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Analysis of Effects of Financial Stewardship Skills on Performance of Motor Cycle Transporter's Saving and Credit Cooperative Societies in Migori County, Kenya

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Abstract:

This study paper examines the influence of financial stewardship skills on performance of Motor cycle transporters SACCO societies in Migori county, Kenya. Although the motor cycle transport business provides most of Migori County's public transport services and contributes considerably to Kenyan economy, these businesses are facing serious financial management practice challenges, which have adversely affected their businesses. Accordingly, most motor cycle transport SACCOs have become financially incapacitated a situation that is adversely affecting their daily operation and growth negatively. The insignificant growth of the SACCOs is attributable to; incompetence and lack of proficiency of management team, low profitability, poor capital investment, and ineffective institutional strengths of the motor cycle transporter's SACCOs. This status of affairs has lot of implications on the economy of the county and achievement of the core objective of development as the grassroots level. When this insignificant growth of motor cycle transporter's SACCOs is not reversed, the county would find it difficult to eradicate poverty as envisaged in the vision 2030. Further, it would be harder to fully experience the county devolution in all counties as explained in the Kenyan constitution. Although studies have been conducted on Para transit vehicles business and growth of SACCOs, there is lack of sufficient information relating to the growth of motor cycle transporter's SACCOs' in Migori County on; proficiency of management team,. It is against this status of affairs that the present study was conducted to fill the knowledge gap with a view to making recommendation to ensure that proper financial practice on stewardship is used to lead to growth of motor cycle transporters' SACCOs, hence sustainability of the transport. This study used a descriptive survey in soliciting information on the growth of motor cycle transporter's SACCO societies in Migori county. The study was conducted on 8 Sub-county saccos with a target population of 136 respondents. The entire population was taken for census; thus the whole population formed the sample size. This study used questionnaires for collecting data from primary source. Data was analysed using quantitative statistical mean such as computational techniques after numerical analysis. The research found out that the saccos were not performing well in terms of profitability as dependent variable. The independent variable, stewardship skills, had direct impact on the profitability of the saccos. The saccos had poor stewardship skills from their management committees, hence no or lower profits. The researcher recommended that the saccos to employ staffs who have financial background to help management committees' members in running the saccos. The researcher also recommended enhance training for the management committees and only academically and professionally qualified persons to be elected into office. Members who have at least diploma training as qualification. The researcher suggested further research in future on the same topic' the effects of financial management performance on Motor cycle transporters saccos' elsewhere in the country.

Keywords: Financial management practices, financial management, Financial management, Performance, Motor cycle transporters

1. Introduction

1.1. Background of the Study

All over the world, the financial sector is appreciating the undoubtable significant contribution the Micro Small Enterprise (MSEs) transport system is making towards international economy (Matanda, 2012). According to Republic of Kenya (2013), there is need to encourage wealth creation and job generation, by seeking to encourage more entrepreneurs from diverse spectrum to operate globally. In an effort to alleviate poverty and decrease unemployment (as well as eliminate the disparity between male and female entrepreneurs in Kenya, the government of Kenya has engaged in tremendous efforts to spur economic growth (Gweyi, Karagu&Ndwiga 2013).

Majority of two-wheeler vehicles in Kenya are operated as private for-profit businesses (McCormick, *et al.*, 2013). However, there are a few two-wheeler vehicles investors who have formed themselves into artificial corporate bodies, SACCOs. Most Motor cycle transport operators are less educated, facing financial and human capital constraints which limit their business pursuits. The sustainability of Motor cycle transporters SACCO societies might be slowed due to enough insufficient capital (Macharia, 2015). According to OECD (2009), adequate financial practices are needed by motor cycle transporters SACCO societies that intend to remain relevant and viable. Lopez (2007) argues out that lack of adequate financial management practices is observed as a notable factor that restricts growth of business enterprises (Kamunge, Njeru&Tirimba. 2014)). Thus, absence or poor financial management practices employed by motor cycle transporters SACCO societies. Existing literature has shown that financial management practices are essential in improving efficiency, accuracy and accountability which result into achieving set objectives and essentially have far reaching effects on the performance and growth of the socio-economic fitness of a country (Cheluget&Morogo, 2017)

In fact, growth of the Motor cycle transporters SACCO societies which occupy 30% of the economic contribution of income in Migori County should be backed by adequate accumulated appropriation of the surpluses through maximization of earnings to build sufficient institutional capital (Thuranira, 2014). This would help these SACCOs to grow and stand on their own financially in the spirit of being relevant. To realise such a positive end goal is geared by good financial management practices, which would result towards creating sufficient income enough to cover all its running costs. Good financial management practices are premised on employment of; relevant financial stewardship skills, optimal capital structure, prudent investment decision, and adequate retained earning policy (Mupemhi, Duve &Mupemhi, 2013). Arguably, some financial management theories clarify the performance of business entities in view of; financial stewardship skills, optimal capital structure decision, retained earning policy, prudent investment decision, and institutional strengths practices. According to these theories, absence of competent and proficient financial stewardship skills, lack of optimal capital structure decision, imprudent investment decision, and inadequate retained earning policy, and ineffective institutional strengths practices adversely affect the growth of motor cycle transporters SACCO societies.

