

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Effect of Cash Management Practices on the Growth of MatatuSaccos in Kimilili Sub-County, Bungoma County, Kenya

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Abstract:

Matatus form the informal industry in Kenya which provide services to Millions of people daily. They provide a basis for the transportation system in Kenya . Kenyan transport sector play an important role in linking up various sectors of the economy. Matatutransport contribute over 80% of the total Public transport in the country (Republic of Kenya 2002). The ministry of transport directed that all Matatus to operate as either Sacco or limited liability Company by 2010. Despite the government effort on this, MatatuSaccos have not been able to grow in terms of profit , Assets and market share. Its based on this that the study was designed to establish the causes of poor Sacco growth. The purpose of the study was to assess the effect of cash management practices on Matatu Sacco growth in Kimilili Sub- County. The study objectives were; to establish the effect of cash budgeting as a cash management practice on matatu Sacco growth; to establish the effect of cash control as cash management practice on Matatu Sacco growth; Establish the effect of financial planning as a cash management practice on Matatu Sacco growth, Evaluate the extent of growth of Matatu Sacco and establish the relationship between cash management practice and Matatu Sacco growth in Kimilili Sub- County, Bungoma County, Kenya.

Independent Variables in the study were; Cash budgeting practice, cash control practice and cash planning. The dependent variable was Sacco growth in terms of profit, Assets and market share. Empirical studies has shown research done on business failure in Australia, Financial management practice of small firms in Ghana, Performance of MatatuSaccos in Kiambu county, and cash management and growth of small scale businesses in Ntungamo Market Uganda. Little research has been done on the effect of cash management practices on Matatu Sacco growth in Kimilili Sub – County, Kenya thus a gap to fill. The target population of the study was 169 Matatu Sacco owners/ members. The study used a descriptive research design. The study employed both closed ended structured questionnaires and open ended unstructured questionnaires. Stratified and Random sampling techniques were used in determining a sample size of 34 Matatu Sacco members owners Both descriptive and inferential Statistics were used in the study. Frequency distribution tables and percentages were used to present raw data for interpretation. Regression analysis was performed to establish the relationship between cash management practices and Matatu Sacco growth. A statistical package for social sciences was used in analyzing data

The findings of the study were; Cash Management practices of Matatu Sacco were not efficiently done as majority of Sacco Matatu owners had means below the average mean of 3. The study showed that Sacco growth was positively related to cash management practices. The coefficient of determination R² indicated that 86% of variations in Matatu Sacco growth could be explained by changes in cash management practices. The study concluded that cash management practices make a significant contribution to the growth of MatatuSaccos. Its based on this that the study recommends practices of efficient cash management so as to improve on growth of MatatuSaccos. The study agrees with other research finding that established a positive relationship between cash management practices and firms performance.

Keywords: *Cash management practices, matatu sacco growth, savings and credit cooperative societies (SACCO)*

1. Introduction

This study sought to establish the effect of cash management practices on the growth of Matatu SACCOs in Kimilili sub-county, Bungoma county Kenya.

The international cooperative Alliance (ICA) defines a cooperative as an autonomous association of persons united voluntarily to meet aspirations through a jointly- owned and democratically-controlled enterprise. A cooperative is business enterprise whose features of ownership, control and service use is distinct from other forms of business (UWCC).

Cooperatives are user owned and user benefited organizations. They include agricultural unions and savings and credit cooperatives (SACCOs).

Cooperatives operate in various sectors of the economy which include Agriculture, jua kali, transport, housing, consumer services, banking and finance, (Paul Gamba and Isaac Komo 2010)

Cooperatives help individuals to be able to save from their earnings for the future by submitting monthly contributions deducted from the source. They therefore boost the economy of the region.

According to Somavia (2002) cooperatives are seen as tools for creation of decent jobs and for the mobilization of resources for income generation.

The policy objective of the Kenyan cooperative movement is to spur sustainable economic growth by focusing on achievement of desired outcomes.

Cooperatives provide goods and services in areas where both the public and private sector have not ventured (Verma, 2004). They are local institutions that address local needs, employ local talent and led by local leaders through local branches.

The cooperative ordinance Act was passed in 1945 where the government of Kenya (GOK) legally controlled the cooperatives. The act was amended in 1997 where the government control through commissioner of cooperatives was lowered. The new Act provided policy framework for cooperative development. It aimed at making cooperatives autonomous, self reliant, self controlled and commercially viable institutions. The Act allowed the cooperatives to compete with other private enterprises. The 1997 Act was amended in 2004 through the cooperative societies (Amendment) Act of 2004.

The Sacco societies Act of 2008 was enacted to provide for the licensing, regulation, supervision and promotion of savings and credit cooperatives by the SACCO society's regulations authority.

The Act provides for the establishment of the sacco societies regulatory authority (SASRA) whose functions are licensing saccos to carry deposit taking business as well as regulating and supervising saccos, (Republic of Kenya, 2008, Wanyama , 2009).

1.1. Background to the Study

Cash management is financial practice which involves keeping records and maintaining components of cash management. They are cash budgeting, cash control and financial planning. Many business organizations find it crucial to maintain and keep proper management systems for cash management so as to minimize risks and improve on overall performance of businesses (Lamberson, 1995).

