Conceptual framework



Source: Author, 2023

The study variables were operationalized and measured as shown in Table 2.2 below.

Table 2.2: Operationalization of Research Variables

Variable	Measurement	Data analysis	Supporting theory	Supporting literature
<i>Independent variables</i>				
<i>Financial factors</i>				
<ul style="list-style-type: none"> Profitability 	<ul style="list-style-type: none"> Ratio of total revenue minus operating expenses divided by total revenue. 	OLS and Step wise regression	Jensen and Meckling (1976)	(Ngugi & Omari, 2018; Nyamori et al., 2019)
<ul style="list-style-type: none"> Interest rates 	<ul style="list-style-type: none"> Ratio of interest income less interest expense divided by the value of gross loans. 	OLS and Step wise regression	Jensen and Meckling (1976)	
<ul style="list-style-type: none"> Asset growth 	<ul style="list-style-type: none"> Return on asset ratio (Net income divided by total assets) 	OLS and Step wise regression	Jensen and Meckling (1976)	
<ul style="list-style-type: none"> Asset quality 	<ul style="list-style-type: none"> Non-performing loans ratio (Total non-performing loans divided by total loans outstanding) 	OLS and Step wise regression	Jensen and Meckling (1976)	
<i>Corporate governance factors</i>				
<ul style="list-style-type: none"> Board size 	<ul style="list-style-type: none"> Number of board members 	OLS and Step wise regression	Freeman (1984)	(Mbugua et al., 2020; Wafula et al., 2021)
<ul style="list-style-type: none"> Board composition 	<ul style="list-style-type: none"> Ratio of outside directors to total directors sitting on the board 	OLS and Step wise regression	Freeman (1984)	
<ul style="list-style-type: none"> Board diversity 	<ul style="list-style-type: none"> Female ratio (Ratio of female directors to total directors) 	OLS and Step wise regression	Freeman (1984)	

Structural factors

<ul style="list-style-type: none"> Capital structure 	<ul style="list-style-type: none"> Debt to asset ratio (Total debt divided by total assets) 	OLS and Step wise regression	Meyer and Rowan (1977)	
<ul style="list-style-type: none"> Regulations 	<ul style="list-style-type: none"> 1 if the SACCO is a DTS and 0 if it a NDTS 	OLS and Step wise regression	Meyer and Rowan (1977)	

Dependent variable

<ul style="list-style-type: none"> Member retention 	<ul style="list-style-type: none"> Member retention ratio (1 minus members leaving divided by members at the beginning of the period) 	OLS and Step wise regression	Friedrich Wilhelm Raiffeisen (Early 1900s)	
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Control variables

<ul style="list-style-type: none"> Capital adequacy 	<ul style="list-style-type: none"> Capital Adequacy ratio 	OLS and Step wise regression	Jensen and Meckling (1976)	Bichsel and Blom (2005)
<ul style="list-style-type: none"> Earnings rating 	<ul style="list-style-type: none"> 	OLS and Step wise regression	Jensen and Meckling (1976)	Kumar (2006), Mengistu (2015).
<ul style="list-style-type: none"> Liquidity 	<ul style="list-style-type: none"> Liquidity ratio 	OLS and Step wise regression	Jensen and Meckling (1976)	Bald (2007), Deshpande (2006).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methods the study will rely on to achieve a meaningful, reliable, and valid output. It is the basis on which the entire research is built and entails aspects such as research philosophy and design, the target population, and sampling. It further illustrates the data collection techniques, data analysis research quality, and ethical considerations.

3.2 Research philosophy

The study adopted positivist, post-positivist and social constructivism philosophies. The study adopted these philosophies because of the quantitative and qualitative nature of the analysis. The social constructivism philosophy was adopted because of the presence of open-ended items in the questionnaire. The ontological and epistemological tenets of theories of knowledge are criticized by post-positivism. A variety of viewpoints reject the positivist assertions that they can identify a single social reality and that observation is the only method for doing so. Both constructivism and realism acknowledge that the requirement for data interpretation by researchers limits our capacity to understand reality. Positivist research is quantitative and is associated with the testing of a hypothesis (Mukherji & Albon, 2010). According to positivists, facts do exist and can be measured. The rationale behind the positivist approach is that it accepts the use of quantitative data and it is achieved from the current study as this study partially used quantitative data making it appropriate for the analysis.

In a positivist study, the role of the researcher is restricted to data collection and objective interpretation, with research findings being observable and quantifiable, leading to statistical analysis (Dudovskiy, 2018). Positivism agrees with the empiricist view that knowledge stems from human experience. Moreover, in positivist studies, the researcher is independent of the study, and there are no provisions for human interests within the study. Crowther and Lancaster (2008) proposed that as a common tenet, positivist studies typically take a deductive approach, which shares the standpoint that the researcher needs to focus on facts.

In most cases, positivist research philosophy is adopted when dealing with observable social reality (Saunders et al., 2009).

3.3 Research design

Research design is the basic plan that indicates an overview of the activities necessary to execute the research project. Research design is the framework of research methods and techniques a researcher chooses. The study used a mixed method research design, which is most suitable because it has philosophical assumptions, methods of inquiry, analysis of data, and a mixture of qualitative and quantitative approaches in many phases of the research process. The type of mixed methods used was concurrent, as both primary and secondary data will be collected simultaneously. The use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach single-handedly (Creswell, 2013)

The design is justifiable since the study sought to explain factors that cause change and explicitly clarify how some phenomena operate. The design is further suitable for establishing the causal relationship between study variables and the occurrence of the problem. Mixed methods research provides more comprehensive evidence for studying a research problem than either quantitative or qualitative research alone. Researchers use all of the tools of data collection available rather than being restricted to the types of data collection associated with either qualitative or quantitative research hence why it is most suited for this study. The study sought to describe certain groups without manipulating independent variables, hence adopting a mixed-method research design (Creswell, 2013).

3.4 Target population

A population is defined as a complete set of individuals, cases, or objects with some common observable characteristics (Mugenda, 2011). Kothari (2004) noted that a population refers to all items in any field of inquiry and is also known as the universe.

Green et al. (2006) define the target population of a study as the population from which one would collect data if they were conducting a complete census as opposed to a sample survey. This reference or target population is the group on which the study outcome would be

extrapolated. Once this target population is identified, the researcher needs to assess whether studying all the individuals for an outcome is possible.

The target population of this study was all 176 Deposit-Taking SACCOs and 185 Non-Deposit-Taking SACCOs listed by SASRA in Kenya as of 31st December 2022. Data was collected from SACCO officials like CEOs drawn from 176 DTS and 185 NDTS because they are the ones who have complete knowledge and understanding of member retention of individual SACCOs.

3.5 Data collection methods

Data collection methods refer to primary and secondary ways information is obtained (Sekaran & Bougie, 2013). The study adopted both primary and secondary ways. Primary data is information collected by the researcher for the specific purpose of the research study under question, while secondary data refers to information gathered from sources that already exist in books, periodicals, newspapers, magazines, journals, and online portals (Dawson, 2002). Criteria for the selection of secondary data may include the date of publication, identification of the author, dependability of the source and value of discussions, the scope of analysis, and finally, the magnitude to which the text contributes to the expansion of the area under research (Dudovskiy, 2018).

Primary data includes interviews, questionnaires with open-ended questions, focus groups, observations, games or role-playing, and case studies. Primary data was collected through questionnaires (APPENDIX IV) to explain the gaps identified in secondary data analysis and precisely what DT-SACCOs considered crucial regarding member retention. Questionnaires were preferred because they reach the audience. The data involved cross-sectional attributes for 2022.

3.6 Data collection procedures

Secondary data was collected from the audited financial statements of Deposit-Taking and Non-Deposit-Taking SACCOs for 2022, sourced from SASRA using data sheets. This provided the data on financial information necessary for member retention.

Questionnaires were used in data collection. Questionnaires were used to collect data from objective three, assessing SACCO perspectives on member retention. The questionnaire is used to collect data because it is the most appropriate in social surveys involving many respondents. The questionnaire was filled with SACCO officials of DTS and NDTs. They were administered online through Google Forms, and the audience was reached by email. One questionnaire was sent per institution because there were many institutions for data collection. SACCO CEOs filled them. Questionnaires were used to reach the audience.

3.7 Research quality

Testing of the study instruments' objectivity, validity, and reliability was done as part of the survey.

3.7.1 Reliability test

Instrument stability, or internal consistency, is instrument reliability (Thorndike and Hagen, 1961). Reliability refers to the extent that the instrument yields the same results over multiple trials. To check the reliability of the secondary data, the diagnostic test for the study was done through:

3.7.1.1 Normality test

Regression analysis requires that the data used by customarily distributed or taken a normal distribution curve. To adhere to this regression assumption, the study employed the One-Sample Kolmogorov-Smirnov test, which is a single-sample statistical test used to ascertain if a sample of data adheres to a particular probability distribution, usually a continuous distribution such as the normal distribution. The sample size and the significance level (alpha) determine the test statistic's critical values. Should the null hypothesis be rejected, it indicates that there is evidence indicating a significant deviation of the sample data from the given distribution.

3.7.1.2 Heteroscedasticity

This is a diagnostic test which refers to the circumstance in which the variability of a variable is unequal across the range of values of a second variable that predicts it or has non-constant variance. It is used in statistics to describe the case where the variance of errors or the model is not the same for all observations. According to regression assumptions, the error term needs to be homoscedastic or have a constant variance (Gujarati & Porter, 2009). Testing was

done using the Breusch-Pagan test, as Breusch and Pagan (1979) suggested. The tests are based on the residual of fitted values. The study regressed the residuals on the fitted values or predictors and checked whether they could explain any residual variance. If heteroscedasticity exists, the remedy that could be used is applying a different weighted regression specification for the model. According to Bera and Jarque (1982), homoscedasticity tests recommended for standard data may lead to false results in non-normality.

3.7.1.3 Multicollinearity

Among regressors, multicollinearity is a fascinating and typical characteristic of data. Consequences for estimate and inference include coefficients with erroneous signs and improbable magnitudes, excessive standard errors, and untrustworthy estimation findings (Belsley et al., 1980). This is a diagnostic test used to establish whether there is a correlation between the independent variables. Testing was done using Variance inflation factors (VIF), which assesses how much the variance of an estimated regression coefficient increases if the predictors are correlated. If no factors are correlated, then VIF would be less than 10. If multicollinearity exists, the following remedies will be used to improve the model's validity: dropping one variable, obtaining more data from the field, and standardizing independent variables.

3.7.2 Objectivity

The study ensured that the research findings and conclusions were founded on the outcomes from the data that have been thoroughly analyzed and were not biased by the researcher. Therefore, the research process was separated from the researcher's beliefs and ideals.

3.8 Data analysis and presentation

After data is collected through surveys, interviews, observation, or secondary sources, Sekaran and Bougie (2013) advised that it should be edited, categorized, and blank responses handled. All the collected data was cleaned, coded, and entered into a computer for fast and accurate analysis. Qualitative data was analyzed using a thematic approach for the responses from the interview schedules. The information contained in the findings was sorted out, classified, and categorized under the themes identified. The frequency with which an idea, word, or description appears was interpreted as a measure of importance, attention, and

emphasis. Member retention was measured through a member retention ratio. The member retention ratio was calculated by: $1 - \frac{\text{members leaving}}{\text{members who were there at the beginning of the period}}$

Descriptive statistics such as mean and standard deviation were used to perform data analysis. The study employed cross-sectional data analysis where techniques like Ordinary Least Squares and stepwise regression models were employed. Cross-sectional data analysis was essential to this research study as it enabled the researcher to compare different variables at the same time. The data obtained was analyzed using descriptive statistics and inferential statistics (correlation analysis). The findings guided the researcher in drawing informed conclusions and later recommendations.

