

# Effects of Liquidity and Investment Policies on Financial Growth of Savings and Credit Cooperative Societies in Kenya: A Case of Deposit Taking Saccos in Nairobi County

Dr John Cheluget (PhD)<sup>1</sup>, Gitonga Mirigo Loise<sup>2</sup>

<sup>1</sup>Deputy Vice-Chancellor of The Management University of Africa

<sup>2</sup>EMBA, The Management University of Africa

**Abstract:**-Financial growth of savings and credit cooperatives in Kenya has an effect on the welfare of citizens in Kenya. This is because SACCOs encourage their members to save since they are readily accessible. The main objective of the study was to assess the determinants of financial growth in the savings and credit cooperative societies in Nairobi County. The specific objectives of the study were; to determine the effect of liquidity on financial growth in the SACCO industry in Nairobi County and to find out the effect of investment policies on financial growth in the SACCO industry in Nairobi County. The study adopted a descriptive research design. The target population of the study consisted of 42 licensed SACCOs in Nairobi County. The study used a formula of Kothari (2004) to determine the sample size that was 38 SACCOs in Nairobi County. The study collected both primary and secondary data. Primary data was collected using questionnaires. Secondary data was collected from annual reports of the SACCOs and the SASRA Annual Reports covering the period 2010-2014. The collected data was coded into SPSS software version 24 for analysis. The findings were analyzed using descriptive and inferential statistics. The descriptive statistics entailed use of means and standard deviations while inferential statistics included use of regression analysis. The findings were presented using Graphs and Frequency Distribution Tables. Based on correlational results, liquidity and investment policies all have significant influence on financial growth of SACCOs. The study concludes that liquidity was a significant determinant of financial growth of SACCOs with a strong positive correlation on financial growth. Investment policy was a critical determinant of financial growth of SACCOs in Kenya. The study recommends that the management of all SACCOs in Kenya should strengthen their liquidity levels by effective management of trade payables, receivables, inventories and cash. The management of SACCOs should improve on their investment policies by incorporating Specific Measurable Attainable Realistic and Time (SMART) bound goals and objectives.

**Key Words:** Financial Growth, Savings and Credit Cooperative Societies, Deposit Taking SACCOs, liquidity and investment policies.

## I. INTRODUCTION

The term growth measures an increase in something during a determined timeframe. In other words, it is a way for a

company to measure how much of a variable of their company has grown during a specific time (Ostry, Berg & Tsangarides, 2014). Growth can either be internal or sustainable. Internal growth is attained by a company using its own finances without looking for financial help from outside the company. Therefore, as long as a company can continue to fund its own growth from its own business endeavours, then they are achieving internal growth. Sustainable growth on the other hand is attained by a company over a period of time without borrowing more money. When a company needs to borrow money in order to continue their growth, they are said to have gone past their sustainable growth (Reinhart & Rogoff, 2010).

### *Factors Affecting Financial Growth of SACCOs*

Financial growth of SACCOs is affected by a variety of factors that need to be monitored from time to time. According to Soini and Veseli (2011) these factors can either be internal and external. Internal factors include, innovative abilities and marketing abilities. Managerial knowledge determines the financial growth of a company as an internal factor (Macpherson & Holt, 2007). The World Bank (2009) established that the amount of money invested in information communication and technology are necessary in the development of capacity for improved quality and quantity of production. This leads to higher quality productions hence contribute to the much-needed organizational competitiveness.

External factors that enhance financial growth include laws and regulations, globalization and competition. According to World Bank (2008), complexities in systems of administration is the main challenge affecting financial growth among SACCOs. This is coupled by availability of unscrupulous competition in the market and presence of underground and black markets which affect financial growth of SACCOs (Dinh, Mavridis & Nguyen, 2010).

The other factors affecting financial growth of SACCOs include liquidity, investment policies, growth in technologies that enhances innovation, solvency, leverage and profitability. According to Mateev and Anastasov (2010), when liquidity

of a company is lower, there are greater cash constraints and this will delay repayment of suppliers and other trade creditors. A SACCO is likely to grow faster when they accumulate large portion of current asset used for meeting short term obligations and dues. Gill and Mathur (2011) argue that SACCOs with higher levels of liquidity have low financing constraints since surplus cash will meet any financing constraint which enhances financial growth of the SACCOs.