Efficient cash management contributes positively to the performance of enterprises and their survival. It's therefore wise that owners and managers of firms embrace the same so as to realize performance and contribute to economic development. Cash management is an important source of competitive advantage in businesses (Deloof 2003) most organizations struggle to identify basic cash management drivers and the preferred level of management so as to minimize risks and improve overall performance of their organizations (Lamberson 1995)

The success and failures of a business organization depends on the efficiency of cash management practices.

Padachi (2006) established that efficient management of cash is important for the success and survival of the enterprise.

Atril (2006) observed that many business enterprises poorly manage their cash management which has been a major cause of business growth. He observed that businesses operate without credit control systems, and too they lack proper debt collection procedures. This has led to high risks in terms of debt collection where majority of debtors default payment of the credit.

A recent study by Bowen et al (2009) showed that debt collection was 55% among the top five challenges experiences by small businesses.

SACCO in both developing and developed countries have been instrumental in contributing to economic development. These have greatly addressed issues of unemployment and poverty.

Saving and credit co-operatives (SACCOs) are owned by the users and benefits the users.

They operate in various sectors of the economy including agriculture, transport, housing, banking, finance (Paul Gamba and Isaac Komo, 2010).

The Kenyan government has encouraged cooperative movement in order to facilitate sustainable economic growth with focus on strengthening of the movement, improving service delivery, corporate governance and marketing efficiency (international monetary fund 2007)

Saccos are therefore local organizations that address local needs, employ local people and are managed by local leaders.

The first SACCO in Africa was formed in Ghana in 1959. Its aim was to assist locals to improve their economic conditions (Ngombe and Mikwamba 2004).

Kenya was among the first African countries to join SACCO community in 1960.

African countries formed a continental association of SACCOs known as African Confederation of cooperative society savings and credit association (ACCOSSCA) in 1965. The movement was purposely formed to educate members on saccos issues (Ngombe and Mikwamba 2004)

The Kenyan government recognizes cooperatives as suitable drivers in economic development of the country. The government has therefore taken various steps in ensuring rapid growth and expansion of the SACCO movement (GardeKlint, 2009) SACCOs are therefore considered as pillars towards economic development.

Kenyan government had over 5, 000 registered saccos with a membership of about 7. Million by the year 2010. SACCOs had mobilized savings of over Kshs. 200 billion (Republic of Kenya (ROK), 2008; Ndungu, 2010)

The government of Kenya is positioned seven in the world ranking and one in Africa in terms of number, size and cooperatives contribution to development (international cooperatives Alliance, 2008)

The study shows that cooperatives contribute to about 45% to the GDP and 31% to the National savings and deposits (chambo et al 2008) statistics show that matatu sector contributed 8.5% to the GDP in the year 1998 to 2002 with road transport contributing 2.9 to the GDP (IPAR 2004)

Matatu industry comprise 80% of the public transport system in Kenya with an estimated annual turnover of sh. 73 billion (Republic of Kenya, Economic survey, 2011).

By the year 2010, it was estimated at about 25, 000 matatus operating in Kenya (MCDM, 2010).

After the legal notice which required all Matatus to operate under SACCOs or limited liability company, it led to formation and registration of over 655 Matatu SACCOs by March 2011 (MCDM, 2011).

1.2. Statement of the Problem

From the background of the study (Ngombe and Mikwamba 2004,)Gardeklint, 2009, Lamberson 1995 and Atril, 2006). It is evident that the objective of Sacco societies is empowering members through savings mobilization, giving credit to members and ensuring saccos long-term sustainability through sound cash management practices.

However, literature on background cites a number of challenges in promoting sound cash management in institutions such as poor management of cash flows, limited funding sources, low risk assessment and in-efficiency in debt collection.

SACCOs have been trying to address member's needs by mobilizing funds and granting credit to members.

Despite this effort, SACCOs have not been able to grow their shares to high levels and experience poor governance. The purpose of the study was to assess the effect of cash management practices on the growth of Matatu SACCOs, with a view to improving their management for the benefits of the members and the country.

1.3. Objectives of the study

1.3.1. General objective

The main purpose of the study was to establish the effect of cash management practices on the growth of Matatu savings and credit cooperatives (SACCOS) in Kimilili sub-county, Bungoma County, Kenya.

1.3.2. Specific objectives

1. Establish the effect of cash budgeting as a cash management practice on the growth of Matatu SACCOs in Kimilili Sub-County, Kenya.
2. Establish the effect of cash control as a cash management practice on the growth of Matatu SACCOs in Kimilili Sub-county, Kenya.
3. Establish the effect of financial planning as a cash management practices on the growth of Matatu SACCOs in Kimilili Sub-County, Kenya.
4. Evaluate the extent of growth of Matatu SACCO in Kimilili Sub-county.
5. Establish the relationship between cash management practices and the growth of Matatu SACCOs in Kimilili Sub-county, Kenya.

1.4 Research questions.

1. What is the effect of cash budgeting as a cash management practice on the growth of Matatu SACCO in Kimilili Sub-county, Kenya.
2. What is the effect of cash control as a cash management practice on the growth of Matatu SACCO in Kimilili sub-county, Kenya.
3. What is the effect of financial planning as a cash management practice on the growth of Matatu SACCOs in Kimilili Sub-county, Kenya.
4. What is the extent of growth of Matatu SACCO in Kimilili sub-county.
5. What is the relationship between cash management practice and the growth of Matatu SACCOs in Kimilili Sub-County, Kenya.