The regression models were estimated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

$Y =$ *Dependent variable (Member retention)*

$\alpha =$ *Model intercept*

$\beta_1 - \beta_3 =$ *Coefficient of independent variables*

$\beta_4 =$ *Coefficient of control variable*

$\chi_1 =$ *Financial factors*

$\chi_2 =$ *Corporate governance factors*

$\chi_3 =$ *Structural factors*

$\chi_4 =$ *Controlling variable*

3.9 Ethical issues in research

The ethical issues considered when carrying out this study are per those stated by Pilot and Hungler (1999), that is, principles of beneficence, respect for human dignity, and justice. The freedom of harm, exploitation, and risk-benefit ratio make up the principle of beneficence.

Regarding freedom from harm, there was no physical harm produced by participating in the study. Freedom from exploitation was observed by not exploiting the participants' vulnerabilities, which are minimal given the nature of the study. Concerning the risk-benefit ratio, the benefits of the study had to outweigh the costs involved. Before collecting both secondary and primary data, the researcher explained to the respondents in as much detail as possible the purpose of the study the nature of the data to be collected, and its use in the study, thus giving the participant the right to refuse to contribute to the study, withdraw from the study if they felt uneasy with the process or questions, not to respond to particular questions if they did not want to disclose specific information and finally request to skip particular questions if they do not want to disclose specific information and finally request for an explanation about any area of the research which was not clear. Data collection tools were kept safely and confidentially. The necessary research authorities were consulted, and NACOSTI and Strathmore University granted permission to carry out the research. Clearance for secondary data collection was obtained from the CEO of SASRA.



CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents data analysis on the research variables to determine patterns and relationships and to draw findings and conclusions. The chapter outlines descriptive statistics on the data of the study variables, diagnostic tests, correlation analysis, and the multiple regression models applied.

4.2 Response rate

A total of 176 questionnaires were administered to respondents for DTS, while 185 questionnaires were distributed for NDTS. Out of these, 99 questionnaires were filled out correctly, with 53 coming from DTS and 46 from NDTS.

The study aimed to encompass all saccos registered in the country, totaling 361 as of December 31, 2022, with 176 categorized as DTS and 185 as NDTS. However, for the research at hand, the data includes only those saccos with complete information, resulting in a reduced total of 265 saccos. The distribution of these saccos across the years 2021 and 2022 is detailed in the provided table. In 2021, there were 77 saccos included in the analysis, with 43 (16.2%) classified as NDTS and 34 (12.8%) as DTS. Conversely, in 2022, the number of saccos increased to 188, with 41 (15.5%) falling under the NDTS category and a significantly higher number, 147 (55.5%), belonging to the DTS classification. This distribution highlights the predominance of DTS saccos in the sample population for the research, comprising 68.3% of the total saccos included, compared to 31.7% for NDTS saccos. Table 4.1 below illustrates the response rate for secondary data.

Table 4.1: Crosstabulation

Crosstabulation					
			Year		Total
			2021	2022	
Group	NDTS	Count	43	41	84
		% of Total	16.2%	15.5%	31.7%
	DTS	Count	34	147	181
		% of Total	12.8%	55.5%	68.3%
Total		Count	77	188	265
		% of Total	29.1%	70.9%	100.0%

4.3 Descriptive analysis for primary data

4.3.1 Demographic characteristics

This section described the general information from the respondents, that is, the Type of SACCO, the duration of experience, the age of the Sacco and the size of the Sacco.

4.3.1.1 Type of SACCO

Figure 4.1 below shows the distribution of the type of Sacco. Results from the questionnaire show that most respondents were Deposit saccos, 55%, N=53 while 45% N=46 were non-deposit saccos.

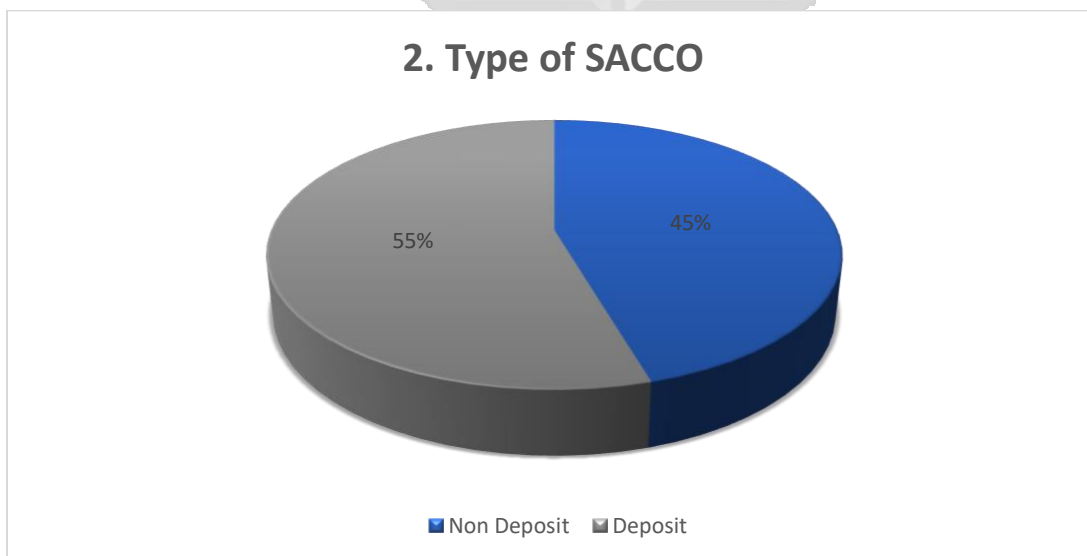


Figure 4.1: Type of Sacco

4.3.1.2 Duration of experience

The data presented in Figure 4.2 provides valuable insights into the diverse range of experiences among the participants. With a total of 99 respondents, the distribution across different experience brackets is evident. Notably, a significant proportion of participants, 37%, have 0-5 years of experience, showcasing a relatively newer cohort. Another substantial portion, 30%, has accumulated experience exceeding 15 years, indicating a seasoned group within the sample. This diversity in experience levels suggests a broad spectrum of perspectives that can contribute to a comprehensive understanding of member retention, as individuals with varying durations of experience may offer unique insights and considerations.

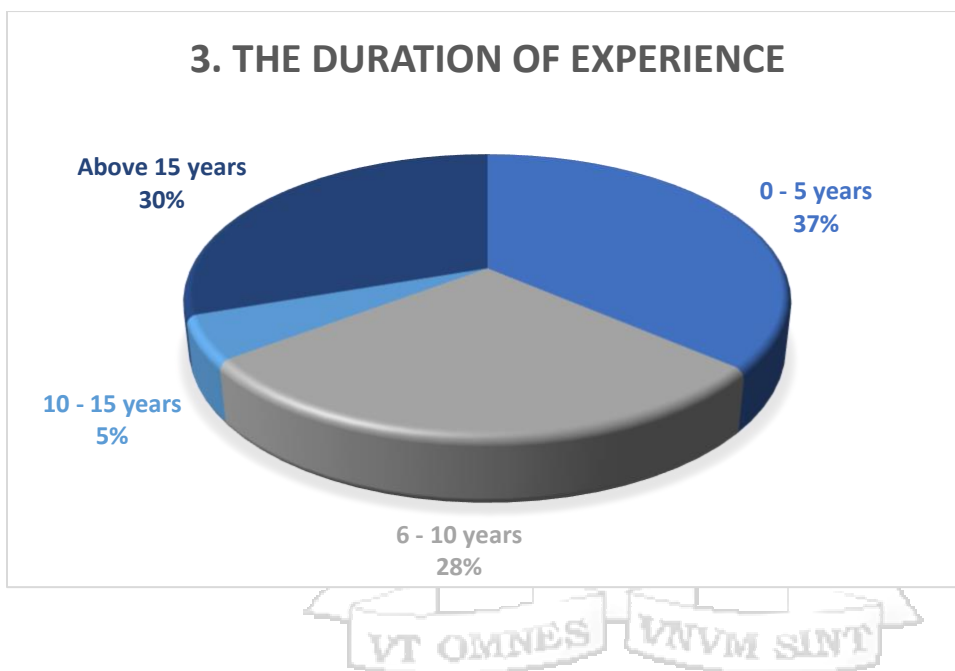


Figure 4.2: Duration of experience

4.3.1.3 How Long Has Sacco Been in Existence?

Table 4.2 reveals that all 99 respondents have actively participated in providing information regarding the duration of their SACCO's existence. This full engagement signifies a comprehensive coverage of the survey participants, ensuring a complete overview of the SACCOs' longevity. The study can confidently conclude the entire population by having data from all respondents, providing a robust foundation for assessing member retention strategies across SACCOs regulated by SASRA in Kenya.

Table 4.2: How long has the Sacco been in existence?

Frequency	Per cent
99	100.0

4.3.1.4 Size of Your SACCO

The distribution of SACCOs based on size, as presented in Figure 4.3, sheds light on the structural composition of the surveyed institutions. Notably, 58% of respondents belong to Tier 3 SACCOs, suggesting a predominant representation from larger SACCOs. The substantial presence of Tier 3 SACCOs in the sample may influence the findings, reflecting the perspectives and challenges specific to more extensive cooperative societies. The variations in SACCO sizes, ranging from Tier 1 to Tier 3, offer a nuanced understanding of the landscape, providing a basis for analyzing member retention strategies that may vary in their applicability across different-sized SACCOs.

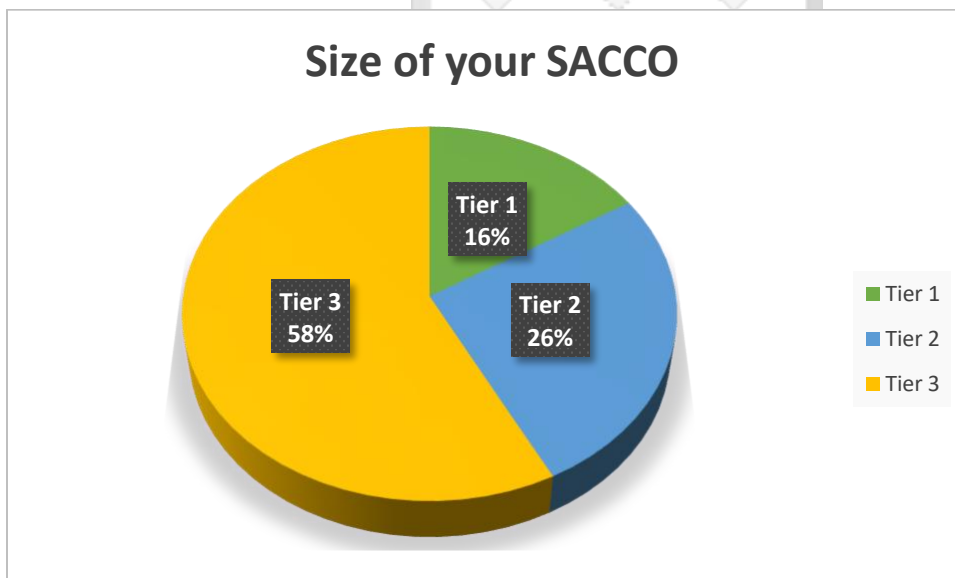


Figure 4.3: Size of your Sacco

4.3.2 Descriptive statistics

To evaluate the perspectives of SACCO management on member retentions, factors determining member retention among Deposit-Taking and Non-Deposit-Taking SACCOs were analyzed to provide insights into the management of members' retentions.