#### *Statement of the Problem*

Despite the government efforts to register, promote and develop SACCOs for the purpose of uplifting the standards of living of the residents, little seemed to have been achieved as the SACCOs have not fully met the member's needs to their satisfaction and expectations (SASRA, 2014). They have a long string of pending loans not paid; some SACCOs pay little or no dividends /interests on member's savings. Some others have low multiplying factor, a number of them have not computerized their services for the purposes of efficiency and accuracy in their delivery of services (Fujo & Ali, 2016).

Liquidity and investment policy affect financial growth in the SACCO industry. Current study focuses on establishing various determinants of financial growth in the SACCOs within Nairobi County. Several studies have been conducted on financial growth in the savings and credit cooperative societies. For instance, Kiragu (2014) investigated how financial results of SACCOs was affected with the introduction of SASRA. Kiragu (2014) study revealed that SASRA regulations had positive effects on the financial results reported by SACCOs. It concluded that SASRA regulations have had effects on financial performance of SACCOs. Further, study results showed a positive relationship existed between size, liquidity, capital adequacy ratio compliance, managerial quality, cost of income and financial performance of SACCOs. These studies were done in Kenya but on different topics. Therefore, this study wished to fill the gap of knowledge to establish the determinants of financial growth in the SACCOs within Nairobi County.

#### *Research Objectives*

The general objective of the study was to establish the determinants of financial growth in the Savings and Credit Cooperative Societies in Nairobi County

The specific objectives in the study were:

- i. To determine the effect of liquidity on financial growth in the SACCO Industry in Nairobi County.
- ii. To find out the effect of investment policies on financial growth in the SACCO Industry in Nairobi County.

#### *Research Questions*

- i. How does liquidity affect financial growth in the SACCO Industry in Nairobi County?

- ii. What are the effects of investment policies on financial growth in the SACCO Industry in Nairobi County?

#### *Theoretical Literature Review*

This section brings out four theories forming the basis for the study. More generally, the section presents the Managerial Growth Maximization Theory and the liquidity preference theory.

#### *The Managerial Growth Maximization Theory*

The theory was developed by Marris in 1964. According to the theory, the managers' efforts are towards expanding the rate of growth of the company while the stakeholders focus at increasing the sizes of their dividends as well as the share prices. In order to form a connection between the growth rates and the share prices of a company, Marris (1964) created a model of balanced growth that defines a manager's choice of maximized growth rates where the company sales, assets and profits rise simultaneously. Marris' theory assumes; a defined production cost, a specific price structure, a lack of oligopolistic interdependence, constant factor prices, growth of firms by diversification, and all primary variables like sales, costs and profits increase simultaneously.

The theory however suffers from a number of limitations: Marris' assumption of a company price structure fails to explain the process of determining prices of products in the market making it the foremost critical weakness. The developer of the theory assumes the insignificance of oligopolistic interdependence in companies consequently leading to a misjudgment and miscalculation of interdependence caused by non-collusive competition in the market (Demsetz, 1983). This model also assumes that companies may develop consistently via creation of new productions based on unrealistic facts since there is no company that sells anything to its customers. Consumers, on the other hand, have the choice to make preferences for products and brands subject to change with the introduction of new products. Mueller (1969) explains that the Morris model may only apply to companies that focus on consumer goods and therefore not efficient in the analysis of the behavior and characteristics of manufacturing business or traders. Marris (1964) combines advertising and research and development expenses making a critical shortcoming of the model as the efficiency of the two variables differ at all times. The assumption that companies have their own R & D departments in which they invest a fortune contradicts reality where most of the companies lack this department. In order to diversify, most of them imitate other inventions from outer sources and rival companies and pay royalties in case of patents on products. Another assumption in the model is that the major variables; including sales, expenses and income increase at the same rate (Mueller, 1972). It is not only unrealistic but also unreasonable that a company could consistently develop without alteration whereas in reality; companies may grow slowly then faster as they develop. It is therefore complex to

clearly define the growth rate of a company to increase the market value of its shares as well as the rate at which the take-over happens.

The relevancy of this theory to this study is that it explains how SACCOs in Kenya can typically achieve financial growth. This can be done through investment policies that entail decision making on growth of the firm in general so as to share returns of the SACCO.