2. Literature Review

This chapter presents empirical literature related to the cooperative movements in the world.

It further discusses matatu transport and matatu SACCOs in Kenya. It outlines the cash management practices as cash budgeting, cash planning and cash control. The chapter reviews literature on SACCO performance and growth globally, outlines literature on established relationships between cash management practices and growth of Matatu SACCOs. The chapter presents theoretical reviews on cash budgeting, cash control and financial planning.

It describes the conceptual framework which states the variables in the study and states the knowledge gaps making the purpose of the study.

2.1. Cooperative Movements

Cooperative movements began in the 19th century in England. The major purpose of formation was to protect the interest of the working parties. Since then, cooperatives have spread globally.

The origin of cooperatives differs from continent to continent, county to country and from region to region. Cooperatives have been established in various industries like agriculture, banking, transport and teaching with intentions of lifting up the living standards of the members by increasing productivity, creation of employment, and offer of credit facilities to the members.

The initial SACCO society in Africa was introduced in Ghana in 1959. Its main function was to assist the society improve on their economic conditions (Ngombe and Mikwamba, 2004). The first Nations to join the SACCO Community were Ghana, Uganda, Nigeria, Tanzania and Kenya. By the year 1970s most nations had joined the SACCO Community. (Mwakajumilo, 2011)

In the year 1965 the African countries formed a continental association of SACCOs called Africa Confederation of cooperative society savings and credit Association (ACCOSSCA). Its main function was to promote SACCO principles, offer SACCO Insurance and educate SACCO members (Ngombe and Mikwamba, 2004)

By 2010, the statistics showed that 28 countries in Africa had established SACCOS. (Savings plus, 2010) The first cooperative society in Kenya was Lumbwa cooperative society formed in 1908. Its main objective was to support agricultural activities. (Kenya Union of Savings and Credit cooperatives (KUSCCOJ 2006).

During and after independence cooperatives were viewed as entities whose participation in the economic development of the country was key. The government therefore took an initiative to faster their rapid growth and expansion in the country (GardeKlint, 2009).

By the year 2010, Kenya had over 5,000 registered SACCOs. various regulatory frameworks for SACCO in Kenya have been enacted since 1945. The first Act was cooperative ordinance Act of 1945 which gave the government of Kenya power to control the cooperatives. The cooperatives societies Act of 1997 provided policy framework for cooperative development in Kenya by De-linking cooperatives from control by the government.

The government was only to regulate and facilitate their operations. The move allowed the cooperatives to compete favourably with other private enterprises.

The 1997 Act was amended in 2004. The cooperative societies Amendment Act of 2004 cooperative re-enforced regulation of the cooperative movement through the office of the commissioner for cooperative development.

The SACCO Societies Act of 2008 was enacted to provide for the licensing, regulation, supervision and promotion of savings and credit cooperatives.

The Act provides for the formation of the SACCO societies Regulatory (SASRA). Wanyama**2009**.

2.2. *Matatu SACCOS in Kenya.*

Use of matatu as a mode of transport in Kenya fall under the public service vehicles (PSV).

These vehicles operate in towns as well as rural areas. Analysis on matatu transport at the city council of Nairobi indicates that matatu transport play on important role in the public sector in Nairobi.

A matatu basically employs a driver and are therefore looked at as small and medium enterprises (SMES)

Matatu SACCOs experience problems and challenges similar to those experienced by other SMES including causes of business collapse such as lack of capital, poor management, lack of experience, poor market research, administrative incompetence and uneven cash flows (Bennet, 2006).

Matatu as a mode of transport (2.3)

Reforms initiated by the government in the public transport sector have failed to get rid of illegal gangs and cartels. The government stopped licensing new 14 seatermatatus and Matatu owners were forced to joining either a sacco or limited company.

A study on the impact of the new intergrated national transport policy on the 14 seatermatatus confirmed this. The study was conducted by the cooperative college of Kenya. The report said that cartels who rushed into joining SACCOs do not own a single vehicle. Despite sacco being vital for growth of the economy, most newly formed SACCOs exist without offices and records of business activities.

The study confirmed that 60% per cent of the management board members of registered SACCOs seem not to be aware of the new transport policy.

The minister observed that 14 seatermatatus to continue operating more so in rural areas as the government puts measures on how to phase them out in towns. (Nyagali)

About 60, 000 matatus operate in Kenya, of which 14, 000 in Nairobi (Economic survey 2011)

Matatus constitute 80% per cent of the public transport system in the country with an estimated annual turn over of shs. 73 billion.

The transport sector contributes over shs. 4 billion to insurance companies and shs.1 billion in taxes.

(Economic survey 2011).

2.3. *First Matatusacco*

2NK Transport sacco was among the first matatu SACCO in Kenya formed in 1993 by matatu owners operating on Nyeri-Nairobi route.

The sacco has enabled operators to pool resources and implement market-oriented strategies to serve customers well and increase earnings.

2NK had a well-coordinated branding campaign, travelers identified with 2NK SACCO, which enabled the SACCO gain control of the Nyeri-Nairobi route.

It enabled the sacco grow into a strong force attracting more members and expanding into other routes.

The SACCOs membership rose to a membership of over 400 with over 550 vehicles, with work force of over 100 employees (Nyawira, A. 2001).