Financial stewardship skills theories, such as stakeholder theory, emphasise on corporate decisions for value maximization hence growth of wealth and performance of enterprises while the virtue ethical theory which requires stewards to conduct themselves diligently. As agency theory posit for the stewards to make prudent financial decisions for increased enterprise value (Panda, & Leepsa, 2017), stewardship theory demands the stewards to greatly increase financial performance for the objective of growing the enterprise. Meanwhile, the transaction cost theory emphasizes on highly qualified and competent managers for maximisation of small scale enterprise growth (Dangi, Ismail, Johari& Noor, 2018). The finance theory suggests that the managers(stewards) must act in a way to spur growth, while taking into consideration agency. The stewardship skills should be adequately proficient and competent to manage the entire financial resources. Sufficient proficiency and competency includes; formal training, professional qualifications, training, book keeping skills, accounting skills, budgeting skills.

According to (Faiza andFalak, 2015), financial management practices are vital for any business enterprise in fulfilling daily operational activities and for the main purpose of earning maximum profit. Best and effective implementations of financial management practices would realize improvement in Motor cycle transporters SACCO societies due to improved ability to monitor events from the record system (Aquilar, Juma&Siekei, 2013). Prudent financial management practices make it possible to improve the profitability for growth of Motor cycle transporters SACCOs (Kitonga, 2013). (Olandoet al. 2012) insist that the management are expected to embrace sound financial business practices and should be leading to increase shareholders' wealth and meet the shareholders' interest as they sustain the firm's value.

1.2. Motor Cycle Transporters SACCO in Migori County

So far, Migori County has eight operational Motor cycle transporters SACCO's, all initiatives of the county government. Each of the Motor cycle transporters SACCO, in Migori County, had a start-up capital of ksh. 2,625,000 for 25 motorbikes for each sub county. The beginning operational cash of Ksh. 100,000 for each sub-county totalling 21,800,000 for all the eight sub counties. Leadership of Motor cycle transporters SACCO is bestowed on; chairman, vice chairman, secretary, treasurer as executive committee and other three committees which comprise Motor cycle transporters. Each SACCO has a management committee comprising 17 people made of the above committees formed from delegate teams from each administrative political wards. Each ward nominating 4 delegates totalling 160 delegates for the entire County from whom the 17 persons as management committee emanates per sub county for each Motor cycle transporters SACCO. However only a few of the leaders have post-secondary education. Further, none of the eight Motor cycle transporters SACCO's have employed any professionals as technicians in accountancy to help in financial management and investment decisions. Fronted from political leadership view there is little to be shown for progress. Six years down the line the number of motor bikes have gone down like wise to their capital base has decreased drastically. This informed the need and basis to carry this study because both the county and national governments intention is to create employment for the youths wherever they are in their localities.

The present study intends to add the meaning and how the motor cycle transporting business has been doing here in Kenya. At the same time, it seeks to add the global, regional and finally national and local appearance /existence or practice of two wheeler vehicles as a means of transport whether formally or informally structured in some operational groups in that inverted pyramid outlook. Upon this information the content of case study can be made stronger.

1.3. The Motor Cycle Transporters Concept

The Motor cycle transporting business emanated from Motor cycle riding as a means of quick and cheapest means of transport particularly across the formal and informal border crossing points. It first began in Busia County - Kenya where cyclists crossing the border loaded with both legal and illegal goods were referred to as operators. This means as a way of transport gained prominence to other parts of the republic not only restricted along and across international crossing border points but as well local application in the villages, town and within cities. The Motor cycle transporters operators formed themselves into SACCOs and were recognised as a means of employment to the youths if well formally structured and legally made to exist as artificial persons (companies, SACCOs) in the wider Migori County. The presence of Motorcycles as means of transport widely exist in global scene such as Asia continent, (*TanviMisra journal 2015*) likewise to both America North and South continents as a means of private and not for public use. In Africa continent particularly west Africa Motorcycles popularly called *Okada* in local Nigerian parlance is being preferred as intercity means of transport because of being cheap, faster in terms of time management and their accessibility to certain areas where motor vehicles cannot access. (Olubomehin, 2012). The Motor cycle transporters, have grown rapidly since 1970s, providing employment to over 160,000 Kenyan citizens. According to The World Bank (2007), there has been an annual growth of 6 to 7.5% in the transport business which ensured a vital role in steady economic growth of Kenya over the last decade.

1.4. The Statement of the Problem

Although the Motor cycle transporters business provides most of Migori County's public transport services and contributes considerably to Kenyan economy, encompassing 80% of the land transport demand, the Motor cycle transporters SACCOs in this business are facing serious financial practice management challenges, which have adversely affected their businesses (Government of Kenya, 2013). According to (McCormick *et al.*, 2013), the Motor cycle transporters business owners in Migori County lack effective financial management practices to ensure performance of their SACCOs despite the fact that the County government energized their capital base to the tune of over 20 million, there is little to show for the positive growth (county budget 2014/2015 financial year). The SACCOs are more interested in receiving the daily monetary receipts than growth of their wealth, which threatens the growth of the SACCOs. Many Motor cycle transporters SACCOs have become incapable of meeting their monthly operational activities such as advancing loan facility, and other operational costs, a situation that is adversely affecting their growth negatively. The insignificant growth of the SACCOs is attributable to; incompetence and lack of proficiency of management team of the Motor cycle transporters SACCOs. This status of affairs has lot of meaning on the economy of the county and achievement of the core objective of development as the grassroots level. When this insignificant growth of Motor cycle transporters SACCOs is not reversed, the county would find it difficult to eradicate poverty as envisaged in the vision 2030. Further, it would be harder to fully experience the county devolution in all counties as explained in the Kenyan constitution (GoK, 2010).