#### *Liquidity Preference Theory*

The liquidity preference theory was formulated by Keynes (1971). The theory suggests that liquidity preference entails the degree to which individuals prefer cash over less liquid assets. It basically entails individuals' ease of holding cash. The theory suggests that, holding all other things equal, investors actually prefer liquid investments in comparison to illiquid ones. Investors prefer cash as it results to a resultant demand in premiums after they fortify their cash by adopting illiquid investments (Choudhry, 2011). Liquidity is cash money whereas liquidity preference is people liking for cash money.

According to the theory, investors prefer short-term securities in comparison to long-term securities. Encouragements to hold long term bonds are due to the notion that there will be higher interests compared to short-term bonds. The result is that the yield curve will always have an upward slope. Important to note is that long term bonds yield more compared to short term bonds. This is due to various reasons that are; investors prefer to clasp onto short term securities since they are more liquid and that they can be easily converted to cash with modest dangers of loss of engaged principals. Simultaneously, borrowers tend to react in the reverse direction in that they prefer long term debts compared to short-term debts since the latter exposes them to the risk of having to repay the debt under adverse condition.

This theory explains how SACCOs can enhance its liquidity position which definitely has an influence on their financial growth. The theory suggests that SACCOs can enhance their liquidity positions by holding more short-term securities as opposed to long term securities.

#### *Empirical Literature Review*

##### *Liquidity and Financial Growth in the SACCOs*

An analysis of how liquidity affects returns of share from investments was done by Kabure (2014). This study was conducted among SACCOs in Kenya with a focus on how the ability to meet all their cash requirements for loans among members on financial results. A descriptive research design was adopted and the sample of the study consisted of Sacco's operation in the county of Nairobi. The data used was secondary in nature. Linear regression was used for analysis. From the findings, there is a positive relationship between liquidity position of a firms and profitability as measured by return on investments. Given this positive effect of liquidity on the returns in investment, the study recommends that the

regulations regarding management of liquidity in the deposit-taking SACCOs be reviewed to allow the SACCOs diversify their investments in high earning portfolios such as listed companies.

Mwangi (2014) sought to determine a link between liquidity and performance. The study was done among microfinance institutions that engage in deposit taking. Data was obtained from five-year-old official company audit reports, the Association of Micro Finance Institutions Reports (AMFI) and the Central Bank of Kenya's (CBK) supervision. The study revealed positive significant association between the level of liquidity and financial position of the firm.

A study to investigate how liquidity was linked and connected to performance was conducted by Omesa (2015). The study was done among listed financial firms at NSE. The study adopted descriptive design where secondary data was retrieved from the balance sheets, income statements and notes of 19 financial institutions in the NSE for period covering 2010-2014. From findings, there was a relationship between liquidity and financial performance is weak with an adjusted R<sup>2</sup> of 55.17% and also that capital structure had a significant relationship with ROA while liquidity had an insignificant relationship. The results further show that there is a negative relationship between NSE listed financial institutions' cash position indicator with ROA. The study recommends that firms should undertake deliberate measures to optimize their liquidity levels.

Njeru (2016) sought to determine how liquidity affected financial performance among deposit taking SACCOs. This study was done in Kenya. The study targeted thirty deposits taking SACCOs that have been licensed in Kenya. The method of sampling adopted was simple random sampling. The sample size comprised of 92 respondents. Descriptive research design was adopted by the researcher in achieving the objectives of the study. The researcher used a mixture of both secondary and primary data. The findings of the analysed data indicated that strict cash flow forecasts are strictly followed by most SACCOs. The study recommends that SASRA need to formulate sound and effective policies that guide payment of dividends among SACCOs.

Barus, Muturi and Kibati (2017) assessed the effect of liquidity management on performance. The study employed an explanatory design. The target population was 83 registered deposit taking SACCO's in Kenya that have been in operation for the last five years. The sample size for the study was all 83 SACCOs that have remained in existence since 2011-2015. Census methodology was used. The researcher combined secondary and primary data. The study revealed that liquidity management influenced the financial performance. The study recommended for the deployment of efficient systems to strengthen liquidity risk control fundamentals. SACCO's should also consider seeking

professional guidance towards adopting policies on asset and liability management.

Osoro and Muturi (2015) studied how liquidity risk management practices affected financial results reported by SACCOs. This study was done in Kenya, in county of Kisii. Descriptive research design was adopted by the researcher in attaining the set study objectives. The target population comprised of twenty respondents drawn from 5 licensed SACCOs in Kisii County. The study employed census approach on all these population and therefore no sampling was done. Both secondary and primary data was used in the study. From the findings, there was significant effect of capital adequacy on ROE, while asset quality and capital leverage had no significant relationship or effect on saving mobilizations among SACCOs.