By the year 2006, 2NK had begun operating front office service activities (FOSA) where members deposited and withdraw funds.

2.4. *Cash Management*

Cash management is an accounting practice which includes identification of both cash inflows and cash outflows and their proper recording (Banker, Huang & Ramchandran, 2009) the sacco requires cash in order to make payments for purchases and operating expenses. Management of cash originates from recording and keeping of source documents which includes receipts and payment vouchers. Source documents facilities recording of subsidiary journals for cash receipts and payments which facilitate preparation

of ledger accounts (cash books) that gives a summary of the total receipts and total payments for a particular period. The balances from ledger A/Cs are used in the preparation of the final Accounts of the SACCO for purposes of determining the financial position in terms of profitability.

Cash planning is another management practice where cash is planned and controlled. The forecasted inflows and outflows provide a basis for the preparation of a projected cash statement.

Cash management contribute greatly to the day to day operations of the business used to pay business obligations and control cash at a level where enough liquid cash is with the firm and any excess be invested in other income generating projects (Pandey, 2005).

Cash management refers to collection, concentration and payment of cash. It's the management of cash balance and its short-term investment strategies. (Cardaralla, Toni, 2010).

Management of cash flow for the business is what determines the success or failure of the business. Efficient cash management improves the profitability and reduces the uncertainties that a firm is exposed to (Charles Davidson, 2008).

(William, 2004) in his study points out that despite a business having numerous clients offering quality goods to customers and enjoying a good reputation, cash flow management can still be a problem and barrier to business growth. Poor cash flow puts the business in a difficult position especially when hiring and maintaining good employees. Cash planning assist the firm to spare funds for payment of employee salaries and other expenses which if not well planned can drain business funds.(Shulman;Cox 2000)

Pandey, (2005) defines cash planning as a technique to plan and control cash. It helps the business to prepare projected cash statement for the saccos growth and continued success.

Cash planning assists in forecasting cash inflows and outflows there by allowing only enough cash to meet operations of the firm (Azmat; Samaratunge,2009)

Maksimovic and Titman (1991) observed that firms use forecast to help offset uncertainties and match incoming receipts with payments. Cash flow accounting involves recording changes in cash flows directly.

The primary task of cash accounting is to provide information on corporate solvency and internal financing potential (Myers, 1997)

Beck and Murphy (1994) observe that managing cash flow a crucial exercise for business growth. If cash was not well handles. It could lead to problems of employees pay, and lack enough inventories.

Efficient cash management lead to growth of small scale businesses. Cash planning helps in forecasting cash inflows and outflows there by only allowing little cash stored to meet obligations of the firm (Azmat, Samaratunge, 2009)

Proper cash management through investment of surplus cash positively affect the growth of the enterprises as the firm benefits profits from invested cash. (Hans, 2011).

Arinaitwe, (2006) points out that management skill, nature of goods and credit policy among other factors too affect growth of the businesses.

2.5. Theoretical Reviews

2.5.1. Baumol Model of Cash Management

The model helps in determining a firm's optimum cash balance under certainty. The model is useful for the purposes of cash management. The model is useful for the purpose of cash management. The model was developed by Baumol (1981) and is used in inventory management and cash management.

Cash management models aim at minimizing the total costs associated with movements between firms' current account (very liquid and not earning interest) and their short-term investments (less liquid by earning interest.)

The models help to address questions to do with movement of funds and for how much.

Baumol noted that cash balances are similar to inventory levels; his model was based on the economic order quantity (EOQ).

The model suggests that when interest rates are high, the cash balance held in non-interest-bearing currents accounts should be low.

Baumol model of cash management helps in determining a firm's optimum cash balance under certainty. It's extensively used and highly useful for the purpose of cash management.

Firms are making efforts to reduce the costs incurred by owing cash. They also strive to spend less money on changing marketable securities to cash. The model enables firms to find out their desirables level of cash balance under certainty.