1.5. Purpose of the Study

The purpose of the study was to establish the effects of financial stewardship management practices performance of the Motor cycle transporters SACCOs' in Migori County in view of the proficiency and competency of management team. The current study was conducted to bridge the knowledge gap with a view to making recommendation to ensure that proper financial stewardship skills practice is used to lead to improved performance of Motor cycle transporters SACCOs, hence their sustainability

1.6. Objectives of the Study

The Objective of the study is to analyse the effects of financial management practices on performance of Motor cycle transporters SACCO societies in Migoricounty.

1.6.1. Specific Objective

The study was guided by the following specific objectives:

1. To establish the influence of financial stewardship skills on performance of Motor cycle transporters SACCO societies in Migori county, Kenya

1.6.2. Research Questions

The study sought to answer the following questions

- What is the influence of financial stewardship skills on performance of Motor cycle transporters SACCO societies in Migori County?

1.7. Significance of the Study

The purpose of this study was to analyse the influence of financial stewardship management practices on performance of Motor cycle transporters SACCO societies in Migori County, Kenya. The study findings and recommendations will be of great use to policy-makers in the national government, Motor cycle transporter SACCOs and the county government. The information so obtained will be useful in strengthening policy matters in the transport sector, in enhancing the guidelines for ensuring the sustainability and improving the performance and effectiveness of PSV sector for the benefit of the investors. The study provided vital financial practice information and the influence of such on the improvement of SACCOs. This was to be a plus in advocating for successful PSV business investment as well enhancing efficiency in the financial stewardship management of the shareholders' wealth. This may lead to PSV business investors' confidence and assurance of safer and comfortable commuter transport of high quality services. Growth of shareholders'

wealth of the Motor cycle transporters SACCOs will be catalyst to the country's economic growth and achievement of vision 2030 as well as the paving way towards the poverty alleviation, hence breaking loose from the vicious circle of poverty prevalence in the country today.

This study added more knowledge addition to the field of financial management, which will make the study very useful to scholars and academicians. Lastly, the study will be a window opener to researcher for more research on financial management in Motor cycle transporters SACCOs.

1.7.1. Scope of the Study

The study was conducted on the effects of financial stewardship management practice on performance of Motor cycle transporters SACCOs in Migori County. It was conducted on the Motor cycle transporters SACCOs in Migori County. It targeted the management committees totalling 136 respondents. The study chose Migori County owing to its diversity on the clientele, service area and the diversity in the classification of vehicles. Migori County's Para transit business serves both urban and rural spheres. Further, it has clients with diverse economic resources such as agricultural, industrial, business and the like. Migori County accommodates passengers with different financial status from low income to high income earners. These diverse features are not available in other counties in the country.

1.7.2. Limitations of the Study

This study experienced some limitations; first, some respondents felt that this was a disturbance to them and declined from participating in the study. To address this shortcoming, the stud first conducted a familiarization process before giving out the questionnaire to the respondents to create a freer environment. Secondly, the respondents chose to avoid giving appropriate responses on the questions, which meant a decline hence resistance. The researcher therefore enlightened fully the respondents with the truth about the research to rid of any fears, tension and discomfort that resulted in such resistance. Thirdly, time taken by respondents to respond to questionnaire were stretched or longer than expected hence delaying the process. The researcher or his assistant overcame this shortcoming by availing himself to assist respondents fill the questionnaire where clarity was required and making frequent follow ups. For any inconveniences experienced by respondent in the course of this study, the researcher had time extension and sought the services of a Research Assistant (RA) where necessary.

1.7.3. Delimitations of the Study

The study was delimited to 136 respondents which was the entire population for the purpose of this study. Not all the respondents showed up or returned the questionnaires hence not achieving the entire target population. However, the researcher contended with questionnaires returned. The geographical area was in Migori County where these Motor cycle transport business SACCOs are domiciled. With all its geographical terrain, the study was conducted in those mentioned Motor cycle SACCOs since the researcher had the will to participate in this research despite the fact that offices were geographically far apart.

1.7.4. Assumptions of the Study

The study made the following assumptions:

- The respondents gave the correct, accurate and reliable information
- The respondents freely gave information
- That all the targeted population participated in the study by accepting to return their questionnaires and that the information provided was true
- That economic, political and social set of conditions remained the same throughout the entire study period.

Key terms-

- Financial management practices refer to the guiding principles and professional ethics of stewards on the task of raising the funds needed by the SACCO, allocation of the funds to the most productive uses, exercise of control over the way the funds are utilized and the distribution of returns.
- Financial management refers to planning, directing, monitoring, organizing, and controlling of the monetary resources used in small scale SACCO' since SACCOs activities require finance to meet the daily activity requirements.
- Financial stewardship refers to accountability of the management with regard to the frequent financial decision-making processes
- Performance is the effectiveness and efficiency of an organization in achieving by work performance its goals, targets and profitability over time.
- Motor cycle transporters meaning the natural persons who operate under their registered entities (SACCOs) to carry the business of transportation of human beings and goods for a pay.