4.3.2.1 Financial factors and member retention

To understand the effects of financial factors on member retention, respondents were given a set of questions. They were asked to rate from 1 to 5, where 1 represents "strongly disagree" and 5 represents "strongly agree." Table 4.3 presents findings on descriptive statistics on the financial factors and member retention.

Table 4.3: Descriptive statistics

Descriptive Statistics (Cronbach's Alpha = 0.650)			
	N	Mean	Std. Deviation
1. Sacco's steady asset growth has a beneficial impact on member retention.	99	4.24	0.656
2. The SACCO can provide members with more extraordinary services if its asset growth rate is higher.	99	4.34	0.894
3. an essential gauge of Sacco's overall financial health is asset growth.	99	3.97	0.677
4. A continually profitable SACCO is better equipped to provide its members with updated financial offerings.	99	4.19	0.488
5. Members are more loyal because they value being a member of a profitable SACCO.	99	3.75	0.993
6. Members are encouraged to continue participating in the SACCO by offering competitive interest rates on savings.	99	4.1	0.92
7. The decision of members to maintain their SACCO membership is substantially influenced by changes in interest rates on Loans.	99	3.29	1.003
Valid N (listwise)	99	3.98	0.80

The findings from the questionnaire on financial factors and member retention, as summarized in the descriptive statistics table 4.3, reveal several noteworthy insights. The respondents, consisting of members from Deposit-Taking and Non-Deposit-Taking SACCOs regulated by SASRA in Kenya, provided ratings on a scale from 1 to 5 for various statements related to financial aspects and their impact on member retention. Notably, the mean scores for most statements are relatively high, ranging from 4.05 to 4.33, indicating a generally positive perception among participants.

Expressly, respondents strongly agree (mean = 4.33) that a continually profitable SACCO is better equipped to provide updated financial offerings to its members. Similarly, the perceived impact of asset growth on member retention is favorable, with means ranging from 4.10 to 4.29 for statements related to SACCO's overall financial health and the provision of more excellent services to members. The findings suggest that members value their SACCO's financial stability and growth, viewing it as a crucial factor in their decision to remain members. However, it is worth noting that the mean score for the influence of changes in interest rates on loans on members' decisions to maintain SACCO membership is slightly lower (mean = 3.62), indicating that this aspect might have a less pronounced effect on member retention compared to other financial factors. Overall, Cronbach's Alpha of 0.650 indicates moderate internal consistency among the items, reinforcing the reliability of the responses.

The survey clarified the perceived financial factors that affect member retention in a savings and credit cooperative (SACCO). Participants' perspectives were divided, as evidenced by their comments, which noted interest rates as a significant factor determining member retention. Two particular focus areas were how interest rates related to loans were articulated and how quickly loans were processed. In addition, the participants recognized excess, profitability, and asset-related criteria like growth and quality as crucial elements influencing member retention. Surprisingly, a portion of respondents emphasized the value of member-only loyalty programs. The diversity of answers suggests that members evaluate various financial factors, such as interest rates, financial success metrics, and service quality, as critical to assessing whether the SACCO is effective in keeping members. Together, these judgments provide a complex and all-encompassing view of the financial elements that members believe contribute to their loyalty to the SACCO.

4.3.2.2 Corporate Governance factors and member retention

The findings from the questionnaire on Corporate Governance factors and member retention, summarized in the descriptive statistics table 4.8, offer insights into how respondents perceive the governance structures within their SACCOs and their potential influence on member retention.

Table 4.4: Corporate Governance factors and member retention

Descriptive Statistics (Cronbach's Alpha = 0.634)			
	N	Mean	Std. Deviation
1. The size of the board, as it is now in your SACCO, is suitable for efficient decision-making.	99	4.2	0.892
2. A bigger board allows more diverse viewpoints to be considered when making decisions.	99	2.79	1.163
3. Discussions can be more effectively and narrowly focused on a smaller board.	99	3.67	1.116
4. The board is made up of people with a range of qualifications and experience.	99	4.08	1.075
5. Members of the board have experience in finance and regulation.	99	3.54	1.072
6. The age ranges represented on the board are diverse.	99	3.67	1.325
7. The board has a varied range of ethnic origins.	99	2.94	1.227
Valid N (listwise)	99	3.556	1.124

Notably, respondents generally agree (mean = 4.05) that the current size of the board in their SACCO is suitable for efficient decision-making. This suggests an optimistic perception regarding the board's efficiency and decision-making capabilities with the current composition. However, there is a notable variation in responses to other statements. While respondents' express agreement (mean = 4.10) that the board comprises individuals with a range of qualifications and experience, there is a lower mean score (mean = 2.81) regarding the belief that a bigger board allows for more diverse viewpoints.

The findings also suggest that respondents recognize the importance of expertise in finance and regulation among board members (mean = 3.57) and acknowledge the value of diverse age ranges on the board (mean = 3.57). However, there is a lower agreement (mean = 2.86) regarding the diversity of ethnic origins on the board. The Cronbach's Alpha of 0.634

indicates moderate internal consistency among the items, reinforcing the reliability of the responses. Overall, these findings shed light on how members perceive various aspects of corporate governance and how these factors may contribute to or influence member retention within their SACCOs.

Respondents to a survey on perceived corporate governance elements affecting member retention in savings and credit cooperatives (SACCOs) offered a variety of perspectives. A noteworthy emphasis was made on the importance of board diversity, as indicated by multiple respondents who emphasized this factor's critical role in affecting member retention. The diversity of the board was notably highlighted, demonstrating an understanding of the influence these factors have on members' choices to remain members of the cooperative. Moreover, the range of answers regarding board diversity and composition implies that members consider representation and inclusivity in the SACCO's leadership essential factors in their choice to stay associated. Acknowledging these components of governance suggests that members appreciate the diversity of viewpoints and backgrounds represented on the board in addition to the board's performance.

This comprehensive analysis of the corporate governance elements in the SACCO that influence member loyalty is in line with the expanding understanding of the significance of inclusion and diversity in organizational governance. Members demonstrate their understanding that a diverse and inclusive leadership structure is essential to establishing trust and creating community among SACCO stakeholders by highlighting the board's diversity and composition. From the members' perspective, these insights provide an invaluable understanding of the intricate interactions among corporate governance elements, especially those about board diversity and composition. The leadership of SACCOs can be guided by these nuanced viewpoints when improving corporate governance procedures to suit better the needs and preferences of its members, which will ultimately result in higher member retention.

4.3.2.3 Structural factors and member retention

Table 4.5 presents the structural factors that influence member retention. According to Table 4.5, the results suggest a positive perception among respondents regarding the influence of certain structural factors on member retention. Notably, there is substantial agreement (mean = 4.19) that SACCO's industry longevity positively impacts member retention, indicating that

the historical presence and stability in the industry contribute to retaining members. Additionally, respondents strongly agree (mean = 4.24) that SACCO's credibility with its members is boosted by a solid capital base, underscoring the importance of financial strength in fostering member trust and loyalty.

Moreover, there is agreement (mean = 4.14) that regulatory changes impact SACCO's member retention strategies, highlighting the need for adaptability and responsiveness to regulatory shifts. However, respondents express slightly lower agreement (mean = 3.81) regarding the influence of the SACCO's size on the scope of services offered and its subsequent effect on member loyalty. The Cronbach's Alpha of 0.424 indicates lower internal consistency among the items, suggesting a degree of variability in how respondents perceive the structural factors related to member retention. These findings contribute to understanding the intricate interplay between structural elements and member retention strategies within SACCOs.

Table: 4.5: Influence of Structural factors on member retention

Descriptive Statistics (Cronbach's Alpha = 0.424)			
	N	Mean	Std. Deviation
1. Member retention is positively impacted by Sacco's industry longevity.	99	4	0.821
2. A solid capital base boosts the Sacco's credibility with its members.	99	4.07	0.759
3. Sacco's member retention strategies are impacted by regulatory changes.	99	4.06	0.843
4. The scope of services given by a SACCO is influenced by its size, which affects member loyalty.	99	3.64	1.305
Valid N (listwise)	99	3.9425	0.932

Respondents to a survey on perceived structural elements affecting member retention in savings and credit cooperatives (SACCOs) offered a variety of perspectives. Significant emphasis was placed on the importance of capital structure and regulation, with many respondents emphasizing these elements as critical in determining member retention. The

SACCO's capital structure and regulatory environment were particularly emphasized, demonstrating an understanding of these factors influence on members' decisions to stick with the cooperative. Moreover, several respondents found Sacco's age to be another significant issue. It was recognized that the SACCO's age or length was a significant factor in member retention. This acknowledgement implies that members might give SACCOs with longer histories of operation a degree of trust and stability.

The range of replies about regulation, capital structure, and the Sacco age suggests that members have a complex understanding of structural factors that support their allegiance to the SACCO. The acknowledgement of multiple elements suggests that members evaluate the overall structure, including regulatory adherence, capital structure, and institutional background while determining whether to stay affiliated with the cooperative.

4.3.2.4 SACCO Management Perspectives on Member Retention

The study examined how respondents conceptualized and measured member retention in Savings and Credit Cooperatives (SACCOs). Most participants defined member retention as the number of active members; however, some added a temporal component by considering members who remain active for longer than a year. Various indicators were used to assess retention, such as the number of active members, net members, and monthly donations. Corporate governance considerations were found to have a secondary influence on member retention after financial factors.

Respondents emphasized a range of tactics employed by SACCOs to augment member retention. These tactics included expedited service response times, competitive loan interest rates, member education programs, novel product offerings, segmented training schemes, varied services, door-to-door marketing campaigns, and enhanced customer support. The development of transparency and trust—which are essential for keeping members—was emphasized by adherence to rules, open disclosure policies, member education, clear charges, frequent updates, and effective feedback systems.

Adherence to regulatory authorities, enabled by report filings and outside audits, has become essential to reassuring members and, in turn, improving retention. Upgrading client satisfaction, offering competitive interest rates and creative goods, and utilizing technology innovations were all part of the future objectives to support member retention. One of the most critical aspects of SACCO's strategy to create long-lasting member connections is

recognizing and rewarding member loyalty through incentives like certificates, tokens at Annual General Meetings (AGMs), annual appreciation tokens, and senior products and services that are specifically designed for them.

4.4 Descriptive Statistics for Secondary data

4.4.1 Overall Descriptive Statistics

Table 4.6 below summarizes the main characteristics of the research variables. It provides insights into central tendencies, variability, and distribution and provides a basis for further analysis and testing.