2.6. Conceptual Framework

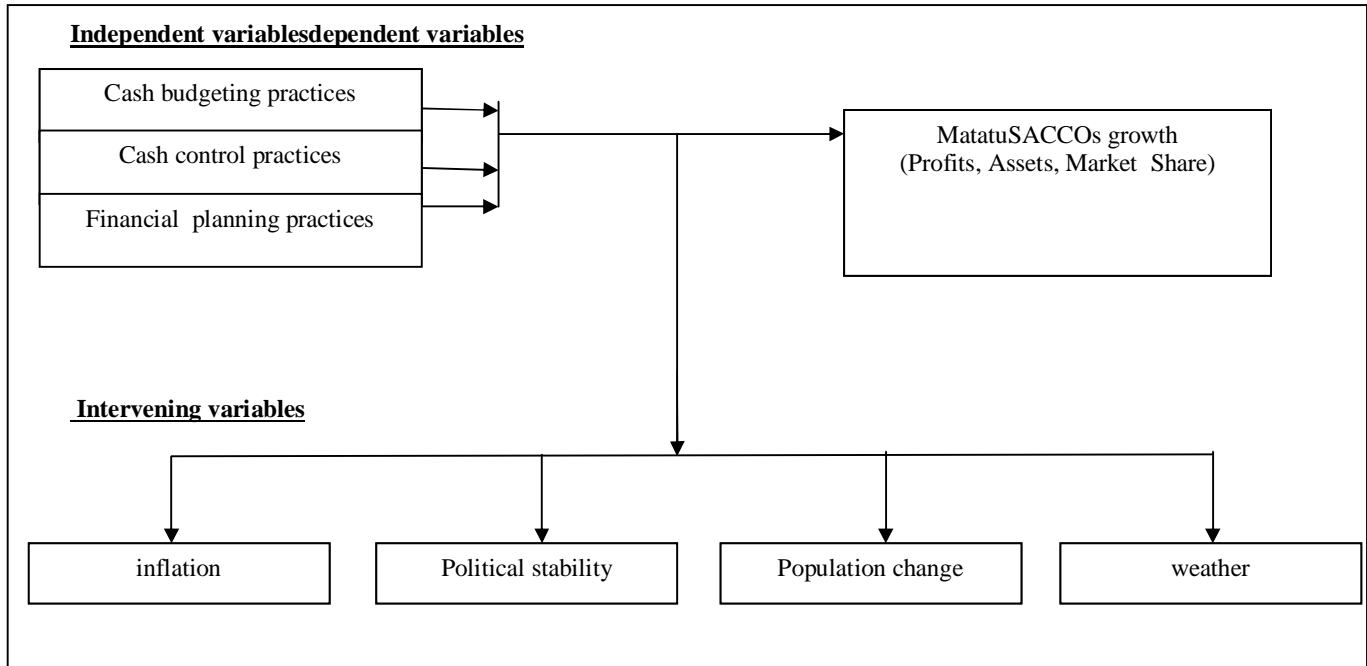


Figure 1

2.7. Summary and Gaps to be filled by the study

Not much had been done on the influence of cash management practices on growth of Matatu SACCOs operating in Kimilili town. The topic of research had no relevant literature suitable for strategy formulation and decision making. The study therefore intends to fill these gaps.

3. Methodology

This chapter provides the overall research procedures that were employed in the study.

The study sought to assess the effect of cash management practices on the growth of matatusaccos in Kimilili sub-county, Bungoma County, Kenya.

The aspects discussed in this chapter include the research design, the population and target population area, sampling frame, sample and sampling technique, research instruments, data collection procedures, data organization, analysis and presentation.

3.1. Research Design

The study sought to use a descriptive research design This research design is preferred for the study as it provides a quick, efficient and accurate means of accessing information about the population.

The design is more appropriate especially where there's lack of secondary data (OSO and Onen 2005). Descriptive design investigates population by selecting samples to analyze and discovered occurrences. The design will enable this study in getting more details of information from the respondents. It's too cheap to undertake.

3.2. The Study Area.

The study was carried out in Kimilili sub-county, Bungoma county in Kenya. The map in appendix shows Kimilili sub-county and its administrative boundaries divided into eight trading zones namely; Makhonge, Nabikoto, Nasusi, Sikhendu, Kimilili Rural, Kimilili town, Kibingei and Chebukwabi (bnddp-2008).

The sub-county is located on geographical coordinates of latitude 0⁰ 46' 25" North and longitude 34⁰ 43' 30" East. The altitude of the district range from 1, 200m-1, 800m above sea level.

It has temperatures ranging from 12⁰c to 26⁰c and a mean annual temperature of 19⁰c.

The sub-county has a total population of 132, 822 of which 64, 618 are male and 68, 204 are female (KNBS Census 2008). The Sub-County is on an area of 181. 2km having a population density of 734 per square km.

The sub-county has 3 registered Matatu SACCOs operating in Kimilil town with membership of 158.

3.3. Target Population

Population is the total collection of elements about which we wish to make interferences (Nachamias and Nachmias (1996).

The target population of this study was made up of Matatu SACCOs registered by the ministry of cooperative development and marketing in Kimilili town.

The total number of registered Matatusaccos in Kimilili town is 3.

The study focused on 3 Matatu SACCOs with a total membership of the 158 and 6 permanent employees at the management level. The Matatu SACCOs have casual employees; 4 drivers and 2 conductors who were included in the study making a total population size to be 170

S/No.	Name of the SACCO	No. of management level employees	No. of members/owners
1	2KB Matatu SACCO	2	36
2	KBT Travellers	2	72
3	Westline SACCO	2	50
	TOTAL	6	158

Table 1: Active matatusaccos registered in Kimilili town.

Source: Kimilili Sub-County

3.4. Sampling and Sample Size

Both stratified and random sampling technique was used for the study. A sample comprising of members/owners management levels employees and casual employees (drivers and conductors) of 3 matatu SACCOS was considered for this study. The population was sub-divided into four sub-groups/strata of members/owners of the SACCOS, management level employees, drivers and conductors.

A sample of 10% to 20% of accessible population is acceptable in a descriptive research (Saunders Lewis and Thornhill (2009). The researcher used 20% of the accessible population in the selected matatusaccos.

The sample size, $n = 20\%$ of the population size

$$\frac{N=20 \times 570}{100} = 34.$$

Strata/Group	Total population	Sample size
Members/owners	158	31
Management level employees	6	1
Drivers	4	1
Conductors	2	1
TOTAL	170	34

Table 2: Sampling frame.

Source: Researcher (2015)

3.5. Data collection instruments.

The research instrument used in data collection includes questionnaires for the members/owners of matatusaccos, management employee, drivers and conductors.