2. Literature Review

2.1. Introduction

This chapter brings out a look of past writings relevant to the study as offered by various researchers and authors. It provides the summarized works that has been studied in the past relevant to the present study with specific regards to

organizational performance and financial management practices. The literature covers an empirical review, a review of theoretical literature, theoretical framework and a conceptual framework.

2.2. Theoretical Framework

Various theories have been advanced in expressing views on the financial management practice and sustainability of business enterprises. Such theories have been found to contain valuable information and guidance on investment sustainability as well associated financial practices (Ross, 2017). The theories assist in; financial stewardship skill, making financial decision. Business is truly a risky venture, the financial steward needs to identify, classify and monetarily quantify the risks so that they are controlled well. (Allen, Brealey & Myers 2011). The financing decisions thus made of the original investment decisions by the Motor cycle transporters SACCOs affect how the profit, taxes, cost and operational cost looked like.

The existing theories of financial theories found useful in the previous studies were many. Some are mentioned as follows; Static Trade-off Theory, Agency cost theory, and Life cycle theory. The researcher narrowed on to one theory, that is, Agency cost theory,

2.3. Agency Cost Theory

Agency theory attributes the conflict of interest arising among shareholders, managers and debt holders. The theory posits there is likelihood of different goals that the relationship existing between the agent (e.g. the manager), and the principal (e.g. the shareholders) will definitely display. That is collision of vested interest especially from the agents hence may not act on good faith at hundred percent. And therefore the agent always acts on good faith on behalf of the principal. The presumption may not be true since managers who are the agents may not act faithfully on behalf of owners (principal). Emergence of interest such as higher perks, increased allowances and bonuses to the managers at the same time expected to control costs for increased profitability creates controversy in the firm hence tension and result in high agency cost. It is a common place knowledge that shareholders' sole expectation from the agents is to create and sustain increased wealth for them. Wealth can only be realised when there is consistent profitability by the firm.

Shareholders enjoy the benefits when projects are positive, that is there is increased profit generated. Debt capital holder's benefits accrue to them when the projects fail and when they turn out to be profitable as well. However, the managers are instead reprimanded by the shareholders when the projects fail, this make them to undertake riskier projects which may have negative net present value (NPV) to avoid job loss. This increases the agency cost on the firms. When a project is rolled out by the stewards there are likely chances of the firms increasing its value through wealth transfer from debt holders to shareholders when success is associated with it. Thus, management may choose to reject positive net present value (NPV) projects, even though they have the capacity and potentiality to increase firm's value. This could be due to risk involved rendering the agents not to incept and continue the project. The free cash flow argues that high debt levels will increase value, despite the threat of financial threat or shortcomings incidental to such undertakings, when a firm's available cash for investment is more than the opportunities for investment. This means that the firm will still pay cost of excess capital lying idle. The free cash flow is best suited for mature firms that are prone to overinvest and have no intentions of paying dividends frequently but to increase its value over time. Enterprises owned by families and SME such as SACCO there is less conflict since ownership and management are the same and one. The reason is that in the Motor cycle transporters SACCOs owners and manager are one and therefore the level of conflict is low in these family or small firms. There is no agency cost in small firms since management and ownership is on and the same. They argued that the existing benefits put in place in the small and medium size firms create fewer agency conflicts between different stakeholders. However, small firms may undergo agency cost, especially when the principals and agents are separated. Additionally, shortcomings such as possessive ego for ownership and non-uniformity of altruism within the small businesses may pose. Generally, no established (growing) businesses may have agency cost problem when these opt to separate managers from shareholders. The agency conflict may be also seen much in Motor cycle transporters SACCOs because they do not have to disclose public their financial statement. (Daskalakis and Psillaki 2009), (2008) argued that the problem of agency cost will increase, when businesses experience increased distorted and unreliable information. Therefore, it is expected that small businesses experience a greater agency cost since the manager of the business gives the first priority to his own interest. Monitoring process in Motor cycle transporters SACCOs is harder than listed firm since regulatory body SASRA may not have sufficient human capital and process to check the operations of the SACCOs. Moreover, rules and regulations require corporation to go public on their financial activities while Motor cycle transporters SACCOs are free from any financial disclosure.

It can be deduced that Motor cycle transporters SACCOs have fewer problems emanating from conflicts of interest; hence they are able to reduce the agency costs. However, contrasting views have suggested that Motor cycle transporters SACCOs are experiencing conflicts which make them susceptible to mismanagement. In fact, existence of conflicts may bring down Motor cycle transporters SACCOs on making a decision and thereby hampering the threatening the existence of firm survival (Schulze *et al.*, 2003). Motor cycle transporters SACCOs can raise more debt in order to reign in on the self-interests of the agents, and to hold onto the negative consequences of selflessness within the firm. Selflessness may not be existing in Motor cycle transporters SACCOs where management allocates themselves resources first before members. Therefore, agency conflict level becomes a determinant factor that influences the capital structure of the Motor cycle transporters SACCOs

2.4. Empirical Literature

Many empirical studies have been critically re-looked into to determine the appropriateness and their relevancy. This was done in view of the present study to enhance the study's pillars on which it going to be premised. The reviewed studies were on; sustainability, financial management practices play a vital role in profitability (Falak&Faiza ,2015), financial stewardship (Namusonge ,2014), posit that ability to organise collectively its competencies ensure better performance however does precisely enumerate on the specific competencies. This largely informs the decision to undertake this study because of the research gap not mentioned by him. Controversially (Nawi ,2017) contends that owner's education is not in any way relevant to the success of any business firm. This is only limited to businesses where ownership and management are different. In Motor cycles transport businesses where SACCO members are the same person in constituting its daily operation and management education is inevitably key in ensuring better management practices; proportion of sources of funds (Patrick ,2014) in his study he mentioned that SME collapse because of lack of sufficient capital to enhance their daily operation. However, there is no mention of which sources of funds and what proportion is good for the SME where SACCOs also fall. This gap will be undertaken in the research to determine the optimal proportion of capital required; and funds allocation policy-investment decision and collective institutional capacity of its leadership.

