Factors Influencing Sustainability Of Microfinance Institutions In Kenya: A Case Of Kenya Women Finance Trust

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Abstract:

Microfinance institutions indeed need to be self sustaining if they are to achieve their outreach potential providing rapid growth in access to financial services to poor people. However, sustainability is desirable as it allows MFIs to access the formal sector as a source of capital, rather than relying on subsidies to bring about growth. This study sought to investigate the factors influencing sustainability of microfinance institutions in Kenya. The study looked at the influence of factors such as Service delivery, branch network, staff training and capital adequacy. The research design used was a descriptive study of a population of 135 lower and middle managers from Kenya Women Finance Trust Deposit taking microfinance. A sample of 30% was selected using stratified random sampling.

Keywords: Microfinance Institution, Sustainability, service delivery, Branch network, Staff Training, Capital Adequacy.

1.Introduction

Today there is a strong trend towards commercialization and revolution of the contributors of microfinance into formal financial institutions. This is driven by motivation of profitability and sustainability of microfinance institutions. To a greater extent MFIs became independent due to donor funding and ability to raise capital from the capital markets as they increased their footing. This allows MFIs to expand their operations and increase the level of outreach (Drake and Rhyne, 2002). It is widely accepted that financial sustainability is a necessary long-term goal for microfinance institutions. According to the Consultative Group to Assist the Poorest (2009), microfinance institutions indeed need to be self sustaining if they are to achieve their outreach potential providing rapid growth in access to financial services to poor people.

2.Background Of The Study

Microfinance has been accepted globally as a tool for poverty alleviation and financial inclusion. This has reached more than 133 millions of poor people from 3316 MFIs worldwide by the end of 2006, out of which 69.85% were among the poorest and 85.2 percent were women (Harris, 2007). Microfinance institutions indeed need to be self sustaining and this is even more critical in Kenya in which the microfinance sector is one of the most vibrant in Sub-Saharan Africa and includes a diversity of institutional forms and a fairly large branch network to serve the poor (MIX, 2011).

MIX (2009), indicated that between the year 2005 to 2007, borrowers outreach grew at a persistent rate of 26% across all regions, along with the loan portfolio which grew faster at a rate of 47%. At a regional level, the MFIs in Eastern Europe and Central Asia grew by 38% while Middle East and North Africa expanded credit outreach the quickest by 41%. Asia had the greatest numbers which amounted to 12 million borrowers (MIX, 2009). Microfinance sectors in the Middle East and North Africa, as well as those in Eastern Europe and Central Asia, are reasonably small due to a later start of microfinance in those regions (Gonzalez and Rosenberg, 2006). According to MIX (2011), Kenyan microfinance sector is one of the most vibrant in Sub-Saharan Africa and includes a diversity of institutional forms and a fairly large branch network to serve the poor. FinAccess National Survey (2009) statistics indicates that between 2006 and 2009, usage of MFI services in Kenya doubled, from 1.7% of the population in 2006 to 3.4% of Kenya population in 2009.

3.Microfinance In Kenya

In Kenya microfinance services are provided by a variety of organizations of different institutional forms including formal providers (banks and financial institutions licensed under the Banking Act), semi-formal providers (MFIs, SACCOs, and Development Finance Institutions) and informal providers (ASCAs, and ROSCAs). Most of the MFIs in Kenya are self regulated and rely heavily on international donor support which poses a legal challenge (CBK 2011). However, microfinance activities have been regulated in Kenya since 2006, when Kenya's Microfinance Act, (2006) was signed to bring the MFIs that are determined to take deposits from the public under CBK supervision and regulation.

4.Statement Of The Problem

According to CBK (2011), realization of the importance of deposit taking microfinance institutions (DTMs) by both the public and the government has led to their immense growth with the licensed DTMs increasing from 2 institutions to 6 institutions in 2011 while assets increased by 6% from 23.4 billion in 2010 to 24.8 billion in 2011. KWFT enjoys a unique advantage in the MFIs market segment accounting for 62.7% of the DTM's market share, Ksh. 17 billion asset base accounting for 65% of the total assets, Ksh.7 billion deposits accounting for 78% of customer deposits, Capital & reserve of Ksh 2 billion accounting for 68% of capital & reserves and 930,000 depositors accounting for 66% of total depositors while the number of loan accounts stood at 325,102 which is 78% of the loan accounts serving only women in Kenya (CBK, 2011).