Table 4.6: Descriptive Tests Summary

Descriptive Statistics							
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
Profitability (ratio)	265	- 0.567	0.942	0.586	0.224	- 1.887	7.331
Interest rate (ratio)	265	- 0.074	0.393	0.110	0.071	1.276	2.724
Asset growth (ratio)	265	- 0.666	0.080	0.018	0.046	- 12.658	187.968
Asset quality (ratio)	265	-	4.027	0.102	0.310	9.822	111.715
Board size	265	7.000	12.000	9.132	0.954	1.578	4.958
Board diversity (ratio)	265	0.111	0.444	0.352	0.060	0.054	0.414
Capital structure (ratio)	265	-	0.706	0.030	0.081	5.046	32.018
Valid N (listwise)	265						

Source: Author computation, 2023

Data output in Table 4.6 above shows that the firms' profitability appears positive, with an average profitability of 0.586. There is some variability in profitability levels, as indicated by a standard deviation of 0.224. The slight negative skewness (-1.887) suggests that more firms have less profitability, and the high kurtosis (7.331) indicates that there may be a few firms with exceptionally high profits. On average, the interest rates are at 0.110, with relatively low variability (standard deviation of 0.071). The distribution appears to be close to normal, as indicated by the slight positive skewness (1.276) and moderate kurtosis (2.724). The firms have experienced modest asset growth, with an average of 0.018 and low variability (standard deviation of 0.046). The high negative skewness (-12.658) suggests that more firms have experienced high asset growth, and the very high kurtosis (187.968) points to a distribution with extremely heavy tails, potentially containing extreme values. Asset quality, with an average of 0.102, appears to have moderate but considerable variability (standard deviation of 0.310). The high positive skewness (9.822) and kurtosis (111.715) indicate that the distribution is highly right-skewed and has heavy tails, likely containing outliers. The average board size is approximately 9.132 members, indicating a moderately sized board. Some variability in board size is observed, with a standard deviation of 0.954. The positive skewness (1.578) suggests that more firms have relatively larger boards, and the kurtosis of 4.958 indicates moderately heavy tails. Board diversity, with an average of 0.352, shows some level of diversity on average, with limited variability (standard deviation of 0.060). The slight positive skewness (0.054) and kurtosis (0.414) suggest that the distribution is close to normal, with a low likelihood of extreme values. Regarding capital structure, the firms seem to rely relatively less on debt financing, as indicated by the low average of 0.030. There is moderate variability (standard deviation of 0.081) in capital structure. The high positive skewness (5.046) and kurtosis (32.018) suggest that the distribution is right-skewed with heavy tails, possibly containing outliers. Firms are relatively large, with an average size of approximately 3.18 billion. There is significant variability in firm size, as shown by the substantial standard deviation of about 7.13 billion. The positive skewness (5.420) and high kurtosis (36.545) indicate a right-skewed distribution with heavy tails, likely due to extremely large firms.

4.4.2 Comparative analysis – DTS vs Non DTS

In order to evaluate member retention rates in DTS and NDTS, an independent t-test was initially carried out for both the dependent and independent variables. To ensure the data met the normality assumption, the One-Sample Kolmogorov-Smirnov Test was conducted. However, the results presented in Table 4.7 revealed that none of the variables exhibited a normal distribution. Consequently, non-parametric tests, specifically the Independent-Samples Median Tests, were employed as an alternative to the independent t-tests.

Table 4.7: Normality tests

One-Sample Kolmogorov-Smirnov Test			
	Null Hypothesis	Sig.	Decision
1	The distribution of the Retention Rate is normal, with a mean of 0.7909 and a standard deviation of 0.237.	0.0000	Reject the null hypothesis.
2	The distribution of Profitability is normal, with a mean of 0.4136 and a standard deviation of 0.224.	0.0011	Reject the null hypothesis.
3	The distribution of Interest rate is normal, with a mean of 0.1103 and a standard deviation of 0.071.	0.0000	Reject the null hypothesis.
4	The distribution of Asset growth is normal, with a mean of 0.0183 and a standard deviation of 0.046.	0.0000	Reject the null hypothesis.
5	The distribution of Asset quality is normal, with a mean of 0.1015 and a standard deviation of 0.310.	0.0000	Reject the null hypothesis.
6	The distribution of Board size is expected, with a mean 9 and a standard deviation of 0.954.	0.0000	Reject the null hypothesis.
7	The distribution of Board diversity is normal, with a mean of 0.3516 and a standard deviation of 0.060.	0.0000	Reject the null hypothesis.
8	The distribution of Capital structure is normal, with a mean of 0.0304 and a standard deviation of 0.081.	0.0000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

¹Lilliefors Corrected

The independent-sample median tests in Table 4.7 revealed significant differences across the categories of Regulations, which refer to whether an organization is a member of Deposits Saccos (DTS) or Non-Deposit Saccos (NDTS). The null hypothesis suggesting that the

medians are equivalent across these categories has been decisively rejected in each case. Specifically, for Retention Rate, Profitability, Interest rate, Asset growth, Asset quality, Board size, Capital structure, and the medians exhibited significant disparities between DTS and NDTS. These outcomes underscore the notable influence of regulatory status, distinguishing DTS from NDTS, on these key variables within the study context. It is essential to highlight that while the null hypothesis for Board diversity was also rejected, the significance level was slightly higher at 0.020, indicating a weaker association between regulatory status and Board diversity.

Table 4.8: Independent-Samples Median Test

	Null Hypothesis	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)	Decision
1	The medians of Retention Rate are the same across categories of Regulations.	4506.000	8076.000	-5.333	0.000	Reject the null hypothesis.
2	The medians of Profitability are the same across categories of Regulations.	3145.000	6715.000	-7.677	0.000	Reject the null hypothesis.
3	The medians of Interest rates are the same across categories of Regulations.	2706.000	6276.000	-8.400	0.000	Reject the null hypothesis.
4	The medians of Asset growth are the same across categories of Regulations.	4081.000	7651.000	-6.065	0.000	Reject the null hypothesis.
5	The medians of Asset quality are the same across categories of Regulations.	3264.000	6834.000	-7.472	0.000	Reject the null hypothesis.
6	The medians of Board size are the same across categories of Regulations.	5600.000	9170.000	-5.866	0.000	Reject the null hypothesis.
7	The medians of Board diversity are the same across categories of Regulations.	6462.500	22933.500	-2.318	0.020	Reject the null hypothesis.
8	The medians of Capital structure are the same across categories of Regulations.	6056.000	9626.000	-2.975	0.003	Reject the null hypothesis.
9	The medians of Size are the same across categories of Regulations.				0	Reject the null hypothesis.

A further analysis of key mean differences between DTS and Non-DTS is presented in Figure 4.4 below.

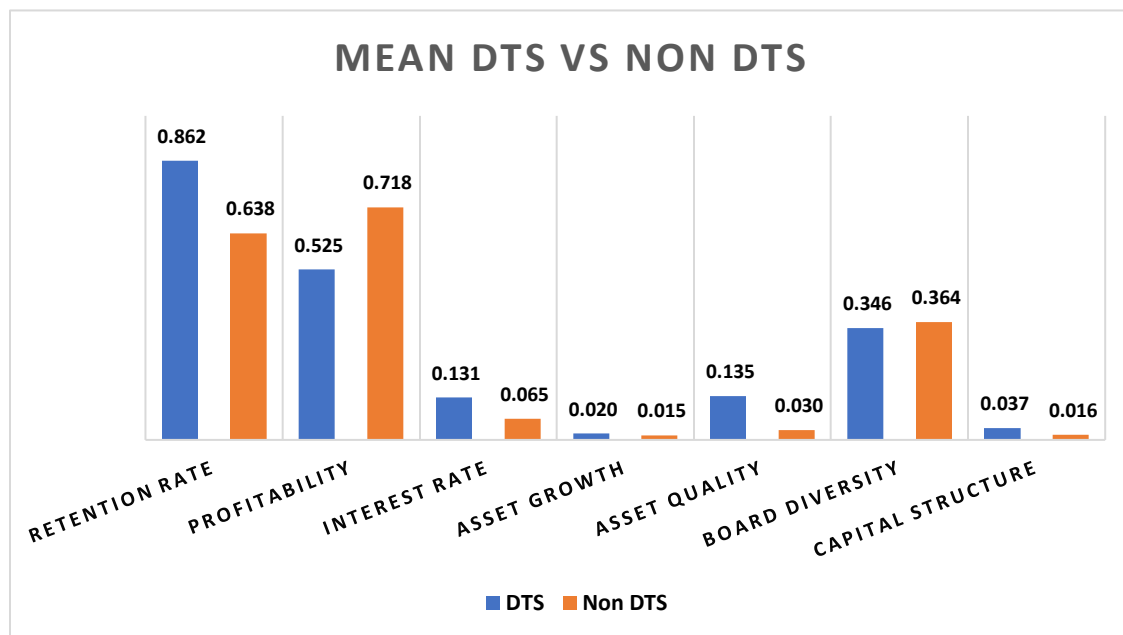


Figure 4.4: Comparative analysis – Mean DTS vs Non DTS plot

Figure 4.4 shows the summary of means for variables in Deposits Saccos (DTS) and Non-Deposit Saccos (Non-DTS) revealing notable differences between the two categories. DTS exhibits a higher mean retention rate, indicating stronger member retention. However, Non-DTS organizations showcase higher profitability despite lower member retention. DTS offers higher interest rates to its members, reflecting more attractive financial products. Asset growth and asset quality show marginal differences, with DTS slightly ahead. Board diversity demonstrates a slight distinction, with non-DTS slightly higher. DTS organizations rely more on debt financing and tend to have larger boards and significantly larger assets. These findings emphasize the contrasting characteristics of DTS and non-DTS organizations, spanning member retention, asset quality, and profitability.

4.5 Diagnostic Testing

The study deployed the use of diagnostic tests on the data before commencing analysis of the relationships and patterns between the study variables. Normality test, heteroscedasticity test, test for multicollinearity, and stationarity tests were performed as shown in the ensuing subsections.

4.5.1 Test for Normality

A normality histogram was used to check for normality. If the probability density curve well covers the histogram, it implies the data is standard. From Figure 4.5 below, the histogram is well curved with the density curve, but we have a leptokurtic curve, which raises doubts about normality.

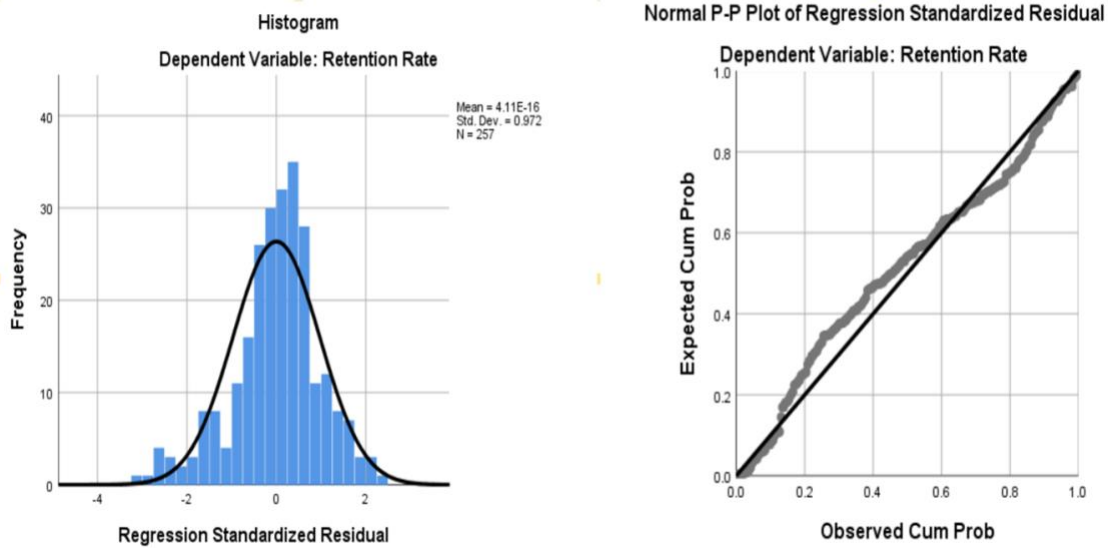


Figure 4.5: Normality Test – Histogram and Normal P-P plot

4.5.2 Test for Heteroscedasticity

Breusch - Pagan test was used to assess homoscedasticity. The test regresses the residuals on the fitted values or predictors and checks whether they can explain any of the residual variances. The null hypothesis is that the residual variance is constant.

Table 4.9: Breusch - Pagan Test for Heteroscedasticity

Breusch-Pagan Test for Heteroskedasticity ^{a,b,c}		
Chi-Square	Df	Sig.
57.637	1	0.000
a. Dependent variable: RR		
b. Tests the null hypothesis that the variance of the errors does not depend on the values of the independent variables.		

Source: Author computation, 2023

The findings in Table 4.9 show that ($\chi^2(1) = 57.637, p < 0.05$) hence reject the null hypothesis and conclude that the variance is not constant. This was corrected by using heteroskedasticity-robust standard errors.