2.5. Influence of Financial Stewardship Skills on the Performance of Motor Cycle Transporters SACCO's

In his study (Nawi ,2017) he argues that level of education of the business owner does not affect its performance and in particular the capital structure composition. However, this can only be applicable and relevant when ownership and management are separated. Other owner-related factors, such as environment, firm characteristic and management performance were found to relate to all types of capital structure. According to (Namusonge ,2014), Motor cycle transporters SACCOs Managerial strategies characteristics are competencies necessary for the enterprise plan organise control and evaluate its function so that it can competitively position itself within its market region. If this does happen the business may not survive in the long term and cannot meet its goals. These competencies, also called resources both and capital and human which, are critical to growing of the firm. Financial stewardship competencies in Motor cycle transporters SACCOs allow the acquisition of new assets and capabilities while maintaining efficient management. The financial stewardship skills are key, which is a conglomeration of educational, and professional knowledge and skills possessed by the owner-managers. Knowledge and skills can be acquired through formal education and or managerial experiences obtained from work related over a period of time.

As (Borgia and Newman ,2012) conclude that there is no relevant cognisant relationship between employment of debt capital in the firm and human capital proficiency. However, the trade-off theory exhibits a good linkage between application and employment of debt capital and human capital. Stewards who are properly schooled or educated and experience are increasingly likely to take and recognise the tax advantages to debt capital better than none or less educated managers. (Aliakbar, Hamid &Moghaddam, 2012) confirmed this by associating extensive professional experience with improved performance, by showing that entrepreneur's previous occupations contributed adequately to a firm's growth. This is also true for the SACCOs as firms. Many of the committees in the motor cycle transporters SACCO may not sufficiently possess past expansive professional experience hence reducing their ability to be better stewards. Specifically, (Mupemhiet *al.* ,2013) study argues that the level of education greatly influenced ability of the SME to grow and expand the scale of their operations, asset base and market size. Studies by (Hashim and Mahmood ,2012) basically contend that reviewed studies on manager's professional experiences are generally consistent with the re-evaluation, works which concur that marketing and managerial skills are necessary for business ventures (Ruzzieret *al.*,2007). The study by (Ruzzieret *al.* 2007) showed that global revealed that the experiences of managers took a vital role in specific know-how of accelerating the SMEs to trade (Francioni&Musso 2012). Studies results showed that there is a positive strong relationship between manager's/steward's education and decision-making process. Decision taking and judgement process is the pillar of financial stewardship. In view of these cited studies, stewards(managers) with higher level of education have more avenues to develop more and formally position the SMEs in a more competitive environment than non- educated stewards (Mupemhiet *al.* 2013). Attending seminars, training, doing advertisement, trade fairs, joining professional and other societies, contacting other entrepreneurs, are likely to be done more by educated managers and entrepreneurs than less educated ones because they are confident, knowledgeable and first actors. While they are less likely to discuss their business matters with friends and relatives observed by (Ochieng' ,2013). (Baranauskieneand Korsakiene ,2011) stressed that as SMEs are initiating and sustaining internationalization process, growth is becoming a matter of high importance even for SMEs (Oseh, 2013) as a result of growing need of competitiveness of firms of all sizes. So as Motor cycle transporters SACCOs start with a financial management, they need to provide a window for the transfer of knowledge and the strengthening of capabilities, to enhance the long-term competitiveness of these firms (Chatterton & Wilson, 2013).

A regional study by (Mahmood and Shehu,2014) on SMEs performance in Nigeria found that entrepreneurial orientation highly supported firm performance, which was earlier observed in the study by (Faizol, Hirobuni and Tanaka ,2010) which established that there is a strong linkage between the entrepreneurial orientation and firm performance in Sri Lanka.

2.6. Conceptual Framework

The study developed a conceptual framework adopted from Agency cost theory. Agency theory gives strength to financial stewardship as an independent variable. This is because it is considered relevant in the SMEs where SACCOs also

belong; SACCOs are owned and managed by their owner hence lower conflict of interest thus lower agency cost. This theory of agency is relevant to financial stewardship practice since owners are the same stewards.