In 2011, KWFT received the following awards: "Excellence in Leadership Award 2011" from Women's World Banking (WWB) in partnership and master card foundation among WWB'S 39 affiliates from Africa, Asia, Eastern Europe, Latin America and the Middle East for demonstrating excellence in principled leadership, financial and social performance and upholding institutional commitment to gender diversity and women leadership (Sbuiton,2011), "Outreach and impact award 2011" by Oiko credit for increasing sustainability, impact and outreach to the financially excluded women and their families in Kenya, as well as "Africa Microfinance Award" by Hanson Wade for commitment to social Performance and Financial transparency (KWFT 2011).

Local studies that have done on microfinance sector includes; Matu (2008) carried out a study on sustainability and profitability of microfinance institutions and noted that efficiency and effectiveness were the main challenges facing Kenya on service delivery, Orua (2009) did a study on the relationship between capital structure and financial

performance of microfinance institutions in Kenya, Gitau (2010) did a study on assessment of strategies necessary for sustainable competitive advantage in the microfinance industry in Kenya with specific focus to Faulu Kenya while Mang'eni (2011) did a study on critical examination of strategic alliances in increasing microfinance outreach for marginalized populations. Therefore there is little literature on sustainability of Microfinance institutions that this study aims to bridge by exploring factors influencing sustainability of microfinance institutions in Kenya with focus to Kenya Women Finance Trust a Deposit Taking Microfinance.

5.Objectives Of The Study

The study was be guided by the following specific objectives;

- To identify how service provision influence sustainability of microfinance institutions in Kenya.
- To establish the extent to which branch network influence sustainability of microfinance institutions in Kenya.
- To assess the influence of staff training in sustainability of microfinance institutions in Kenya.
- To establish the influence of capital adequacy on sustainability of microfinance institutions in Kenya.

6.Rationale Of The Study

This study wishes to contribute to this important sector by informing the MFI professionals on critical aspects of financial sustainability to enable them ensure that the MFIs become and remain sustainable. It is expected that findings of the study will help MFIs to grow in scale as well as work toward financial sustainability. The study will also generate valuable empirical literatures which will be used by the researchers and scholarly community for advancement of knowledge and basis for future research. The recommendations when operationalized will not only assist the microfinance sector but the entire financial sector. Thus this study intends to fill the existing knowledge gap by investigating the factors influencing sustainability of MFIs in Kenya with a focus of KWFT.

**7.Literature Review On Sustainability Of Microfinance Institutions**

Service delivery is involved with actual production or provision of goods and services to the community. (Woller, Dunford & Warner, 2001). According to Woller, Dunford & Warner, (2001), delivering quality service to customers is very critical for success and continued existence in today's competitive financial services environment. MFIs should ensure provision of high quality services to increase customer retention rates, attract new customers through word of mouth advertising, boost productivity, market shares, lower the rate of staff turnover, lower operating costs, as well as improving employee morale, financial performance and profitability. Most of the researchers' points out that sustainable MFI require ensuring high customer satisfaction, customers make their choice depending on the perception quality, service and value they are receiving (Basu, Blavy & Yulek, 2006).

Training involves the acquirement of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies (Patton and Marlow, 2002). Staff specialist training is one of the most cited Critical Success Factors (CSFs) in ensuring sustainability of MFIs (Goodwin-Green, 1999). Training primarily reflects the ability of enabling employees to acquire the skills they need to meet the demands of a more participatory work environment. According to Patton and Marlow (2006), new employees need to be introduced to the institution, its culture and the way of doing things; this enables them to contribute quickly and effectively to the MFI. Likewise, existing employees need to develop as well as adding new skills, knowledge and responsibilities that enable them to grow in the process growth of the organization

Branch Network is the offices which belongs to an organization, are located in different locations but are interlinked by use of technology (Hubbard, 2004). Large branch network ensures that clients can access the branch network for savings deposits or loan repayment. According to (Gart 2003; Hubbard 2004), branch banking leads to more sustainable banking systems as it enables banks to diversify loans and deposits to a wider geographical location. Institutions with large branch network are less likely to experience bank crisis in case of unpredictable event (Grossman, 1994). (Robinson, 2001) posits that successful MFIs organize their branches as profit centers and employ a method of transfer pricing that ensures full-cost coverage throughout the branch network.