3.5.1. Questionnaires for members/owners

Questionnaires were used in collecting data over large sample. Questionnaires were advantageous as they were easy to administer and kept respondents confidentiality (Kombo & Tromp, 2006). Both open ended structured and closed ended unstructured questionnaires were used.

Unstructured questionnaires were economical in terms of time and money, it gave respondents a chance to think and bring out their real feelings. (Mugenda & Mugenda, 2003).

It was divided into four parts, part A for the business profile, part B, for the cash management practices, part C for growth of Matatu SACCO and part D for unstructured open ended questions.

3.6. Data Processing and Analysis

The data collected from the respondents were cleaned, coded according to various variables and appropriately organized for computer analysis using statistical package for social sciences (SPSS).

Descriptive statistics including frequency distributing tables and percentages was used to present raw data into a form easy to understand and interpret.

Inferential statistics was used where Pearson correlation coefficient was ascertained to determine the degree of association between cash management practices and Matatu SACCOs growth, regression analysis was performed so as to establish the relationship between cash management practices and Matatu SACCO growth.

The regression model below was used to establish the relationship between study variables.

$$MSG = a_0 + a_1CMP$$

CMP = cash management practice

MSG = Matatu SACCO Growth

a_0, a_1 = coefficients.

4. Research Findings and Discussions

This chapter presents results and discussions within the framework of study objectives and research questions. The study findings are presented in tables followed by discussions.

Results on demographic characteristics of the SACCO member/owner considering length of sacco operation and sacco member/owner level of education is presented in part one, part two presents results and discussion on cash management practices of matatusaccos, matatusacco performance and the relationship between cash management practices and matatusacco growth.

4.1. Demographic Characteristics of Member/Owner of Matatusacco.

The study sought to find out the background information of the member/owner of matatusacco.

They were asked to indicate the length of time they had operated as a sacco and state their respective levels of education. The results were recorded in tables 1 and 2 respectively.

4.1.1. Length of SACCO Operation

Length of operation	Frequency	Percent	Valid percent	Cumulative percent
Below 1 year	14	41.2	41.2	
Between 1-2yrs	12	35.3	35.3	41.2
Above 2yrs	8	23.5	23.5	76.5
	34	100.0	100.0	100.0

Table 3: length of time the SACCO had operated.

Source: Survey data, 2015

The above analysis indicates that 41.2% of matatusacco members have only lasted 1 year, 35.3% of matatusacco members have lasted between 1 to 2 years and only 23.5% of the sacco owners have operated more than 2 years. The results show that most of the matatu operators do not stay in business for more years.

4.1.2. Matatusacco Member/Owner Level of Education

Level of education	frequency	percent	Valid percent	Cumulativge percent
No. of education	9	26.5	26.5	26.5
Primary	10	29.4	29.4	55.9
Secondary	8	23.5	23.5	79.4
Tertiary	7	20.6	20.6	100.0
TOTAL	34	100.0	100.0	

Table 4: owner/member education level.

Source : Survey data, 2015

The results in the above table indicate that 26.5% of respondents do not have formal education, 29.4% have attained primary education, 23.5% have secondary education and 20.6% have tertiary education. The findings show that majority of the respondents either have no formal education or attained education upto primary level an indicator of poor cash management.

4.2. Cash Management Practices

4.2.1. Cash Budgeting Practices

The first objectives of the study was to establish the effect of cash budgeting practice as a cash management practice in achieving the stated objective, the study focused on preparation of cash inflow budgets and cash outflow budgets. The respondents were asked to indicate the extent of practice on cash flow budgets and the results were recorded in tables 3

Preparation of cash flow budgets	Never	Rarely	Sometimes	Often	Very often	$\sum fi$	$\frac{\sum fi wi}{\sum fi}$
Cash inflow budgets	11	9	6	5	3	34	2.412
Cash outflow budgets	12	7	5	6	4	34	2.5

Table 3: cash flow budgets.

Source: Survey data, 2015

The results on cash flow budgeting as a cash management practice indicate frequency of practice with weighed means of around 2.0 rarely). The findings show that cash budgeting is rarely practiced by Matatusacco members/owners an indicator for poor growth of SACCOs.

4.2.2. Cash Control Practices

The second objective of the study was to establish the effect of cash control practice as a cash management practice on the growth of matatusacco. In achieving the stated objective, the study focused on management of cash balance and control of cash received and cash banked.

The respondents were asked to indicate the extent of practice on cash control and the results were recorded in table 4

Cash control	Never	Rarely	Sometimes	Often	Very often	Σfi	$\frac{\Sigma fi wi}{\Sigma fi}$
Management of cash balance	11	9	6	5	3	34	2.412
Control of cash received/banked	13	9	4	4	4	34	2.324

Table 4: Cash control practice
Source: Survey data 2015

The results on cash control practice as a cash management practice indicate extent of practice with weighed means of around 2 (rarely). The findings show that cash control is rarely practiced by Matatu SACCO members/owners. The results indicate that inefficiency in cash control may lead to poor performance of Matatu SACCOs.

4.2.3. Financial Planning

The third objective of the study was to establish the effect of financial planning as a cash management practices on the growth of matatusacco. In achieving the stated objective, the study focused on recording of cash flows and investing surplus cash. The respondents were asked to indicate the frequency of practice on financial planning and the results were recorded in table 5.