*Investment Policies and Financial Growth in the SACCOs*

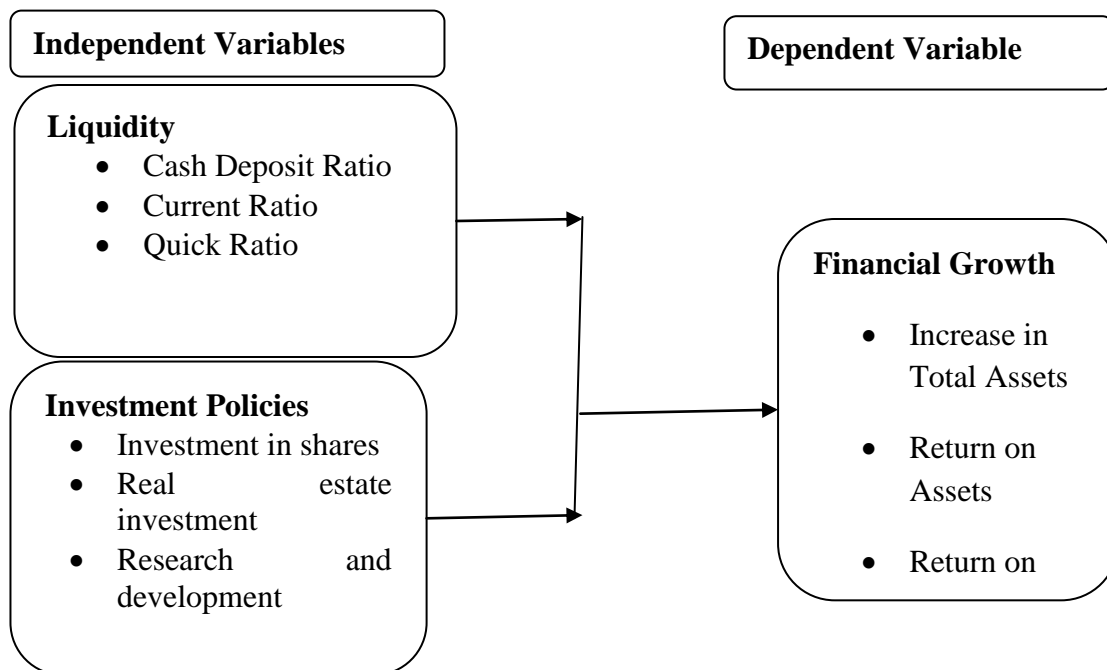
Musau (2016) sought to investigate how investment decisions made by SACCOs affected the financial results reported by SACCOs in Kitui central sub-county, Kenya. The researcher obtained a time series data using an empirical study design of the period between 2006 and 2015. This study focused on 12 SACCOs in Kitui Town. An empirical study design was applied on a time series data spanning a ten-year period ranging from 2006-2015. The study findings indicated that replacement decision, renewal decisions and research and development decisions positively contributed to SACCO performance as measured by dividends while expansion decisions had a negative contribution. On the other hand, expansion decision, modernization decision and research and development decision had a positive contribution to SACCO financial performance as measured by surplus or deficits while replacement decision had a negative effect.

Kipkorir, Namiinda and Njeje (2013) investigated the influence of investment decisions on the financial performance of SACCOs. The study applied a descriptive survey design targeting 316 members in 73 registered SACCOs in Baringo County. Stratified sampling was used in selecting a sample size of 177 respondents. Primary data was collected using questionnaires. The collected data was analyzed descriptively (means and standard deviation) and inferentially (regression analysis). The study concludes that investment in real estate influenced 9.8% of the financial performance of SACCOs in Baringo County while 15.3% of registered SACCOs’ financial performance was explained by lending to members. The highest influence was explained by FOSA activities, followed by lending to members, then lending to the government and finally investment in real estate.

In an assessment of the effects of investment decisions on efficiency of deposit taking SACCOs within Nairobi County (Mwangi, 2015). A descriptive research design is adopted. The population consisted of 175 Deposit Taking SACCOs (DTSs) had been registered by SASRA while the target population was 43. It was established that investment in loans had the highest effect in the efficiency of SACCOs in Nairobi County, followed by investment in buildings and lastly investment in financial assets. The study recommends that SACCOs should be very keen while deciding the investment decisions to go for and weigh all available options to make sure that they go for the options with the highest returns while paying keen attention to the risks involved.