Capital   adequacy   pertains   to   requirement   for   organizations   conducting investment/financial business to have sufficient funds and acts as measure of financial

strength (Upchurch, 2005). According to (Upchurch, 2005) capital adequacy has been cited as a crucial factor in sustainability of any organization and it is more so in the business of using other people's monies such as banking. Christen, Rhyne, Vogel & McKean (2005) notes that due to high volatility and scarce geographical diversification of MFIs, the capital adequacy ratio should be high to ensure sustainability. The primary function of capital to serve as a cushion on loaned funds to absorb losses that may occur. It also serves the function for the acquisition of physical assets. The capital affords the "engine and bumper" that keeps the MFI going as well as taking up vicious shocks and the more capital a bank has, the better it is able to sustain losses without running into insolvency.
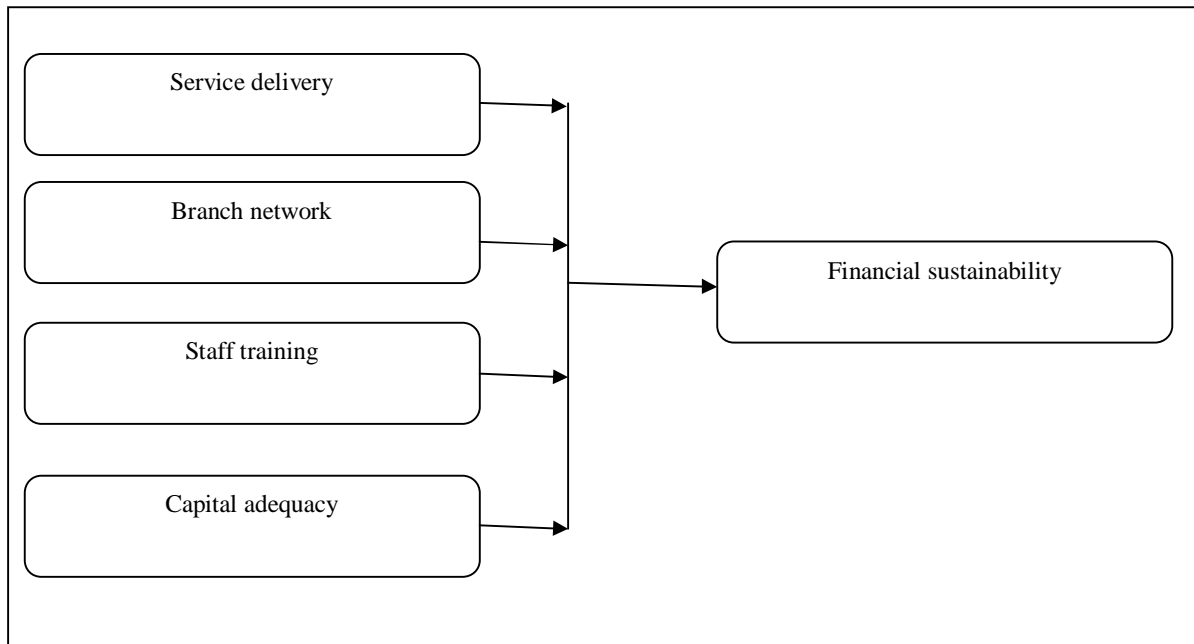
8.Research Methodology

The aim of the study was to investigate the factors influencing sustainability of MFIs in Kenya with a focus to Kenya Women Finance Trust a Deposit Taking Microfinance. The study investigated the influence of service delivery, Branch network, Staff training and capital adequacy to the financial sustainability. The population was limited to middle and lower level management staff of KWFT headquarters in Nairobi. The managers were selected since they are instrumental in execution of KWFT strategies and were better placed in providing the required data because they play a leading role in ensuring the

sustainability of KWFT. The method used to carry out the research is as described in the section that follows.