4.5.3 Test for Multicollinearity

Multi-collinearity has been defined as the problem that arises when two or more independent variables are highly correlated (Brooks, 2012). Tests were conducted using the Variance Inflation Factor (VIF). Prior studies show that a VIF that is less than ten implies no multi-collinearity (Dao & Pham, 2014).

Table 4.10: Variance Inflation Factor (VIF) Test for Multicollinearity

Coefficients	Collinearity Statistics	
	Tolerance	VIF
Profitability	0.342	2.92
Interest rate	0.526	1.902
Asset growth	0.66	1.515
Asset quality	0.614	1.629
Board size	0.662	1.51
Board diversity	0.752	1.33
Capital structure	0.639	1.566
FOSA/TOTAL DEPOSIT	0.75	1.334
Core capital/total assets	0.267	3.746
Core capital/total deposits	0.23	4.351
Technical Liquidity Ratio	0.903	1.107
Cost Income Ratio	0.624	1.603
Regulations	0.282	3.544

a Dependent Variable: Retention Rate

Source: Author computation, 2023

According to the findings in Table 4.10 above, the VIF of the independent variables ranged between 1.02 and 2.05. The VIF values showed no multi-collinearity since they were below 10 (Brooks, 2012; Dao & Pham, 2014).

4.6 Correlation Analysis

Spearman's rank correlation coefficient was used for the study. This is a nonparametric rank statistic that measures the strength of a relationship between two variables (Piovani, 2008). Unlike Pearson's correlation coefficient, Spearman's does not require the assumption that variables are linear (Piovani, 2008). Table 4.11 shows the correlation matrix.

The findings show that the correlation coefficients between retention rate and profitability were positive and significant ($r(265) = 0.289, p < 0.05$). This implies that the relationship between retention rate and profitability was weak and directly related. The findings show that the correlation coefficients between retention rate and interest rates were positive and significant ($r(265) = 0.286, p < 0.05$). This implies that the relationship was weak and positively related; that is, an increase in interest rates is associated with an increase in retention rates. The correlation coefficients between retention rate and asset growth were positive and significant ($r(265) = 0.206, p < 0.05$). This implies that the relationship was fragile and positively related, i.e., increased retention rate is associated with increased asset growth. A similar finding was observed between retention rate and size ($r(265) = 0.148, p < 0.05$). Other independent variables such as asset quality, board size, board diversity and capital structure were found to have a weak correlation but insignificant at a 5% significance level.

The findings show that the correlation coefficients between retention rate and profitability, interest rates and asset growth were positive and significant.

Table 4.11: Correlation matrix

		Retention Rate	Profitability	Interest rate	Asset growth	Asset quality	Board size	Board diversity	Capital structure
Retention Rate	R	1	.289**	.286**	.206**	0.095	0.062	-0.077	0.051
	p value		0.000	0.000	0.001	0.123	0.316	0.209	0.413
	N	265	265	264	265	265	265	265	263
Profitability	R	.289**	1	.490**	-.204**	.529**	0.077	-0.084	.388**
	p value	0.000		0.000	0.001	0.000	0.209	0.173	0.000
	N	265	265	264	265	265	265	265	263
Interest rate	R	.286**	.490**	1	.136*	.153*	0.074	-0.116	0.093
	p value	0.000	0.000		0.027	0.013	0.228	0.059	0.134
	N	264	264	264	264	264	264	264	262
Asset growth	R	.206**	-.204**	.136*	1	-.312**	0.088	-0.033	-.468**
	p value	0.001	0.001	0.027		0.000	0.152	0.597	0.000
	N	265	265	264	265	265	265	265	263
Asset quality	R	0.095	.529**	.153*	-.312**	1	0.003	-0.056	.277**
	p value	0.123	0.000	0.013	0.000		0.955	0.360	0.000
	N	265	265	264	265	265	265	265	263
Board size	R	0.062	0.077	0.074	0.088	0.003	1	-.464**	0.083
	p value	0.316	0.209	0.228	0.152	0.955		0.000	0.180
	N	265	265	264	265	265	265	265	263
Board diversity	R	-0.077	-0.084	-0.116	-0.033	-0.056	-.464**	1	-0.071
	p value	0.209	0.173	0.059	0.597	0.360	0.000		0.248
	N	265	265	264	265	265	265	265	263
Capital structure	R	0.051	.388**	0.093	-.468**	.277**	0.083	-0.071	1
	p value	0.413	0.000	0.134	0.000	0.000	0.180	0.248	
	N	263	263	262	263	263	263	263	263

4.7 Multiple Regression Models

Ordinary Least Squares (OLS) regression analysis was used to examine the relationship between the independent variables and dependent variables. A stepwise regression procedure was used for the estimation. Retention Rate is the dependent variable in the models. The regression models are presented in Table 4.12 below.

Table 4.12: Regression Equations

Dependent Variable = Retention Rate

<p>Model 1: Retention Rate= $\beta_0 + B_{11} * \text{Profitability} + B_{12} * \text{Interest rate} + B_{13} * \text{Asset growth} + B_{14} * \text{Asset quality} + B_{51-54} * \text{Control variables}$</p> <p>Model 2: Retention Rate= $\beta_0 + B_{11} * \text{Profitability} + B_{12} * \text{Interest rate} + B_{13} * \text{Asset growth} + B_{14} * \text{Asset quality} + B_{21} * \text{Board size} + B_{22} * \text{Board diversity} + B_{23} * \text{Capital structure} + B_{24} * \text{Credit quality} + B_{51-54} * \text{Control variables}$</p> <p>Model 3: Retention Rate= $\beta_0 + B_{11} * \text{Profitability} + B_{12} * \text{Interest rate} + B_{13} * \text{Asset growth} + B_{14} * \text{Asset quality} + B_{21} * \text{Board size} + B_{22} * \text{Board diversity} + B_{23} * \text{Capital structure} + B_{24} * \text{Credit quality} + B_{31} * \text{Regulations} + B_{51-54} * \text{Control variables}$</p>

Source: Author computation, 2023



4.7.1 Summary of the models

The model summary is presented in Table 4.13 below.

Table 4.13: Model summary

Dependent Variable			
Independent variables	Model 1	Model 2	Model 3
Observations	259	259	257
R-squared	21%	25%	28%
F	12.53	10.9	9.847
RMSE	0.197	0.196	0.195
P value	0.0000	0.0000	0.0000
<i>Financial factors</i>	Yes	Yes	Yes
<i>Control variables</i>	Yes	Yes	Yes
<i>Corporate governance factors</i>	No	Yes	Yes
<i>Structural factors</i>	No	No	Yes

According to the findings, it was found that Model 1 showed statistical significance with an F-statistic of $F(8,250) = 39.89, p < .05$. The multiple correlation coefficient was 0.58, indicating that approximately 21% of the variation in the retention rate could be attributed to the independent variables, while the remaining (1-0.21) % represented unexplained variation. Similarly, Model 2 was also significant, with an F-statistic of $F(10,248) = 11.41, p < .05$. The multiple correlation coefficient for Model 2 was 0.59, suggesting that roughly 25% of the variation in the retention rate could be explained by the independent variables, and (1-0.25) % represented unexplained variation.

Moving on to Model 3, it was found to be statistically significant with an F-statistic of $F(11,247) = 11.44, p < .05$. The multiple correlation coefficient for Model 3 was 0.60, indicating that the independent variables could account for approximately 28% of the variation in the retention rate, and (1-0.28) % represented unexplained variation.

4.7.2 Effect of Financial Factors on Retention Ratio

In the first model, financial factors and control variables were used to assess the effect of member retention strategies.

4.7.2.1 Effect of profitability on Retention rate

According to the findings in Table 4.14 below, profitability was found to be significant in the three models; *Model 1: ($\beta = 0.0579, p < 0.05$), Model 2: ($\beta = 0.0638, p < 0.05$) and Model 3: ($\beta = 0.0388, p < 0.05$)*. In the presence of control variables and interaction terms, profitability had a positive effect on retention rates, which means a unit increase in profitability will result in increase in retention rates, holding other factors constant.

4.7.2.2 Effect of interest rate on Retention rate

According to the findings in Table 4.14 below, interest rate was found not to be significant in the three models; *Model 1: ($\beta = -0.0124, p > 0.05$), Model 2: ($\beta = -0.0114, p > 0.05$) and Model 3: ($\beta = 0.0008, p > 0.05$) even though the effect was negative*.

4.7.2.3 Effect of Asset growth on Retention rate

According to the findings in Table 4.14 above, asset growth was found to be significant in the three models; *Model 1: ($\beta = -0.0505, p < 0.05$), Model 2: ($\beta = -0.0537, p < 0.05$), and Model 3: ($\beta = -0.0551, p < 0.05$)*. In the presence of control variables and interaction terms, asset growth hurt retention rates, which means a unit increase in asset growth will result in a decrease in retention rates, holding other factors constant.

4.7.2.4 Effect of Asset quality on Retention rate

According to the findings in Table 4.14 above, asset quality was found not to be significant in the three models; *Model 1: ($\beta = -0.0015, p > 0.05$), Model 2: ($\beta = 0.0011, p > 0.05$), and Model 3: ($\beta = 0.0044, p > 0.05$)*.

The results of the regression coefficients are presented in Table 4.14 below.

Table 4.14: OLS Results

Dependent Variable			
Independent variables	Model 1	Model 2	Model 3
Zprofitability	0.0579*** (0.0183)	0.0638*** (0.0185)	0.0388* (0.021)
Zinterestrate	-0.0124 (0.0164)	-0.0114 (0.0164)	0.0008 (0.017)
Zassetgrowth	-0.0505*** (0.0135)	-0.0537*** (0.0135)	(0.0551*** (0.0148)
Zassetquality	-0.0015 (0.0153)	0.0011 (0.0153)	-0.0044 (0.0154)
Zboardsize		0.0292** (0.0147)	0.0340** (0.0148)
Zboarddiversity		0.0045 (0.0141)	0.0065 (0.0141)
Zcapitalstructure			-0.0146 (0.0155)
Regulations			-0.1202** (0.0491)
FOSA/TOTAL DEPOSIT	-0.1267** (0.0607)	-0.1172* (0.0606)	-0.1218** (0.0606)
Core capital/total assets	-0.6156** (0.2491)	-0.6183** (0.2485)	-0.7248*** (0.2514)
Technical Liquidity Ratio	0.3161*** (0.0742)	0.3115*** (0.0741)	0.2938*** (0.074)
Cost Income Ratio	0.1915*** (0.0614)	0.2105*** (0.0618)	0.1448** (0.0668)
Core capital/total deposits	0.2008 (0.1252)	0.1891 (0.1248)	0.3037** (0.1326)
Constant	0.2333*** (0.0344)	0.2312*** (0.0343)	0.3243*** (0.0499)

Source: Author computation, 2023

4.7.3 Effect of Corporate Governance Factors on Retention Ratio

In model 2, corporate governance was added in the model in addition to variables in model 1.

4.7.3.1 Effect of Board size on Retention rate

According to the findings in Table 4.14 above, board size was found to be significant in the two models; *Model 2: ($\beta = 0.0292, p < 0.05$), and Model 3: ($\beta = 0.0340, p < 0.05$)*. In the presence of control variables and interaction terms, board size had a positive effect on retention rates, which means a unit increase in board size will result in increase in retention rates, holding other factors constant.

4.7.3.2 Effect of Board diversity on Retention rate

According to the findings in Table 4.14 above, board diversity was found not to be significant in the two models; *Model 2: ($\beta = 0.0045, p > 0.05$), and Model 3: ($\beta = 0.0065, p > 0.05$)* even though the effect was positive.