*Conceptual Framework*

Figure 1





II. RESEARCH DESIGN AND METHODOLOGY

*Research Design*

Research design is defined as a structure by which a researcher carries out the study, giving a systematic order and direction to the design (Mugenda & Mugenda, 2008). The study adopted a descriptive research design. This design presents facts regarding the status and nature of any given circumstance in a manner of its existence at the time of the research (Zikmund, Babin, Carr & Griffin (2013). Studies using this design are able to seek relevant information demonstrating how the variables of the study relate to each other. The research design was suitable for this study because the study involves fact finding and enquiries to describe the determinants affecting financial growth of SACCOs in Nairobi County. The study further adopted census design covering a period of 5 years from 2010-2014.

*Target Population*

The term population refers to a whole set of objects or individuals with homogenous attributes that can easily be observed (Mugenda & Mugenda, 2008). Target population on the other hand refers whole number of elements in a population forming the main concern for the researcher (Oso & Onen, 2009). According to Martins and Van-Wyk (2005), target population refers to a sum total of individuals that the researcher seeks information from. According to the SASRA Report dated 31st December, 2014, there were 184 SACCOs licensed to carry out deposit taking business. Out of these, 42 of them operate in Nairobi County (Appendix Three). The study targeted 42 licensed SACCOs in Nairobi County.

*Sampling Technique and Sample Size*

Sampling is a technique used by the researcher to fish out specified number of elements from the entire population (Mugenda & Mugenda, 2008). A sample size on the other had is a part of the total persons involved on the basis which judgment is made.

The study adopted the following formula by Kothari (2004) to arrive at the sample size;

$$n = \frac{z^2 \cdot N \cdot \sigma_p^2}{(N - 1)e^2 + z^2 \sigma_p^2}$$

$$n = \frac{1.96^2 \cdot 42 \cdot 0.5^2}{(42-1)0.05^2 + 1.96^2 \cdot 0.5^2}$$

$$= \frac{40.3368}{0.1025 + 0.9604}$$

n= 38 SACCOs

Where; n = Size of the sample,

N = Size of the population and given as 42,

e = Acceptable error and given as 0.05,

$\sigma_p$  = The standard deviation of the population and given as 0.5 where not known,

Z = Standard variate at a confidence level given as 1.96 at 95% confidence level.

This sample size of the study was therefore 38 SACCOs in Nairobi County as at December 2014.

*Data Collection Instruments*

Data collection occurs when the researchers' gathers relevant facts related to the issue at hand (Kombo & Tromp, 2006). Both secondary and primary data was used in the study. The researcher collected secondary data using data collection sheet while interview guides and questionnaires were used for collection of primary data (Appendix One & Two). The secondary data covered a cross-sectional period of 5 years from 2010-2014. Secondary data was collected from annual reports of the SACCOs and the SASRA Annual Reports. Secondary data was used as it is readily available from the published reports. The cross-sectional period of 5 years 2010-2014 allowed quick retrieval of data from annual reports of SACCOs and SASRA.

*Data Collection Procedures*

The data collection instrument was done using a questionnaire. This is basically a list of question to be answered by a number of people specially to get facts and information about views. The advantage of using questionnaires is that they are easy to administer and can reach a large sample size. The questionnaire was structured and was brief to the point. Answers were expected to be brief and factual. The researcher collected both primary and secondary data for the study.

*Data Analysis and Presentation*

A researcher analyses the data by critically examining the information collected through use of appropriate techniques in order to come up with inferences and deductions (Kombo & Tromp, 2006). The collected data was analyzed using inferential statistics. For descriptive statistics, means and standard deviation will be used.

The researcher carried out multi linear analysis to analyze the findings. The regression model is presented as under:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

Where Y= Financial Growth

X<sub>1</sub>, X<sub>2</sub>, represent liquidity and investment policies respectively.  $\beta_0$  = the minimum change in Y when the rest of the variables are held at a constant zero,  $\beta$  = measure of the rate of change while  $\epsilon$  represents the error term.

In order to test whether the means of two groups (null and alternative hypotheses) are statistically different, the study used t-test. This is because t-test was appropriate whenever

one wants to test. Analysis of variance is preferred as it utilizes F-test in terms of sums of squares residual (Mugenda, 2008).