2.7. The Conceptual Framework

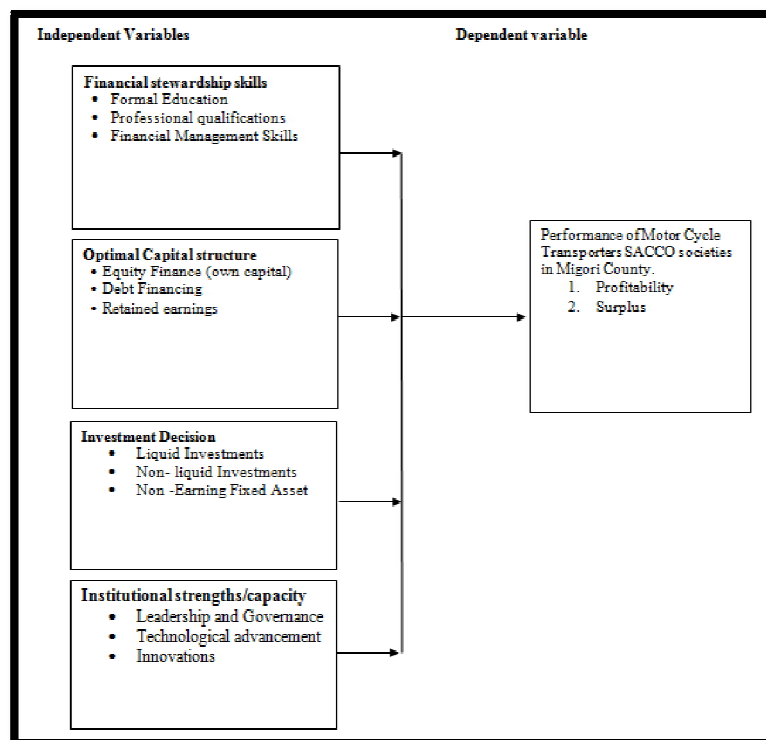


Figure 1: Conceptual Framework

Source: Researcher (2019)

2.8. Recap of Literature Review

This choice was strengthened by the Stewardship Theory, where the financial stewards are in position to protect the firm's financial value and make profits for the SACCOS. This theory helps to establish the need for qualified staff in the growth of Motor cycle transporters SACCOs. Of the conceptual framework developed and researched on, financial stewardship skills as independent variable was extracted for the purpose of this journal.

3. Research Methodology

3.1. Introduction

The just concluded chapter two gave out views on literature review together a long side the knowledge gap that the study wants to fulfil. The reason for this chapter is to elaborate on the various methods and techniques that the researcher employed throughout the study to address the research objectives. This chapter strongly brought out the means to an end of obtaining data to be used in the study, target population, sampling procedure, study site, area of study, research data collection instruments and procedures, empirical model, measurement of variables, how data was to be collected, classified, analysed to make a meaning, and ethical considerations. It explained why certain specific techniques and methods were used in design, analysis and data collection.

3.2. Research Design

This study will employ a descriptive survey in obtaining information on the performance of Motor cycle transporters SACCO societies in Migori county through financial management practices. Descriptive survey design is relevant since it elaborates in a particular way a deeper insight into the research problem by detailing the parametric variables of interest. It is inevitable to use descriptive since it defines, estimates, predict and examine the relationships that may be existing between parameter called variables. This will support the much needed and accurate information so required for this research and to answer or respond to questions asked. The researcher will bring out the gaps that he has identified which existed in previous literature probably due to time constraints, social and economic disparities which he needs to address now. This differences or research gap untapped with other researchers which he needs to be linked to his current research problems. Years down the line, the numbers of motor bikes have gone down like wise to their capital base has decreased drastically. This informed the need and basis to carry this study because both the county and national governments intention is to create employment for the youths wherever they are in their localities. Further, there is inadequate research on influence of financial management practices on performance of Motor cycle transporters SACCO societies in Migori County.

3.3. Target Population

This is the whole group of objects, persons or items bearing similarity of common characteristics be reached for the purpose of the research. It was from this population targeted where a sample could be pulled from or whole could be a sample size. The target population for the study comprised the 136 management committees (from eight SACCOs each having 17 members).

Motor Cycle Transporters SACCO	Credit Committee	Education Committee	Executive Committee	Supervisory Committee	Total Target Population
Awendo sub-county motor cycle transporters SACCO	4	4	5	4	17
Kuria East sub-county motor cycle transporters SACCO	4	4	5	4	17
Kuria West sub-county motor cycle transporters SACCO	4	4	5	4	17
Nyatike sub-county motor cycle transporters SACCO	4	4	5	4	17
Rongo sub-county motor cycle transporters SACCO	4	4	5	4	17
Suna East sub-county motor cycle transporters SACCO	4	4	5	4	17
Suna West sub-county motor cycle transporters SACCO	4	4	5	4	17
Uriri sub-county motor cycle transporters SACCO	4	4	5	4	17
	32	32	40	32	136

Table 1: Target Population
Source: Migori county Cooperative Audit office (2019)

3.4. Sample Size

The sample size was the whole target population of 136 respondents. This was because the targeted population was small in size and it readily available.

3.5. Sampling Procedures and Techniques

The present study used census. This is occasioned by the fact that the target population was small and could be reached with ease. The whole population therefore participated in the study as respondents. Thus, the sample size was the whole population; hence sample size was same target population. Further selecting the whole population as respondents ensured homogeneity since different sub counties were equally represented in data collection process.

3.6. Construction of Research Instruments

This study has chosen to adopt the use of questionnaires for data collection. The questionnaire consisted of questions developed in a defined order on a set of forms and was carefully constructed. The questionnaire took into account and be presented in the general form, question sequence and question formulation and wording. As regards, general form, the study developed structured questionnaire, containing closed and opened ended questions. In this case, the researcher arranged the questions into section where each section contained questions addressing a specific area (objective) of the study. The researcher gathered data from primary sources using closed ended questionnaire and a few open ended where the respondents were free to fill their preferred answers. The structured questions confined the respondents to already provide multiple options feedback response hence allowing for consistency in analysis. Additionally, open ended question also provided the respondent with an opportunity to widely give their view hence becoming insightful and digging into real issues. The questionnaire were administered by dropping and later picked up technique after the respondents have gone through and fairly responded. The research data was collected and analysed using a 5 point Likert scale (5-1) which converted the qualitative responses to quantitative data. The study used a self-administered structured questionnaire and a few unstructured ones.