9.Research Design And Sample Size

The study adopted a descriptive research design. This study collected quantitative data from 40 lower and middle managers from operations, finance, marketing, liabilities, internal audit, technical, strategy, risk and compliance, ICT and human resources departments in KWFT using a self-administered questionnaire with a five point Likert scaled questions. The sample size was reached through employing stratified random sampling technique. Stratified random sampling is unbiased sampling method of grouping heterogeneous population into homogenous subsets then making a selection within the individual subset to ensure representativeness.Mugenda and Mugenda (2003) advocated for 10-30% of target population as representative.The validity and reliability of the questionnaire were determined by conducting a pilot study. According to Mugenda and Mugenda (2003), in a research study, the reliability coefficient can be computed to indicate how reliable data are. A construct composite reliability co-efficient (Cronbach alpha) of 0.6 or above, implies that there is a high degree of data reliability. The survey instrument was subjected to overall reliability analysis and was found to be highly reliable (Cronbach alpha = 0.81). This is excellent reliability according to (Rousson, Gasser & Seifer, 2002). Data collected was analyzed by descriptive analysis and a multiple regression analysis was also conducted.

10.Data Analysis

The study generated both qualitative and quantitative data. Quantitative data was analyzed using the Statistical Packages for Social Scientists (SPSS) version 21 which is all-inclusive and offers wide-range data handling capability. Qualitative data was analyzed based on the content matter of the responses as responses with common themes or patterns were grouped together into coherent categories. The study also used Likert scale. Likert scale enables easier analysis as it removes doubt on the type of response given. Quantitative data presented in tables and graphs (pie charts and bar graphs) while the explanation to the same and qualitative data was presented in prose.

The study also used inferential statistics to establish the significance of the factors influencing microfinance sustainability in Kenya. Specifically, the study made use of Spearman correlation to establish this relationship. The correlation coefficient was two-

tailed as the relationship could be positive or negative and at 90% confidence level. Regression was also employed to find out the strength between the independent variables and the dependent variable.

A simple regression model was used to assess the combined effect of the four independent variables (Service delivery, Branch network, staff training and capital adequacy) on the dependent variable (Financial sustainability). The study was guided by the following regression model: $Y = \alpha + \beta 1X_1 + \beta 2X_2 + \beta 3X_3 + \beta 4X_4$ where: Y = Sustainability of KWFT, X1 = Service delivery, X2 = Branch network diversification, X3= Staff Training, X4= Capital Adequacy

11.Results And Discussions

The study targeted 40 respondents in collecting data with regard to the determinants of sustainability of microfinance institutions in Kenya. According to the findings, age of majority (58%) were ranging between 30-40 years, followed by 29% ranging between 21-30 years, 8 % were aged between 41-50 years while only 4% were above 51 years.

From the study findings, majority (60%) indicated that they had bachelor's degree, followed by (26%) 26.7% who had a higher national diploma with a few (13%) indicating that they were masters' degree holders.

The study sought to establish how long the respondents had been at KWFT, this was to ascertain to what extent their responses could be relied upon to make conclusions for the study based on experience. From the study findings as indicated in figure 4.3, majority (63%) of the respondents indicated they had been at KWFT for a period ranging between 6-10 years, followed by 29% who indicated they had been working for more than 10 years while 4% of the respondents indicated that they had been working at KWFT for a period less than two years and between 3-5 years respectively.

12.Service Delivery

The study further sought to find the influence of service delivery on the sustainability of microfinance basing on the service delivery statements. The study used a scale of 1-5. Where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree.

From the study findings, majority (38%) agreed that quality service influenced KWFT Sustainability by increasing customer retention rates followed by 33% who strongly agreed over the same statement. Also majority (46%) strongly agreed that quality service influenced KWFT Sustainability by attracting new customers through word of mouth

advertising. Further, majority (36%) strongly agreed quality service influenced KWFT Sustainability by and boosting the overall quality of the organization followed by 30% who strongly disagreed over the same statement. Further, majority (46%) strongly agreed that quality service influenced KWFT Sustainability by improving on the reputation of the organization; also majority 42% agreed that quality service influenced KWFT sustainability by lowering operating costs. The study also further indicated that majority (33%) agreed that quality service influenced KWFT Sustainability by boosting the overall quality of the organization.

The study sought to find out the respondents level of agreement with statements relating to service delivery basing on the service delivery statements. Where 1- strongly disagrees, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

From the study findings, majority (53%) strongly agreed that KWFT ensured high customer satisfaction, further, majority (40%) agreed that customers were allowed to make their choice depending on the perception quality, service and value they were receiving, further, majority (40%) agreed that KWFT gave a lot of emphasize on the efficiency in which services were delivered to ensure customer value and satisfaction. The study also indicated that majority 40% agreed that in provision of superior customer-led services, KWFT carried out constant communication to the customers to enlighten them on the products and services available for their consumption

The study sought to test the normality of the data. With a small sample size of (n=24) the tests indicated significance of 0.00 and 0.06 for K-S and S-W respectively. According to Miles and Snow (1978) the data is normal if the test is NOT significant, any value above .05 indicates normality and if the test is significant (less than .05), then the data are non-normal. This implies that the data in this case was non-normal.