4.7.4 Effect of Structural Factors on Retention Ratio

In Model 3, structural factors were added to the model in addition to variables in Model 2.

4.7.4.1 Effect of Regulations on Retention Rate

According to the findings in Table 4.14 above, regulations was found to be significant in the last model; *Model 3: ($\beta = -0.1202, p < 0.05$)*. In the presence of control variables and interaction terms, regulations hurt retention rates, which means deposit saccos had a lower retention rate than non-deposit saccos holding other factors constant.

4.7.4.2 Effect of Capital structure on Retention rate

According to the findings in Table 4.14 above, the capital structure was found not to be significant in the last model; *Model 3: ($\beta = -0.046, p > 0.05$)* even though the effect was negative.

4.8 Chapter Summary

The analysis investigated the impact of various factors on member retention rates across different models. Diagnostic tests were conducted on the models to see if they were significant. A correlation analysis followed by Ordinary Least Squares analysis was used. The model used was a stepwise regression model where independent variables were added step by step. Descriptive statistics were also used to find out the perspectives of SACCO management on member retention.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarises the study, highlighting the problem statement, research aims, methodology, and findings. The chapter also includes conclusions about all of the specific objectives. The chapter also makes recommendations in light of the conclusions and findings. The chapter concludes by outlining the study's shortcomings and outlining potential areas for more research.

5.2 Summary and Discussions

The primary objective of the study was to examine the factors that determine member retention in Deposit-Taking SACCOs (DTS) and Non-Deposit-Taking SACCOs (NDTS) in Kenya. The study was designed with three objectives in mind: first, to assess the member retention levels in DTS and NDTS; second, to establish organizational characteristics of SACCOs that support member retention strategies for both kinds of SACCOs; and third, to evaluate the management of SACCOs' perspectives on member retention. The study utilized a mixed-approaches approach in its methodology, including quantitative and qualitative data collection methods. All DTS and NDTS registered with SASRA were included in the study. The analytical framework used multiple regression analysis and descriptive statistics to interpret the data. The study's summarized results are provided below.

5.2.1 Member retention levels in Deposit-Taking and Non-Deposit-Taking SACCOs

The study's first objective was to assess member retention levels in Deposit-Taking and Non-Deposit-Taking SACCOs in Kenya. The results showed that DTS and NDTS had comparable member retention rates since DTS had a greater mean retention rate. Non-DTS organizations, on the other hand, demonstrated greater profitability despite poorer member retention. Members of DTS receive more excellent interest rates, which indicates more alluring financial items. There are minor variations in asset growth and quality, with DTS coming out on top. Diversity on the board showed a marginal difference, with non-DTS scoring somewhat higher. DTS organizations typically have larger boards and assets because they depend more on debt funding. These results highlight the differences between DTS and non-

DTS companies in terms of member retention, asset quality, and profitability, among other factors.

5.2.2 SACCO organizational factors affecting member retention strategies

The second objective of this study aimed to identify organizational factors within Savings and Credit Cooperatives (SACCOs) that contribute to member retention strategies in both Deposit-Taking SACCOs (DTS) and Non-Deposit-Taking SACCOs (NDTS). These organizational elements were divided into structural, corporate governance, and financial. Profitability was shown to be a statistically significant factor that positively impacted member retention; this finding was consistent with the comments that respondents provided. This result is consistent with the study done by Bwana and Mwakujonga (2013), who found an association between the size of members in SACCOs and their financial success and pointed to substandard financial services as a reason why members leave the SACCOs.

Additionally, the study discovered that interest rates hurt member retention and were not statistically significant. Interestingly, most respondents thought interest rates had the most significant impact on SACCO's capacity to keep members. This finding is consistent with the study by Koskei and Naibei (2017), which found that loan interest rates have the most significant impact on members' loyalty to the SACCO.

In contrast to the first assumed positive association, the study's findings showed that asset growth was a significant element that had an unexpectedly negative effect on member retention rates. However, there was a direct correlation between this surprising discovery and the respondents' data. On the other hand, the results showed that asset quality was not considered significant and hurt member retention rates, defying the favorable link that was predicted. This result was in line with the information gathered from the participants. These findings contradict the claims of Barus et al. (2017) that asset quality had a favorable impact on the financial performance of Kenyan Savings and Credit Cooperative Societies.

The study found that board size was significant and positively affected member retention, which is in line with the findings of Huang (2010), who discovered that the size of the board contributes to better bank performance. However, most respondents thought board size did not greatly impact their SACCO's ability to retain members. According to the findings, board diversity was found not to be significant, and the effect was positive, which was in direct

association with data from the respondents, which is in line with the works of Huang (2010), who found that the number of outside directors contributes to better bank performance. The respondents said Board composition had the biggest impact on the SACCO's ability to retain members.

The data provided by the respondents closely confirmed the study's findings, which showed that regulation was a significant factor having an unexpectedly negative effect on member retention. The results also showed that capital structure hurt member retention rates and was not statistically significant. It is noteworthy, however, that most respondents perceived capital structure as having a substantial impact on SACCOs' ability to retain members.

5.2.3 SACCO management perspectives on member retention

The third objective was to evaluate SACCO management perspectives on member retention. According to the findings, temporal factors were considered when defining member retention, primarily determined by the number of active members. Some members were found to have been active for more than a year. Several metrics, such as the number of active members and monthly donations, were employed to evaluate retention. After financial considerations, corporate governance was the second most crucial factor in determining member retention.

The importance of SACCO retention strategies was emphasized by the respondents. These strategies included door-to-door marketing, innovative products, competitive lending rates, member education, timely service, segmented training, and improved customer assistance. It was stressed that rules compliance, open disclosure, member education, transparent charges, frequent updates, and efficient feedback systems will all contribute to developing transparency and confidence. Ensuring regulatory compliance was essential for member reassurance and retention, which was made possible through filings and audits. These findings align with the works of Zerfeshewa (2010), who concluded that it is essential that SACCOs transform their mechanisms into modern service delivery practices, financial product diversification, and improve the collateral system.

5.3 Conclusions

5.3.1 Retention levels in Deposit-Taking and Non-Deposit-Taking SACCOs.

The study concluded that DTS and NDTS exhibited comparable member retention rates, albeit with DTS demonstrating a higher mean retention rate. It's interesting to note that non-DTS organizations demonstrated higher profitability despite difficulties with member retention. Higher interest rates were enjoyed by DTS members, suggesting a more alluring selection of financial items. Even though asset growth and quality varied slightly, DTS was the winner. There was slight variation in board diversity, according to the survey, with non-DTS boards scoring somewhat higher. Larger boards and substantially larger assets were typical of DTS companies, primarily relying on debt funding. These results highlight the differences in member retention, asset quality, profitability, and other essential aspects between DTS and non-DTS. This objective aimed to address the identified gaps in the empirical review by examining member retention within the SACCO industry. Specifically, it focused on analyzing member retention within the broader context of both deposit-taking and non-deposit-taking SACCOs in Kenya.

5.3.2 SACCO organizational factors for member retention strategies in DTS and NDTS

The study concluded that profitability was a statistically significant factor that had a favorable effect on member retention. On the other hand, interest rates were not statistically significant and were determined to hurt member retention. Remarkably, asset growth showed a notable and unanticipated detrimental effect on member retention rates. On the other hand, asset quality was viewed as unimportant and affected member retention rates. While board composition was found to have a favorable effect on member retention but was not a significant factor, board size was found to be a positive factor. It was discovered that regulation was a critical element that had an unanticipatedly detrimental impact on member retention. On the other hand, capital structure was not shown to be statistically significant and hurt member retention rates. Because there was insufficient evidence to establish the effect of size on the relationship between member retention rates and independent factors, the study concluded that SACCO's size was not considered necessary. More investigation into the complex interactions between these variables and their changing impacts on member retention would benefit this study's future course. This objective aimed to address the gaps identified in the empirical review by examining additional organizational factors that had not been previously investigated in other studies.

5.3.3 SACCO management perspectives on member retention

The study concluded that member retention, which is primarily determined by the number of active members while taking temporal considerations into account, is a complicated process involving a variety of measures, including membership duration. Prioritizing financial considerations was the most important element impacting member retention, with corporate governance coming in second. The necessity of door-to-door marketing, creative products, competitive lending rates, member education, timely service, segmented training, and improved customer help were all highlighted by the respondents, underscoring the need for SACCO retention methods. Effective retention tactics have been found to require transparency and confidence-building measures like rule compliance, open disclosure, member education, transparent charges, frequent updates, and effective feedback systems. Ensuring regulatory compliance through files and audits was essential to reassuring members and encouraging retention. This objective aimed to fill the gaps identified in the empirical review by examining the perspectives of SACCO management within the context of SACCOs in Kenya.

5.4 Recommendations for further studies

Longitudinal studies that monitor SACCO performance over time may yield important insights into trends and patterns in member retention, profitability, and other important metrics. Analyzing long-term data may make it easier to pinpoint the elements that contribute to SACCO stability and success amid shifting economic conditions.

Expanding the comprehension of SACCO performance characteristics outside the Kenyan setting may be facilitated by conducting comparative research in diverse cultural situations. Studying the functioning and outcomes of SACCOs in various socioeconomic contexts may yield important insights for improving the efficacy and sustainability of SACCOs across the world.

Additional investigation may look at how different perspectives and backgrounds affect SACCO decision-making procedures, which could yield insightful information on how to improve member retention and satisfaction.

Finally, examining the behavioral and psychological dimensions of member loyalty in SACCOs may provide a more profound comprehension of the elements impacting members' decision-making procedures. Researching the motives and emotional ties that keep members in a SACCO can help develop more specialized and individualized retention tactics.

5.5 Limitations to the study

Several limitations in the study needed to be carefully managed to guarantee the validity of the results. One significant difficulty was getting SACCO officials to fill out questionnaires. It was challenging to get some authorities to participate because of their busy schedules. To address this, the researcher employed additional senior SACCO officials who were knowledgeable enough to answer the questionnaire's questions, which helped to reduce the problem. This strategy made sure that, despite the authorities' schedule conflicts, the data gathered was complete and representative.

Delays in receiving clearance from the National Commission for Science, Technology, and Innovation (NACOSTI) were another barrier. The authorization was necessary for the procedures of gathering primary and secondary data. The delay influenced the study's overall schedule in obtaining NACOSTI approval. Even with this delay, the researcher took charge of the situation by making the most of the available time and resources as soon as the approval was given. Extensive preparation and cooperation were needed to guarantee that the study objectives were still completed within the amended schedule.