3.7. Data Collection Methods and Procedures

In data collection the study defines the instruments to be used to obtain that data and the relevant procedure to be used. Data collection is key, as it is a means through which data to be collected is given to the respondent and subsequently collected back for identifications, classification and final analysis. This data must be accurate and relevant for the study. The study will collect data from primary sources. The Primary data was collected using structured and unstructured (open ended) questionnaire, which had closed and open-ended questions and the respondents had complete freedom of quicker response. Open ended ones provided the respondent with freedom to attach their views without being confined to specific responses. Questionnaire was given to respondents where any problem experienced on clarity was addressed by the researcher. He provided guidance and clarifications on how to answer the questions, where the respondent was stuck the researcher was of help for quicker understanding and meaningfulness of the question.

3.7.1. Data Collection Methods

The study employed structured questionnaire in the process of data collection from primary sources. The questions were designed in line with the objective. Both closed ended and open-ended questionnaires were suitable where respondents were given room to choose them from the already pre-determined answers and at the same top up their responses without restriction the data using the questionnaire was measured by using Likert scale (1-5) However, despite the many methods, available for data collection, in this study the researcher employed the use of questionnaires.

3.7.2. Data Collection Procedures

When all the research instruments are properly compiled and are available pre-test is conducted to get the ascertainment of the validity and reliability of the tools. The respondents in pre-test will not participate in data collection. The instrument must be successfully test reviewed, the researcher will enter into active data collection. During data collection, the researcher will time and again provide guidance and clarifications relevant on how to answer the questions. After receiving the questionnaire, the researcher will confirm and clarify issues arising during data collection, by oral discourse. Each questionnaire shall have a cover letter attached to it encouraging the respondents to participate in the study, guaranteeing the confidentiality as a matter of privacy protection on personal information obtained from the respondent and the institution as well. There is need to appreciate the respondents for accepting to participate in the study because without them it wouldn't have been possible. Confidentiality will be assured to respondents and questionnaires collected for data analysis.

3.7.3. Proposed Data Analysis Techniques and Procedure

It is important to check the data collected from the respondents to ensure that it is free from error of commission or omission. Then it will be classified and coded accordingly. The quantitative data will be analysed using quantitative analysis while qualitative data was analysed using qualitative analysis. Thematic analysis was of reference for the analysis of qualitative data and according to study indicators. The results will then be presented in form of percentages.

3.7.3.1. Descriptive Statistics

Descriptive analysis will be done for variable to describe that variable and how it relates to performance of Motor cycle transporters SACCO societies. Statistic of means, frequencies, and standard deviation will be employed to help ascertain the prevailing patterns, trends and relationships, and to make it easier for the researcher to understand and interpret implications of the study. The results will be presented in form of tables and charts and interpreted in narratives.

4. Data Analysis, Presentation and Interpretation.

4.1. Introduction

The chapter deals with data analysis, presentation and interpretation of the study which analyzed the effects of financial management practices on the performance of the Motor cycle transporters Sacco societies in Migori County, Kenya. The analysis was done based on research objectives.

4.2. Presentation of Research Findings.

This section presents the findings based on research objectives.

4.2.1. Response Rate

Of the 136 questionnaire distributed to respondents 104 were returned back to the researcher. This contributed 76% as the response rate which was above normal acceptable average of 50% as contented by (Mugendi ,2003) The data was analyse through descriptive and inferential methods. The dependent variable was performance which was depicted by profitability as the indicator. The independent variables were, financial stewardship skill, optimum capital structure, investment decision and institutional strength/capacity. Only the first independent variable results findings and conclusions were reported in this journal. Having reviewed the objectives of the study, the effects of financial stewardship skill influence on performance on Motor cycle transporters Sacco societies in Migori County, Kenya.

4.2.2. Demographic Characteristics of the Respondents

The study examined the demographic trait such as age, sex or gender, period of membership into the Sacco, academic and professional level and the level of management. Majority of the motor cycle transporters members were between the age of 21-30 years and had been members of the Sacco for a period of 4-5 years.

All the respondents were of male gender because this is a sector which is mainly dominated by men. However female genders are rare to come by.

4.2.3. Influence of Financial Stewardship Skill on the Performance of Motor Cycle Transporters Sacco Societies in Migori County, Kenya

Statement	SD		D		N		A		SA	
	f	(%)	f	(%)	f	(%)	f	(%)	f	(%)
Highest academic level of formal education possessed by the board member of SACCO highly influence the performance of our SACCO	24	23	13	13	0		17	16	50	48
Highest professional qualification attained by the financial staffs of our SACCO influence the SACCO's performance	7	7	12	12	0		32	31	53	51
The performance of the SACCO is determined by the book keeping skills of the financial staff of the SACCO.	2	2	0		0		0		102	98
The level of training in financial matters provided to the staff influence the performance of the SACCO	2	2	0		0		2	2	100	96
Financial management skills are very important in improving the performance of the SACCO.	2	2	0		0		1	1	101	97
Entrepreneurial skills provide sufficient knowledge for improving the performance of the SACCO.	2	2	0		0		1	1	101	97
Frequency of target oriented training determines the level of performance of the SACCO.	2	2	0		0		0		102	98