### III. RESEARCH FINDINGS AND DISCUSSION

#### *Correlation Analysis of Secondary Data*

Correlation analysis was conducted to investigate the relationship determinants of financial growth in the Savings and Credit Cooperative Societies. The correlation was tested at the 5% level of significance with 95% confidence level.

Table 1: Correlation Analysis of Secondary Data

		Financial Growth	Liquidity	Investment policies
Financial Growth	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	32		
Liquidity	Pearson Correlation	.762	1	
	Sig. (2-tailed)	.000		
	N	32	32	
Investment Policies	Pearson Correlation	.789	.968	1
	Sig. (2-tailed)	.000	.000	
	N	32	32	32

From the findings, liquidity had Pearson correlation of 0.762 with p value of 0.000; an indication that liquidity was a significant determinant of financial growth of SACCOs. This also implies strong positive correlation between liquidity and financial growth of SACCOs. The finding is consistent with Mwangi (2014) who assessed the impact of liquidity on financial performance of deposit taking microfinance institutions in Kenya and established a positive correlation between liquidity and financial performance as the coefficient of determination was found to be 0.910 explaining that the liquidity explains 91% of the variance in the financial

performance. The correlation revealed a significant association of .941 at 5% level of significant.

Investment policies had a Pearson Correlation of 0.789 signifying strong positive correlation with financial growth. The p value  $0.000 < 0.05$  and therefore investment policy is a critical determinant of financial growth of SACCOs in Kenya.

#### *Regression Results*

In order to establish the determinants of financial growth of SACCOs, the researcher conducted multiple regression analysis. The findings are indicated in subsequent sections.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786 <sup>a</sup>	.618	.605	1.24945

The value of R is 0.786 signifying strong positive correlation between the study variables. R square was 0.618 indicating

that 61.8% of changes in financial growth of SACCOs in Kenya is explained by the independent variables of the study.

Table 4: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	21.318	4	5.330	3.414	.022
Residual	42.150	27	1.561		
<b>Total</b>	<b>63.469</b>	<b>31</b>			

The ANOVA findings of the processed data at 5% level of significance indicates an F calculated value of 3.414 while F critical is 2.728. Since F calculated is greater than F critical,

this indicates that the overall regression model was significant and therefore reliable predictor of the relationship between variables of the study.

Table 5: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	23.52	5.42		4.334	.000
Liquidity	.194	.153	.259	1.266	.216
Investment Policies	.274	.160	.309	1.715	.098

The resultant regression equation therefore becomes:

$$Y = 23.52 + 0.194X_1 + 0.274X_2$$

Where Y = Financial Growth

$X_1$ , and  $X_2$  represent liquidity and investment policies respectively.

From the findings, liquidity and investment policies had insignificant effect on financial growth of SACCOs with p values 0.216 and 0.098 respectively which are greater than 0.05 i.e.  $0.216; 0.098 > 0.05$ . Omesa (2015) conducted a study to investigate the effect of liquidity on the financial performance of financial institutions listed in the Nairobi securities exchange and established that the relationship between liquidity and financial performance is weak with an adjusted R<sup>2</sup> of 55.17% and also that capital structure had a significant relationship with ROA while liquidity had an insignificant relationship.

#### IV. CONCLUSION AND RECOMMENDATIONS

##### Conclusions

Liquidity was a significant determinant of financial growth of SACCOs with a strong positive correlation on financial growth. The SACCOs had adequate finances to meet all member applications for credit, planned in a way so as to collect payables earlier than it had planned, had adequate capital for investment which has promoted growth and had adequate finances for investment and improved growth.

The study concludes that investment policy is a critical determinant of financial growth of SACCOs in Kenya. The SACCOs had diverse investment lines in its portfolio. The SACCO had invested in research and development to identify new investment lines. Diversification of investments had improved financial growth of the SACCO.

##### Recommendations of the Study

The management of all SACCOs in Kenya should strengthen their liquidity levels by effective management of trade payables, receivables, inventories and cash. SACCOs should cultivate strong relationship with lenders and creditors to easily access finances as and when need arise.

The management of SACCOs should improve on their investment policies by incorporation of Specific Measurable Attainable Realistic and Time (SMART) bound goals and objectives. The investment policy of SACCOs should

incorporate risks and changes in rules and regulations issued by SASRA.