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APPENDICES

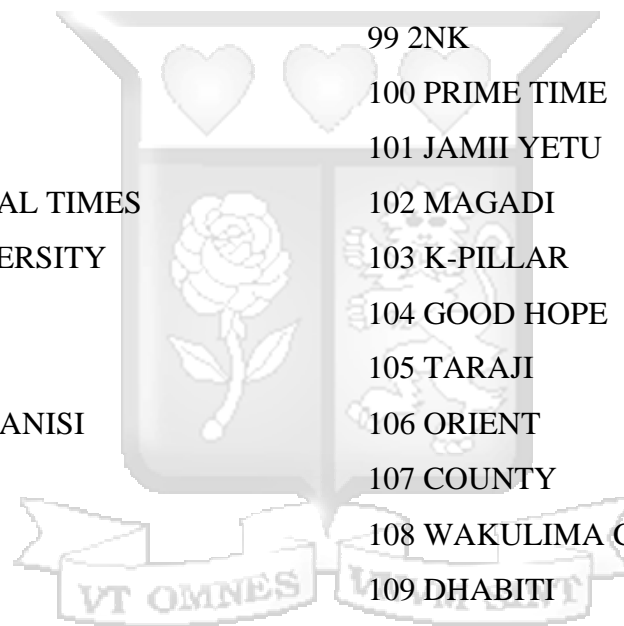
Appendix I: List of DT- SACCOS

LIST OF SACCO SOCIETIES LICENCED TO UNDERTAKE DEPOSIT-TAKING SACCO BUSINESS IN KENYA FOR THE FINANCIAL YEAR ENDING DECEMBER 2022

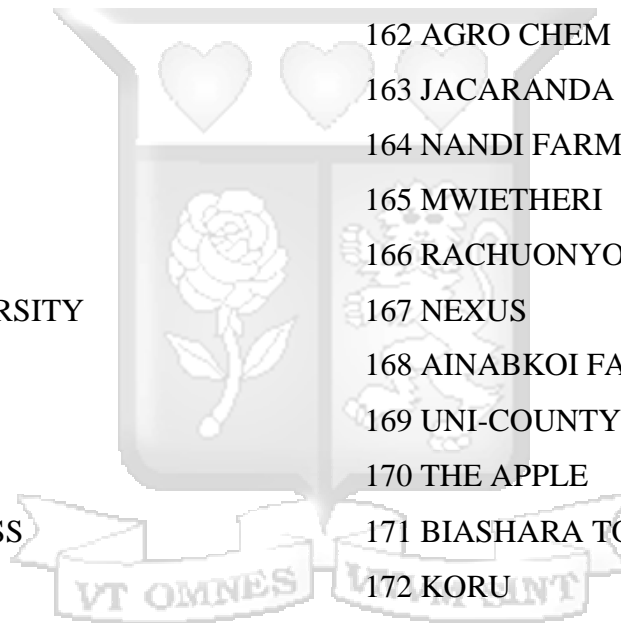


1 MWALIMU NATIONAL	27 SHERIA
2 STIMA DT	28 MOMBASA PORT
3 KENYA NATIONAL POLICE DT	29 SOLUTION
4 HARAMBEE	30 MAGEREZA
5 AFYA	31 OLLIN
6 UNAITAS	32 BINGWA
7 IMARISHA	33 WAUMINI
8 TOWER	34 UNISON
9 UNITED NATIONS	35 AMICA
10 UKULIMA	36 USHURU
11 INVEST AND GROW (IG)	37 NACICO
12 GUSII MWALIMU	38 K-UNITY
13 HAZINA	39 JAMII
14 BANDARI	40 MAISHA BORA
15 METROPOLITAN NATIONAL	41 KWETU
16 IMARIKA DT	42 YETU
17 MENTOR	43 FORTUNE
18 KENYA BANKERS	44 CHAI
19 NEW FORTIS	45 TEMBO
20 BORESHA	46 NYATI
21 SAFARICOM	47 TAIFA
22 KIMISITU	48 CAPITAL
23 WINAS	49 SHIRIKA DT
24 TRANSNATION	50 NDEGE CHAI
25 COSMOPOLITAN	51 KENPIPE
26 KITUI TECHERS	52 GDC
	53 TAI

54 KENYA HIGHLANDS	88 ECO-PILLAR
55 NG'ARISHA	89 DEFENCE
56 KENVERSITY	90 KEYSTONE (FORMERLY KITE)
57 THE NOBLE	91 MAFANIKIO
58 NAWIRI	92 MUKI
59 QWETU	93 TELEPOST
60 ASILI	94 FUNDILIMA
61 NSSF	95 TABASAMU
62 NATION DT	96 AIRPORTS
63 BIASHARA	97 SULUHU
64 MWITO	98 TIMES U
65 ARDHI	99 2NK
66 DIMKES DT	100 PRIME TIME
67 SKYLINE	101 JAMII YETU
68 TRANS-NATIONAL TIMES	102 MAGADI
69 EGERTON UNIVERSITY	103 K-PILLAR
70 AZIMA	104 GOOD HOPE
71 CHUNA	105 TARAJI
72 UKRISTO NA UFANISI	106 ORIENT
73 KINGDOM	107 COUNTY
74 SIMBA CHAI	108 WAKULIMA COMMERCIAL
75 FARIDI	109 DHABITI
76 WAKENYA PAMOJA	110 NYALA VISION
77 TAQWA	111 THAMANI
78 TRANS-ELITE COUNTY	112 NAFKA DT
79 DAIMA	113 KIMBILIO DAIMA
80 SOUTHERN STAR	114 SHOPPERS
81 WANANDEGE	115 BI-HIGH
82 UNIVERSAL TRADERS	116 SUPA
83 WANANCHI	117 VISIONPOINT
84 SMARTLIFE	118 NRS
85 WANA-ANGA	119 LAINISHA
86 ELIMU	120 GOLDEN PILLAR
87 CENTENARY	121 VISION AFRIKA



122 JITEGEMEE	150 SOTICO
123 SIRAJI	151 EDIS
124 PATNAS	152 NUFAIKA
125 FARIJI	153 LAMU TEACHERS
127 WEVARSITY	154 JUMUIKA
128 KENYA ACHIEVAS	155 TRANS COUNTIES
129 LENGO	157 ENEA
130 MUDETE FACTORY TEA GROWERS	158 NDOSHA
131 BARAKA	159 BARATON
132 SMART CHAMPIONS	160 KOLENGE
133 ACUMEN	161 KENYA MIDLAND
134 UFANISI	162 AGRO CHEM
135 STRATEGIC DT	163 JACARANDA
136 VIKTAS	164 NANDI FARMERS
138 KENCREAM	165 MWIETHERI
139 CHUKA UNIVERSITY	166 RACHUONYO TEACHERS
140 PUAN	167 NEXUS
141 STAWISHA	168 AINABKOI FARMERS
142 WASHA	169 UNI-COUNTY
143 HOME BUSINESS	170 THE APPLE
144 FORTITUDE	171 BIASHARA TOSHA
145 JOINAS	172 KORU
146 DUMISHA	173 GOOD FAITH
147 STAKE KENYA	174 VIHIGA COUNTY FARMERS
148 ILKISONKO	175 GOODWAY
149 NYAMBENE ARIMI	176 KABİYET



Appendix II: List of NDT- SACCOS

LIST OF SACCO SOCIETIES LICENCED TO UNDERTAKE NON-DEPOSIT-TAKING SACCO BUSINESS IN KENYA FOR THE FINANCIAL YEAR ENDING DECEMBER 2022

- 1 MHASIBU REGULATED NWDT-SACCO
- 2 NJIWA REGULATED NWDT-SACCO
- 3 KENYA MEDICAL ASSOCIATION REGULATED NWDT-SACCO
- 4 BALOZI REGULATED NWDT-SACCO
- 5 UNITED WOMEN REGULATED NWDT-SACCO
- 6 CO-OPERATIVE BANK REGULATED NWDT-SACCO
- 7 LAW SOCIETY OF KENYA REGULATED NWDT-SACCO
- 8 PARLIAMENTARIANS REGULATED NWDT-SACCO
- 9 AMREF REGULATED NWDT-SACCO
- 10 BANKI KUU REGULATED NWDT-SACCO
- 11 UKAGUZI REGULATED NWDT-SACCO
- 12 VERONA HURUMA REGULATED NWDT-SACCO
- 13 FINNLEMM REGULATED NWDT-SACCO
- 14 BUNGE REGULATED NWDT-SACCO
- 15 EQUITY REGULATED NWDT-SACCO
- 16 UMOJA WENDANI REGULATED NWDT-SACCO
- 17 KEWISCO REGULATED NWDT-SACCO
- 18 KENYATTA MATIBABU REGULATED NWDT-SACCO
- 19 UTABIBU REGULATED NWDT-SACCO
- 20 BAT REGULATED NWDT-SACCO
- 21 BIBLIA REGULATED NWDT-SACCO
- 22 FORWARD REGULATED NWDT-SACCO
- 23 JOGOO REGULATED NWDT-SACCO
- 24 VISION REGULATED NWDT-SACCO
- 25 NAIROBI WATER REGULATED NWDT-SACCO
- 26 KENTOURS REGULATED NWDT-SACCO
- 27 KAG REGULATED NWDT-SACCO
- 28 UBORA REGULATED NWDT-SACCO

29 PCEA REGULATED NWDT-SACCO
30 KIRUNGI REGULATED NWDT-SACCO
31 UAMINIFU REGULATED NWDT-SACCO
32 UTAFITI REGULATED NWDT-SACCO
33 TAA REGULATED NWDT-SACCO
34 SHELOYEES REGULATED NWDT-SACCO
35 RELI REGULATED NWDT-SACCO
36 PCEA KAYOLE REGULATED NWDT-SACCO
37 POST BANK
38 UNBOUND REGULATED NWDT-SACCO
39 LOMPASAGO REGULATED NWDT-SACCO
40 SMART SAVERS REGULATED NWDT-SACCO
41 TOTAL REGULATED NWDT-SACCO
42 FAMILY REGULATED NWDT-SACCO
43 SHAMIRI REGULATED NWDT-SACCO
44 KINGSIZE REGULATED NWDT-SACCO
45 UKOMBOZI REGULATED NWDT-SACCO
46 PCEA RUIRU REGULATED NWDT-SACCO
47 COMMUNICATION REGULATED NWDT-SACCO
48 CONCORDE REGULATED NWDT-SACCO
49 KEMRI REGULATED NWDT-SACCO
50 BROOKSIDE REGULATED NWDT-SACCO
51 DHAMINI REGULATED NWDT-SACCO
52 BAMBURI REGULATED NWDT-SACCO
53 KANISA REGULATED NWDT-SACCO
54 BRAEMEG REGULATED NWDT-SACCO
55 ADVENTIST REGULATED NWDT-SACCO
56 RELIEF REGULATED NWDT-SACCO
57 MASTERWAYS REGULATED NWDT-SACCO
58 BANDS REGULATED NWDT-SACCO
59 PICEA STAFF REGULATED NWDT-SACCO
60 KIATU REGULATED NWDT-SACCO
61 NYUMBA GENERATIONS REGULATED NWDT-SACCO
62 KENYA USA DIASPORA REGULATED NWDT-SACCO

63 NENO REGULATED NWDT-SACCO
64 FARMERS CHOICE REGULATED NWDT-SACCO
65 RADIO GUARD REGULATED NWDT-SACCO
66 WASKOM REGULATED NWDT-SACCO
67 BALLOT REGULATED NWDT-SACCO
68 UOKOAJI REGULATED NWDT-SACCO
69 KILELE REGULATED NWDT-SACCO
70 SAUTI REGULATED NWDT-SACCO
71 EXAM REGULATED NWDT-SACCO
72 NAIROBI CONSUMERS REGULATED NWDT-SACCO
73 TRAMOM REGULATED NWDT-SACCO
74 SAWA REGULATED NWDT-SACCO
75 PEFA NAIROBI REGULATED NWDT-SACCO
76 BLUE EAGLE REGULATED NWDT-SACCO
77 FUGO REGULATED NWDT-SACCO
78 KUMBU KUMBU REGULATED NWDT-SACCO
79 RUBANI REGULATED NWDT-SACCO
80 MZIMA SPRINGS REGULATED NWDT-SACCO
81 KENYA RURAL ROADS REGULATED NWDT-SACCO
82 KIDAPU REGULATED NWDT-SACCO
83 TORCH REGULATED NWDT-SACCO
84 KENYA RE REGULATED NWDT-SACCO
85 ABC EMPOWERMENT REGULATED NWDT-SACCO
86 RAMCO REGULATED NWDT-SACCO
87 ACK KIHARA REGULATED NWDT-SACCO
88 EMBASSAVA REGULATED NWDT-SACCO
89 NYUMBA NAIROBI REGULATED NWDT-SACCO
90 ROYAL MEDIA REGULATED NWDT-SACCO
91 DAVIS AND SHIRTLIFF REGULATED NWDT-SACCO
92 QUEENSWAY REGULATED NWDT-SACCO
93 ACK THIKA TALENTS REGULATED NWDT-SACCO
94 USIU-AFRICA REGULATED NWDT-SACCO
95 MAKTABA REGULATED NWDT-SACCO
96 MOFAA REGULATED NWDT-SACCO

