Determinants of Growth of Savings and Credit Co-Operative Societies in Kakamega County, Kenya

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Abstract
Globally, the major goal of any business is profit maximization and wealth maximization. Savings and Credit Co-operative Societies like any other business in Kenya have been investing to fulfill this noble objective. Past studies have shown that lack of sufficient Growth of Savings and credit co-operatives has made it difficult for them to absorb their operational losses and even give returns to members, which has threatened their operation and hence some of them end up closing doors. The general objective of this study was to establish the determinants of growth of savings and credit co-operative societies in Kenya with particular attention to Kakamega County. The study specifically sought to achieve the following objectives: to determine the extent to which liquidity affects the growth of SACCOs; to examine how investments in SACCOs has affected their growth; to assess the effect of information dissemination on the growth of SACCOs and to determine the extent to which loan portfolio quality affects the growth of SACCOs in Kakamega County. Simple random and purposive sampling techniques were used to obtain respondents who participated in the study. Both primary and secondary data were collected in this study. The study adopted descriptive survey design. The study targeted 48 SACCOs with a population of 1,200 managerial and administrative staff. A total of 180 respondents were used in the study. Data analysis was done using descriptive and inferential statistics by entering the data into a Statistical Package for Social Sciences version software version 20. The findings were presented in form of frequency and cross tabulation tables. Results show that liquidity, investment, information dissemination and loan portfolio quality had statistically significant ($p<0.05$) and positive effects on the growth of SACCOs in Kakamega. It was therefore, concluded that a unit increases of 0.401 of liquidity would translate to 40.1% growth of SACCOs; investment in the SACCOs by the stakeholders can result to enhanced growth of SACCOs; unit increase of 0.543 in the information dissemination can translate to 54.3% growth of SACCOs and a unit increase of 0.573 loan portfolio quality can result into 57.3% of growth of SACCOs. This implies that increase in loan portfolio quality leads to hastened growth of SACCOs. It was recommended that SACCOs should actively engage in increasing its financial base because solid financial status encourages the growth of SACCOs in Kenya and globally. SACCOs should make investment decisions like expansion, acquisition, modernization and replacement of long-term assets. The SACCOs need ensure efficient flow of information in their organizations so that no parties lack important market information needed for decision

making. SACCOs need to consider having a prudent management of the loan portfolio to avoid large portfolios in arrears with overdue loan repayments stretching back into the distant past. The findings may be useful to the management, employees, members, customers and any other interested party in SACCOs. The findings will also form a basis of future research by interested parties in the field of finance.