		Kolmogorov-Smirnov		Shapiro-Wilk		
	Statistics	df	Sig.	Statistics	df	Sig.
Service Delivery	0.189	327	0.00	0.93	327	0.06

Table 4.5: Test of Normality

Lilliefors Significance Correction

Factor analysis was conducted with the aim to determine whether service delivery influenced the sustainability of MFIs in Kenya. Under service delivery, the factor

extracted comprised of (78%) of all factor loadings. Only factors with Eigen value loading greater than 1.0 were extracted. The components included were: Increases customer retention rates, Attracts new customers through word of mouth advertising, Boosts the overall quality of the organization and improves on the reputation of the organization.

The Eigen values which represents the amount of variance explained by each factor loading as noted for Factor (service delivery) was 2.42.

13.Branch Network

The study sought to establish the influence of branch diversification on sustainability of KWFT. The findings were that majority (42%) indicated that branches diversification influenced the sustainability of KWFT to a very great extent followed by 33% and 25% who indicated that branches diversification influenced the sustainability of KWFT to a great extent and moderate extent respectively.

The study further sought to find the influence of branch networks on sustainability of microfinance basing on the service delivery statements. The study used a scale of 1-5. Where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree.

From the study findings majority 60% indicated that increase in number of branches assisted in increasing of the outreach as well as services that KWFT offered, Further (45%) agreed that KWFT established branches closer to the rural areas to serve the poor. Further, the study findings indicated that majority (25%) agreed that setting up branches closer to the people led to increase in number of customers and also majority (60%) agreed that interconnectivity of branches led to better service hence sustainability of KWFT.

The study sought to test the normality of the data. With a small sample size of (n=24) the tests indicated significance level of 0.00 and 0.07 for K-S and S-W respectively. According to Miles and Snow (1978) the data are normal if the test is NOT significant, any value above .05 indicates normality and if the test is significant (less than .05), then the data are non-normal. This implies that the data in this case was non-normal.

		Kolmogorov-Smirnov		Shapiro-Wilk		
	Statistics	df	Sig.	Statistics	df	Sig.
Branch Network	0.176	24	0.00	0.82	24	0.07

Table 4. 1: Test of Normality

Lilliefors Significance Correction

Factor analysis was to determine whether branch network influenced the sustainability of MFIs in Kenya was conducted. The factor extracted comprised of (81%) of all factor loadings. Only factors with Eigen value loading greater than 1.0 were extracted. The component included was: Increasing the number of branches assists in increase of the outreach as well as services that was offered. The Eigen values which represents the amount of variance explained by each factor loading as noted for Factor (branch network) was 3.125.

14.Staff Training

The study sought to establish the influence of staff training on the sustainability of Microfinance institutions. The study used a scale of 1-5. Where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree.

From the study findings, majority 63% agreed that they had all the needed skills to effectively carry their duties efficiently in their institution. Also majority 58% agreed that their competencies had contributed to increased efficiency in their organization, also majority 46% agreed that lack of training can attribute to poor performance of the institution. Further, majority 89% strongly disagreed that the failures observed in their performance can be attributed to inadequate training. Majority (64%) agreed that training boosts employees' morale hence sustainability. The study findings further indicated that 33% agreed that staff training reduced the rate of staff turnover also 25% disagreed over the same statement. Lastly majority (42%) agreed that the level of education of the staff contributed to increased efficiency in the organization.

The study sought to establish the extent to which staff training enhanced sustainability of KWFT. From the study findings, majority (63%) indicated that staff training enhances sustainability of KWFT to a great extent, 24% indicated to an average extent, 10% indicated to a very great extent while a few (3%) indicated to a small extent.

The study sought to test the normality of the data. With a small sample size of (n=24) the tests indicated a significance level of 0.00 and 0.06 for K-S and S-W respectively. According to Miles and Snow (1978) the data are normal if the test is NOT significant, any value above .05 indicates normality and if the test is significant (less than .05), then the data are non-normal.

		Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistics	df	Sig.	Statistics	df	Sig.
Staff Training	0.123	24	0	0.212	24	0.06

Table 4.2: Test of Normality

Lilliefors Significance Correction

Factor analysis with the objective was to determine whether staff training influenced the sustainability of MFIs in Kenya. Under staff training, the factor extracted comprised of (83.3%) of all factor loadings. Only factors with Eigen value loading greater than 1.0 were extracted. The components included were: I have all the needed skills to effectively carry my duties efficiently in this institution, my competencies have contributes to increased efficiency in this organization and lack of training can attribute to poor performance the institution. The Eigen values which represents the amount of variance explained by each factor loading as noted for Factor (staff training) was 1.85.

15.Capital Adequacy

The study sought to establish how the respondents rated the cost of capital influence on KWFT sustainability. From the study findings, majority (38%) rated cost of capital influence on KWFT Sustainability to be very high, 25% rated it high, and 21% rated the cost of capital influence on KWFT Sustainability to be moderate while a few (17%) rated cost of capital influence on KWFT Sustainability to be very low.

The study further sought to find the influence of capital adequacy on the sustainability of microfinance basing on the capital adequacy statements as responded upon in table 4.6. The study used a scale of 1-5. Where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree.

From the study findings, majority (46%) agreed that KWFT had had sufficient capital to cover default in the loan portfolio, 42% agreed that KWFT had adequate capital base which influenced the lending practices and had a better outreach due to adequate capital

respectively. Further, the study findings indicated that majority (50%) agreed that adequate capital affected the attitude of KWFT clients and reduced unfair market segmentation. Further the study findings indicated that majority 42% agreed that adequate capital had given KWFT a power to apportion funds for the realization of prudential regulations, which encouraged them to avail more services like allowing voluntary deposit taking.

Further findings indicated that majority of the respondents (50%) indicated that capital adequacy influenced sustainability of KWFT to a great extent, 33% indicated to a very great extent, 13% indicated to an average extent while a few (4%) indicated that capital adequacy influenced sustainability of KWFT to a very small extent.

Test of the normality of the data was conducted. With a small sample size of (n=24) the tests indicated a significance level of 0.00 and 0.06 for K-S and W-S respectively. According to Miles and Snow (1978), the data are normal if the test is NOT significant, any value above .05 indicates normality and if the test is significant (less than .05), then the data are non-normal. This implies that the data in the study was not normally distributed.

		Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistics	df	Sig.		Statistics	df	Sig.
Capital Adequacy	0.176	24	0.00		0.82	24	0.06

Table 4. 3: Test of Normality

Lilliefors Significance Correction

Factor analysis with aim to determine whether capital adequacy influenced the the sustainability of MFIs in Kenya was conducted. Under capital adequacy, the factor extracted comprised of (83.6%) of all factor loadings. Only factors with Eigen value loading greater than 1.0 were extracted. The component included was: Our organization has sufficient capital to cover default in the loan portfolio, our organization has adequate capital base which influences the lending practices and our organization has a better outreach due to adequate capital. The Eigen values which represents the amount of variance explained by each factor loading as noted for Factor (capital adequacy) was 2.46.

16. Trend Of The Financial Sustainability At KWFT For The Last 5 Years

The study sought to establish the trend of the various aspects of financial sustainability at KWFT for the last 5 years. From the study findings, majority 83.3% indicated an increase in return on assets, 70% indicated that there has been an increase in revenue while 62.5% of the respondents indicated that there has been an increase in market share. Generally, in this thematic area return on asset, market share and revenue scored a mean average value of 72.2%.

17. Regression Analysis

Model summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.8945	.7812	.7685	.1458

Table 4. 4: Regression Model Summary of the effect of Independent variable
Source: Author, 2012

The R^2 the coefficient of determination shows variability in dependent variable explained by the variability in independent variable. This value tells us how sustainability of KWFT varied with Service delivery, branch network, staff training, and capital adequacy. The R^2 value of 0.7812 implies that 78.1% of the variations in the dependent variable (sustainability) are explained by the variations in independent variables (Service delivery, branch network, staff training, and capital adequacy). This therefore means that other factors not studied in this research contribute 21.9% of the sustainability of the microfinance institutions in Kenya.

18. Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.960	1.119		1.752	.212
	Service Delivery	.105	.137	.121	2.661	.003
	Branch Network	.384	.106	.663	3.608	.001

Staff Training	.049	.223	.042		1.222	.041
Capital Adequacy	.071	.158	.096		2.018	.004

Table 5

Source: Author, 2012

The researcher further conducted a multiple regression analysis and from the above regression model, holding service delivery, branch network, staff training and capital adequacy constant, KWFT sustainability would be 1.960. It's established that a unit increase in Service delivery would cause an increase in Sustainability of KWFT by   a factor of 0.105, a unit increase in Branch network diversification would cause an increase in KWFT sustainability by a factor of 0.384, also a unit increase staff training would cause an increase in Sustainability of KWFT by a factor of 0.049. Also a unit increase in capital adequacy would cause an increase in Sustainability of KWFT by a factor of 0.71. This shows that there is a positive relationship between Sustainability of KWFT and (Service delivery, branch network, staff training, and capital adequacy).

The Unstandardized beta coefficients column in Table 4.10 below were used to obtain the overall equation as suggested in the conceptual framework. When these beta coefficients are substituted in the equation, the model becomes:

$Y = 1.960 + 0.105 X_1 + 0.384 X_2 + 0.049 X_3 + 0.71 X_4$ where: Y = Sustainability of KWFT, X1 = Service delivery, X2 = Branch network diversification, X3= Staff Training, X4= Capital Adequacy

The results also show the unique contribution to the explaining of the independent variable. The standardized coefficients assess the contribution of each independent variable towards the prediction of the dependent variable, since they have been converted in the same scale to show comparison. The result indicates that branch network having the highest beta of 0.663 has the largest influence on sustainability. The second most important variable was service delivery with a beta of 0.121. The third most important variable was capital adequacy with a beta of 0.096. The least important predictor of these four variables is staff training with a beta of 0.042. The t-test statistic shows that all the B coefficients of service delivery, branch network, staff training and capital adequacy are significant (since $p<0.05$).

19.Conclusions

The study concludes that the quality of service delivered influenced KWFT Sustainability by attracting new customers through word of mouth advertising, improving on the reputation of the organization, improving financial performance and profitability, lowering operating costs and also increased customer retention rates hence boosting the overall quality of the organization. The study also concludes that KWFT applied modern technology in delivering service to the customers.

The study concludes that branches diversification influenced the sustainability of KWFT to a very great extent. The study also concludes that increase in number of branches assisted in increasing of the outreach as well as services that KWFT offered and also setting up branches closer to the people led to increase in number of customers. Further, the study concludes that KWFT had established branches closer to the rural areas to serve the poor.

The study concludes that KWFT staff competencies contributed to increased efficiency and that training boost employees' morale hence sustainability. Also the study concludes that the staffs at KWFT had all the needed skills to effectively carry their duties efficiently and that lack of training attributed to poor performance of KWFT. Also the study concludes that the level of education of the staff contributed to increased efficiency at KWFT.

The study concludes that KWFT complied with the minimum capital requirements and that it received sufficient funding to undertake its functions. The study concludes that the cost of capital highly influenced KWFT Sustainability.

Also, the study concludes that KWFT had sufficient capital to cover default in the loan portfolio and that adequate capital had given KWFT a power to apportion funds for the realization of prudential regulations, which encouraged KWFT to avail more services like allowing voluntary deposit taking. Further the study concludes that KWFT had adequate capital base which influenced the lending practices and had better outreach due to adequate capital. Lastly, the study concludes that the capital adequacy influenced sustainability of KWFT to a great extent.

20.Recommendations

The study recommends that KWFT to maintain sustainability, should further improve on the quality of service delivered to attract new customers through advertising, promotions as these would improve KWFT reputation hence improving financial performance and

profitability, lowering operating costs and also increasing customer retention rates hence boosting the overall quality of the organization. The study also recommends that KWFT should apply modern technology in delivering service to the customers.

The study also recommends that KWFT should open more branches country wide in order to get closer to the people and hence increase the number of customers.

Further, the study recommends that there is need to frequently train staff at KWFT to enhance their competencies. Training can be on the job training and off the job training and should involve all the employees.

Lastly, the study recommends that KWFT should have sufficient capital to cover default in the loan portfolio and also have power to apportion funds for the realization of prudential regulations, which will encourage KWFT to avail more services like allowing voluntary deposit taking.

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