Financial planning	Never	Rarely	Sometimes	Often	Very often	Σfi	$\frac{\Sigma fi wi}{\Sigma fi}$
Recording cash flows	11	8	6	5	4	34	2.5
Investing surplus cash	12	8	6	5	3	34	2.38

Table 5: Financial planning.
Source: Survey data, 2015

The results on financial planning as cash management practice show weighed means of around 2 (rarely). The findings indicate that financial planning is rarely practiced by matatusacco members/owners. It shows that rare practice of financial planning may contribute to low growth of saccos.

4.2.4. Effectiveness in Cash Management Practices

On the effectiveness of cash management practices, mean and standard deviation on cash management of matatu SACCOs were computed and the results presented in table 6

	Cash budgeting	Cash control	Financial planning
Valid	34	34	34
Missing	0	0	0
Mean	2.50	2.35	2.38
Std deviation.	1.398	1.346	1.349
Minimum	1	1	1
Maximum	5	5	5

Table 6: means and standard deviation for indexed cash management practices
Source: Survey data, 2015

The table above shows the efficiency of cash management practices on matatusacco growth. Cash control management is rated lowest in average with a mean of 2.35 and a standard deviation of 1.346. Financial planning management was rated second with mean of 2.38 and standard deviation of 1.349. Cash budgeting practices was effectively management with mean of 2.50 and standard deviation of 1.398. All the means of cash management practices were below mean of 3 indicating that majority of saccomatatu had not practiced efficient cash management in their saccos. These results agree with the study of Kwame (2007),

Nyabwang (2010) and Nalwa (2014) on working capital management and bookkeeping practices respectively. They all said that business did not practice efficient management of working capital.

4.3. Matatu SACCO Growth

4.3.1. Extent of Matatusacco Growth

The fourth objective of the study was to evaluate the extent of matatusacco growth in Kimilili sub-County. In achieving this, respondents were asked to rate their perceived extent of growth in their sacco in terms of profits, assets and market. The results were presented in table 7

Growth indicators	Not at all	Little extent	Moderate extent	Large extent	Very large extent	Σfi	$\frac{\sum fi wi}{\sum fi}$
Profits	5	10	7	7	5	34	2.91
Assets	4	11	8	6	5	34	2.91
Market	6	8	9	5	6	34	2.91

Table 7: Extent matatusacco growth.
Source: Survey data, 2015

The results indicate the extent of growth of matatusacco on profits, assets and market as of moderate extent with weighed average of 2.91. The results show that majority of matatusacco members experience a low growth rate (Score 1, 2 and 3 on scale) compared to those whose growth rate is high (score 4 and 5 on scale).

4.3.2. Descriptive statistics for Matatu SACCO growth

On achieving this, various ratings on the extent of growth of each indicator were summed up to obtain a single SACCO growth index. The mean and standard deviation was computed and the results presented in table 8
Mean and standard deviation (SACCO growth)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Sacco growth	34	1	5	2.88	1.297
Valid N (listwise)	34				

Table 8: .mean and standard deviation for Matatu SACCO growth.
Source: survey data, 2015

The results show that Matatu SACCO growth range from the minimum 1 to maximum 5. The average sacco growth is 2.88 with a standard deviation of 1.297. The mean score is less than 3 indicating that sacco growth in Kimilili sub-County being on a low average. Similar results were showed by Bowen et al. (2009) Nyabwanga, (2011) and Nalwa (2014) who showed that business performance was on a low level.

4.4. Relationship between Cash Management Practices and Matatusacco Growth

The fifth objective of this study was to establish the relationship between cash management practices and matatusacco growth. In achieving this, the study used pearsons analysis technique. The coefficients of determination F- statistics and Regression coefficient were computed before deducing a model to explain the effect of cash management practices on matatusaccos growth. The results were presented in tables 9, 10 ,11 and 12 respectively.

4.4.1. Pearsons correlation of sacco growth and cash management practices.

		Cash management practice	Sacco growth
Cash management practice	Pearson Correlation	1	.927**
	Sig. (2-tailed)		.000
	N	34	34
Sacco growth	Pearson Correlation	.927**	1
	Sig. (2-tailed)	.000	
	N	34	34

** . Correlation is significant at the 0.01 level (2-tailed).

Table 9: Correlations
Source; Survey data, 2015.

The correlation results in table9 shows that there exists a strong positive relationship between Matatu SACCO growth and cash management practices (R=0.927). The study agrees with most researchers who showed that business performance correlated positively with management practices. (Padachi, 2006, Kotut 2003 Nyabwanga 2011, Nalwa, 2014). This study supports the earlier studies.

4.4.2. Coefficient of Determination.

When investigating the effect of cash management practices on growth of matatusaccos, the linear regression analysis model expressed in the general form was $MSG = a_0 + a_1 \text{CMP}$. For purpose of interpreting the results of linear regression analysis, the coefficient of determination, the F- Statistics and the regression coefficient were ascertained as shown in the table below.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.927 ^a	.860	.855	.494
a. Predictors: (Constant), Cash management practice				

Table 10: Model summary showing co-efficiency of determination.
Source: Survey data, 2015

The model summary of regression shows $R^2=0.860$ indicating that 86% of variability of matatusacco growth could be explained by changes in cash management practices. The value of R^2 and adjusted R^2 differ with 0.005 too small to confirm on the validity and efficiency of the model (field, 2005).