#### REFERENCES

- ACCA. (2009). *Access to finance for small and medium enterprises sector: the evidence and the conclusion*.
- Afza, T., & Nazir, M. S. (2008). Working capital approaches and firm's returns. *Pakistan Journal of Commerce and Social Sciences*, 1(1), 25-36.
- Aghion, P., Angeletos, G., Banerjee, A., and K. Manova (2007). "Volatility and Growth: Credit Constraints and Productivity-Enhancing Investment, unpublished manuscript.
- Anangwe, L. M. (2014). *The effect of competition and technology on growth of micro-finance institutions in Kenya* (Doctoral dissertation, University of Nairobi).
- Barth, T. J. (1993). Career anchor theory. *Review of Public Personnel Administration*, 13(4), 27-42.
- Bailey, T. (2001). *Applying International Best Practices to South Africa's SACCOs*: Published Dissertation. South Africa: De Mont Fort University
- Barr, H. (2002). *Interprofessional education*. John Wiley & Sons, Ltd.
- Barus, J. J., Muturi, W., & Kibati, P. (2017). Effect of Liquidity Management On Financial Performance Of Savings And Credit Societies In Kenya. *American Journal of Finance*, 1(5), 27-40.
- Choudhry, M. (2011). *An Introduction to Banking: Liquidity Risk and Asset-Liability Management*. Chichester: John Wiley & Sons Ltd.
- Davis, F. D. (1993). User acceptance of information technology: system characteristics, user perceptions and behavioural impacts. *International journal of man-machine studies*, 38(3), 475-487.
- Kabure, M. J. (2014). *The effect of liquidity on the return on investments for SACCOs in Nairobi* (Doctoral dissertation, University Of Nairobi).
- Fujo, K. G., & Ali, A. I. (2016). Factors affecting financial performance of savings and credit societies in Kilifi County-A case study of Imarika Sacco. *The International Journal of Business & Management*, 4(2), 448.
- Jappelli, T., & Padula, M. (2013). Investment in financial literacy and saving decisions. *Journal of Banking & Finance*, 37(8), 2779-2792.
- Kiragu, D. N. (2014). *The Effect of SACCO Societies Regulatory Authority's Regulations on Financial Performance of SACCOs in Nairobi County*. Nairobi: University of Nairobi.
- Macpherson, A. - Holt, R. (2007) Knowledge, learning and small firm growth: A systematic review of the evidence, Research Policy
- Mateev M. and Anastasov Y. (2010) Determinants of small and medium sized fast growing enterprises in Central and Eastern Europe: A panel data analysis, *Financial Theory and Practice*, 34 (3), pp. 269-295.
- Mwangi, M. N. (2014). The effects of liquidity on financial performance of deposit taking microfinance institutions in Kenya. *MBA Research Project, University of Nairobi*.
- Omesa, J. N. (2015). *Effect of liquidity on the financial performance of financial institutions listed in the Nairobi securities exchange* (Doctoral dissertation, University of Nairobi).

- [19]. Ostry, M. J. D., Berg, M. A., & Tsangarides, M. C. G. (2014). *Redistribution, inequality, and growth*. International Monetary Fund.
- [20]. The SACCO society Regulatory Authority (2014). *Annual Report*
- [21]. Scherr, R. (2013). Shaking Hands with other People's Pain: Joe Sacco's "Palestine". *Mosaic: a journal for the interdisciplinary study of literature*, 19-36.
- [22]. Soini, E., & Veseli, L. (2011). Factors influencing SMEs growth in Kosovo.
- [23]. Macpherson, A. - Holt, R. (2007) Knowledge, learning and small firm growth: A systematic review of the evidence, *Research Policy*
- [24]. Mueller, D. C. (1972). A life cycle theory of the firm. *The Journal of Industrial Economics*, 199-219.
- [25]. Munene, E. C., & Makori, J. (2013). The challenges facing deposit-taking savings and credit cooperative societies' regulatory compliance in Kenya. A case of the Gusii region.
- [26]. Njeru, M. D. (2016). *Effect of Liquidity Management on Financial Performance of Deposit Taking Saving and Credit Co-operative Society in Kenya* (Doctoral dissertation, Business Administration (Finance), JKUAT).
- [27]. Reinhart, C. M., & Rogoff, K. S. (2010). Growth in a time of debt (diges summary). *American Economic Review*, 100(2), 573-578.