97 EPZA REGULATED NWDT-SACCO
98 BARABARA REGULATED NWDT-SACCO
99 BARAKA YETU REGULATED NWDT-SACCO
100 NIMEPATA REGULATED NWDT-SACCO
101 UWEZO REGULATED NWDT-SACCO
102 DHL REGULATED NWDT-SACCO
103 GRAIN BULK REGULATED NWDT-SACCO
104 KENCHIC REGULATED NWDT-SACCO
105 HELB REGULATED NWDT-SACCO
106 UNGA REGULATED NWDT-SACCO
107 IRRIGATION REGULATED NWDT-SACCO
108 B-SMART REGULATED NWDT-SACCO
109 DEVCO REGULATED NWDT-SACCO
110 CHRISTIAN ENTERPRENUERS REGULATED NWDT-SACCO
111 3N REGULATED NWDT-SACCO
112 GATHERS REGULATED NWDT-SACCO
113 ALARMS REGULATED NWDT-SACCO
114 NASCA REGULATED NWDT-SACCO
115 FAULU BANK REGULATED NWDT-SACCO
116 DUDU REGULATED NWDT-SACCO
117 ENERGY REGULATED NWDT-SACCO
118 BESCO REGULATED NWDT-SACCO
119 KASNEB REGULATED NWDT-SACCO
120 TEAL REGULATED NWDT-SACCO
121 KIJABE REGULATED NWDT-SACCO
122 CDF REGULATED NWDT-SACCO
123 NETWORK REGULATED NWDT-SACCO
124 LIMLAK REGULATED NWDT-SACCO
125 EAGLE'S EYE REGULATED NWDT-SACCO
126 BESTROCK REGULATED NWDT-SACCO
127 BUNISTA REGULATED NWDT-SACCO
128 PESA REGULATED NWDT-SACCO
129 CIC REGULATED NWDT-SACCO
130 VEGPRO REGULATED NWDT-SACCO

131 PCEA MAKUPA REGULATED NWDT-SACCO
132 REMBO REGULATED NWDT-SACCO
133 ACCEL REGULATED NWDT-SACCO
134 MTN REGULATED NWDT-SACCO
135 KUTAFITI REGULATED NWDT-SACCO
136 ZOGORI REGULATED NWDT-SACCO
137 THE STANDARD REGULATED NWDT-SACCO
138 HILLS REGULATED NWDT-SACCO
139 HYPERFLORA REGULATED NWDT-SACCO
140 OLKAUNSEL REGULATED NWDT-SACCO
141 MULTIPLE REGULATED NWDT-SACCO
142 KETEPA REGULATED NWDT-SACCO
143 MINET REGULATED NWDT-SACCO
144 NENDENI REGULATED NWDT-SACCO
145 MADISON REGULATED NWDT-SACCO
146 HOECHEM REGULATED NWDT-SACCO
147 JUMUIA YA ULAYA REGULATED NWDT-SACCO
148 JACHIN REGULATED NWDT-SACCO
149 HACO REGULATED NWDT-SACCO
150 JAVA REGULATED NWDT-SACCO
151 APOLLOSURE REGULATED NWDT-SACCO
152 KIAMBU CHANIA UMOJA REGULATED NWDT-SACCO
153 ESTA REGULATED NWDT-SACCO
154 SISI KWA SISI REGULATED NWDT-SACCO
155 BORNEKA REGULATED NWDT-SACCO
156 KINGA REGULATED NWDT-SACCO
157 ICEA AGENTS REGULATED NWDT-SACCO
158 MATAARA TRAVELLERS REGULATED NWDT-SACCO
159 KABARAK UNIVERSITY REGULATED NWDT-SACCO
160 KIMTECH REGULATED NWDT-SACCO
161 PARENT PLAN REGULATED NWDT-SACCO
162 PANDA REGULATED NWDT-SACCO
163 TRANSWEST REGULATED NWDT-SACCO
164 TETRAPACK REGULATED NWDT-SACCO

- 165 GREEN ARO REGULATED NWDT-SACCO
- 166 MOUNT KENYA UNIVERSITY REGULATED NWDT-SACCO
- 167 MKOMBOZI REGULATED NWDT-SACCO
- 168 AIBK REGULATED NWDT-SACCO
- 169 COTTS REGULATED NWDT-SACCO
- 170 MAJAANES REGULATED NWDT-SACCO
- 171 AIRLINK REGULATED NWDT-SACCO
- 172 HEART REGULATED NWDT-SACCO
- 173 LONDON REGULATED NWDT-SACCO
- 174 KICO REGULATED NWDT-SACCO
- 175 KENRED REGULATED NWDT-SACCO
- 176 WASADO REGULATED NWDT-SACCO
- 177 COCOTECH REGULATED NWDT-SACCO
- 178 MIKEBE REGULATED NWDT-SACCO
- 179 POLYTECH REGULATED NWDT-SACCO
- 180 RAMBHAI REGULATED NWDT-SACCO
- 181 TRANSGLOB REGULATED NWDT-SACCO
- 182 UNIFYING REGULATED NWDT-SACCO
- 183 DIGITAL MEDIA REGULATED NWDT-SACCO
- 184 STOKE-UK DIASPORA REGULATED NWDT-SACCO
- 185 GRAND GRANITE REGULATED NWDT-SACCO



Appendix III: Questionnaire

Dear participant :

I am Lynn Zawadi, a Master’s student at Strathmore University researching “Factors determining member retention among Deposit-Taking and Non-Deposit Taking SACCOs in Kenya”. I am concerned with collecting data from Deposit-Taking and Non-Deposit Taking SACCOs regulated by SASRA in Kenya to assess your perspectives on member retention. Successful completion of this project should lead to insights into how these SACCOs can achieve member retention. I would be very grateful if you could spare a few minutes of your time to complete the enclosed questionnaire. Your responses will be kept confidential and used only for the research. Feel free to contact me at lynnzawadi60@gmail.com in case you have any questions. Thank you for your response.

SECTION A: General information

The following part of the questionnaire is designed to obtain general information. Please respond by ticking in the appropriate space or giving comments where necessary.

1. Please enter the information requested below:

Name of the SACCO.....

2. Type of SACCO (Kindly tick one)

- Deposit-taking SACCO
- Non-Deposit-Taking SACCO

3. The duration of experience in this field.

Less than 1 year [] Between 1 to 5 years [] Between 5 and 10 years []

Between 10 and 15 years [] Over 15 years []

4. How long has the SACCO been in existence?

0 – 5 years [] 6 – 10 years [] 10 – 15 years [] Above 15 years []

5. How would you categorize the size of your SACCO?

Tier 1 [] Tier 2 [] Tier 3 []

SECTION B: Financial factors and member retention

1. From 1 to 5, where 1 represents "strongly disagree" and 5 represents "strongly agree."

Please rate the statements below from 1 to 5 (strongly disagree, disagree, neutral, agree, highly agree).

Statement	Strongly agree	Disagree	Neutral	Agree	Strongly disagree
The SACCO's steady asset growth has a beneficial impact on member retention.					
The SACCO can provide members with greater services if its asset growth rate is higher.					
An important gauge of the SACCO's overall financial health is asset growth.					
A continually profitable SACCO is better equipped to provide its members with updated financial offerings.					
Members are more loyal because they value being a member of a profitable SACCO.					
Members are encouraged to continue participating in the SACCO by offering competitive interest rates on savings.					
The decision of members to maintain their SACCO membership is substantially influenced by changes in interest rates.					

2. Which particular aspect of financial factor variables, such as interest rates, profitability, asset growth, or asset quality, do you believe has the biggest impact on your SACCO's ability to retain members? Please elaborate.

.....

SECTION C: Corporate Governance factors and member retention

1. From 1 to 5, where 1 represents "strongly disagree" and 5 represents "strongly agree." Please rate the statements below from 1 to 5 (strongly disagree, disagree, neutral, agree, highly agree).

Statement	Strongly agree	Disagree	Neutral	Agree	Strongly disagree
The size of the board as it is now in your SACCO is suitable for efficient decision-making.					
A bigger board allows for more diverse viewpoints to be considered when making decisions.					
Discussions can be more effectively and narrowly focused on a smaller board.					
The board is made up of people with a range of qualifications and experience.					
Members of the board have experience in finance and regulation.					
The age ranges represented on the board are diverse.					
The board has a varied range of ethnic origins.					

2. Which particular aspect of corporate governance, such as board size, composition, or diversity, do you believe has the biggest impact on your SACCO's ability to retain members? Please elaborate.

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SECTION D: Structural factors and member retention

1. From 1 to 5, where 1 represents "strongly disagree" and 5 means "strongly agree." Please rate the statements below from 1 to 5 (strongly disagree, disagree, neutral, agree, highly agree).

Statement	Strongly agree	Disagree	Neutral	Agree	Strongly disagree
Member retention is positively impacted by a SACCO's industry longevity.					
The SACCO's credibility with its members is boosted by a solid capital base.					
The SACCO's member retention strategies are impacted by regulatory changes.					
The scope of services given by a SACCO is influenced by its size, which affects member loyalty.					

2. Which particular aspect of structural factors, such as regulation, or capital structure, do you believe has the biggest impact on your SACCO's ability to retain members? Please elaborate.

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Appendix IV: Interview Schedule

1. How do you define member retention within your SACCO?

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2. How does your SACCO measure member retention?

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3. To what extent do you think the factors discussed in this survey impact member retention? (Small extent, Medium, Large extent)

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.....

4. How would you categorize the size of your SACCO? (Small, Medium, Large)

.....
.....

5. In your opinion, does the size of the SACCO influence the relationship between the identified factors and member retention? (Yes/No)

.....
.....

6. In your experience, which factor (financial, structural, or corporate governance) plays the most significant role in member retention?

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7. What strategies has your SACCO put in place to increase member retention?

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8. How and how frequently does your SACCO interact with its members?

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9. What steps has your SACCO taken to ensure openness and foster member trust?

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10. How does your SACCO ensure compliance with regulatory requirements, and how does this impact member retention?

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11. What plans does your SACCO have in place to further enhance member retention in the future?

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12. Any other insights or comments you would like to provide regarding factors affecting member retention in SACCOs?

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.....

Thank you for participating in this survey. Your input is invaluable to the research.

Appendix V: SU-ISERC permit



Strathmore
UNIVERSITY

13th June 2023

Ms Bugasu Lynn Zawadi,
lynn.bugasu@strathmore.edu

Dear Ms Bugasu,

RE: Factors Determining Member Retention among Deposit-Taking and Non-Deposit-Taking SACCOs in Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC1783/23**. The approval period is from **13th June 2023 to 12th June 2024**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

for: **Mr Ambrose Rachier,**
Chairperson; SU-ISERC




Appendix VI: NACOSTI permit

REPUBLIC OF KENYA

Ref No: 352750

RESEARCH LICENSE




This is to Certify that Miss. Lynn Zawadi Bugasu of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Factors Determining Member Retention among Deposit-Taking and Non-Deposit-Taking SACCOs in Kenya. for the period ending : 30/June/2024.

License No: NACOSTI/P/23/27160

352750
Applicant Identification Number

Walter Mwangi
Director General
NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION

Verification QR Code



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See overleaf for conditions