4.4.3. Analysis of variance (ANOVA) and F-statistics.

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.733	1	47.733	195.925	.000 ^a
	Residual	7.796	32	.244		
	Total	55.529	33			
a. Predictors: (Constant), Cash management practice						
b. Dependent Variable: Sacco growth						

Table 11: ANOVA^b
Source: Researchers Data 2015.

The ANOVA results above indicate that independent variable cash management contributes to the variation in the dependent variable SACCO growth. The F statistics $F_{(1,32)}=195.925$, $P<0.05$ show the existence of a significant relationship between sacco growth and cash management practice. The findings of the study indicate existence of positive significant relationship between matatusacco growth and cash management practices. Most researchers have established apositive relationship between management practices and business performance (William, 1986, peacock 1987, Nalwa, 2014. This study supports earlier studies. The study indicate that saccomatatu owners who practiced sound cash management had their sacco grow unlike those whose poor practice led to low growth.

4.4.4. Regression Co-efficient

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.758	.174		4.362	.000
	Cash management practice	.892	.064	.927	13.997	.000
a. Dependent Variable: Sacco growth						

Table 12: Regression. Co-efficient.
Source: Researcher’s Data 2015

The results show the contribution of cash management practices in explaining business performance. Its evident by the standardized beta of 0.927. The unstandardized co-efficients in the table above defines the regression model suggested in the conceptual framework, $MSG=0.758+0.892CMP$.

The standardized beta co-efficient indicate that a unit change in cash management practices causes 92.7% increase in matatusacco growth. The results show that cash management makes a significant contribution to sacco growth at 95% confidence level of significance.

$t_{(1,33)}=13.997,<0.005$

5. Summary, Conclusion and Recommendations

This chapter presents a summary of findings according to the objectives for the study. The findings of the study have been explained in terms of percentages means, standard deviations, correlation, coefficients, regression analysis and ANOVA statistics. The chapter presents conclusions from the study findings and gives recommendations and suggestions for further research.

5.1. Summary of Study Findings

The study had five objectives; establish the effect of cash budgeting as a cash management practice on Matatu SACCO growth, establish the effect of cash control as cash management practice on Matatu SACCO growth, establish the effect of financial planning as cash management practice on Matatu SACCO growth, evaluate the extent of MatatuSACCO growth and establish the relationship between cash management practices and Matatu SACCO growth.

Study findings on length of time showed that most saccomatatus have lasted for less that 2years at 76.5%. On the level of education, the study showed that 79.4% have education lower that tertiary level an indicator of poor cash management.

On the first objective of the study on cash budgeting practice, it showed that cash budgeting is rarely practiced by Matatu SACCO members with weighted means of around 2.

The second objective of the study on cash control practice showed a weighted mean of around 2 (rarely) indicating in efficiency in cash.

The study on the third objective was financial planning practice. The results showed low weighted means of around 2.5

Descriptive statistics on cash management practices; cash budgeting, cash control and financial planning showed means and standard deviations of 2.50, 2.35, 2.38 and 1.346, 1.398 1.348 respectively.

The means rate below the mean of 3 indicating that most Matatu SACCO members did not practice proper cash management.

The fourth objective of the study on extent of Matatu SACCO growth in Kimilili sub-county showed that most MatatuSACCO owner/members had low growth rates on profits, assets and market share at weighted means of 2.91. Descriptive statistics on MatatuSACCO growth showed a mean of 2.88 with standard deviation of 1.297. The very mean was below the mean of 3. The results indicate that the sacco growth was at a low rate.

The fifth objective of the study on the relationship between cash management practices and Matatu SACCO growth showed that there existed a strong positive relationship between Matatu SACCO growth and cash management practices with pearson correlation coefficient of determination $R^2 = 0.86$ from the model summary on regression analysis showing 86% of variability in growth being explained by changes in cash management .

The F- statistics results indicate a positive significant relationship between variables. The unstandardized linear regression model $MSG = 0.758+0.892 CMP$ was developed for the study.

5.2. Conclusion

On establishment of effect of cash budgeting practiced the study concluded that most of the Matatu SACCO owners/members were not good at practicing cash budgeting. This was supported by low weighed means of around 2. The study concludes that this might be a cause of low growth of Matatu SACCO in Kimilili sub-county.

On establishment of effect of cash control practices on Matatu SACCO growth, the study foundout that majority of Matatu SACCO owners/members had alow weighted mean of 2 (rarely). The study concludes that inefficiency in cash control may lead to low growth of Matatu SACCO On establishment of the effect of financial planning on Matatu SACCO growth, the study found that it was rarely practiced with low means of around 2.5 leading to poor growth.

On evaluation of extent of Matatu SACCO growth the study established that Matatu SACCO growth was at a low growth rates with mean of 2.88beolw the average mean of 3.

The study concludes that majority of Matatu SACCO owners/members perform poorly.

On the relationship between Matatu SACCO growth and cash management practices. The study found that, there existed a strong positive relationship between the variables. The study concludes that cash management practices make a significant contribution to the growth of Matatu SACCO.

5.3. Recommendations

On cash management practices, the study recommends training and seminars on bookkeeping practices so as to equip the matatu owners/members with the accounting knowledge. The study recommends employment of accounting technicians to assist in the cash management of the SACCO , on the SACCO growth, the study recommends efficient cash management practices in order to improve on performance of SACCO operation.

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