Table 2: Influence of Financial Stewardship Skill on the Performance of Motor Cycle Transporters Sacco Societies in Migori County, Kenya
Source: Research Data 2019

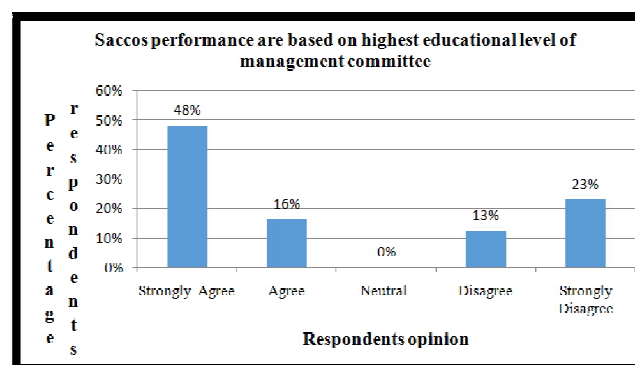


Figure 2
Source: Research Data 2019

In the above Figure 2, 48% of the respondents strongly agreed that saccos performance are based on highest educational level possessed by management committees. 23% strongly disagreed, 16% disagreed and 13% agreed respectively that educational level possessed by management committee member affects the saccos performance. This therefore depicts that education is very key in any business enterprise growth and remaining relevant in the market for the continued existence.

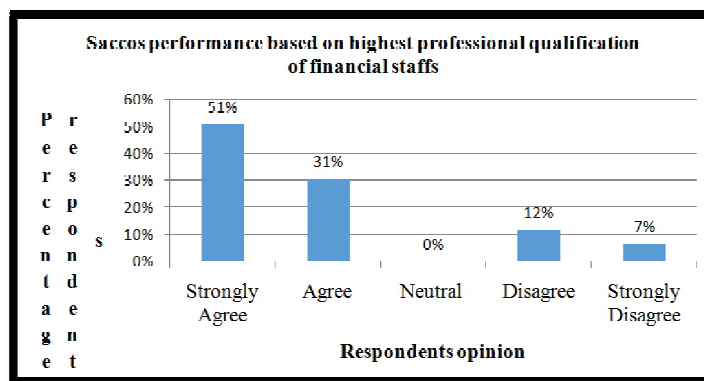


Figure 3
Source: Research Data 2019

In the above Figure 3, 51% of the respondents strongly agreed that highest professional qualification for the financial staffs is very key for the performance of the saccos. 31% of the respondents agreed as well that professional qualification held by financial staff. There was no denial that professionalism plays a greater essence in saccos performance. This therefore means that saccos are not doing well because they do not employ financial staff to undertake their financial management operations hence dismal performance.

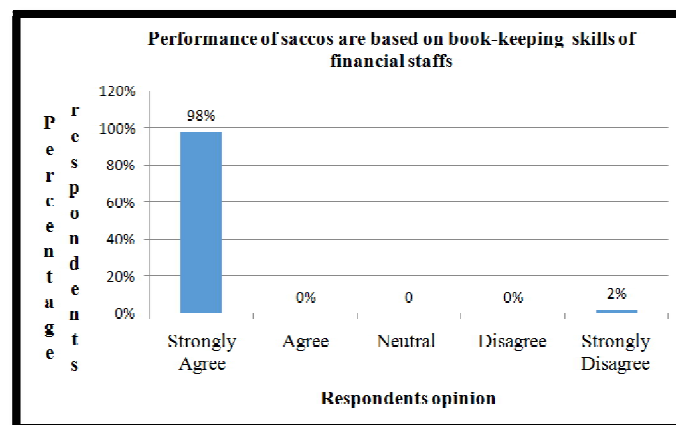


Figure 4
Source: Research Data 2019

In the above Figure 4, 98% the respondents strongly agreed that book-keeping skills of financial staffs are inevitable gradient for the saccos performance. This therefore depicts that financial skills are key in the management of saccos. With a paltry 2% of the contrary opinion.

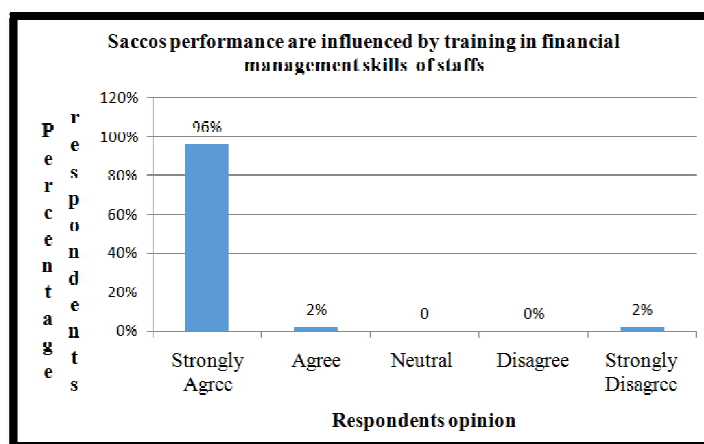


Figure 5
Source: Research Data 2019

In the above Figure 5 96% of the respondents strongly agreed that performance of the saccos have been influenced by training in financial management skills of staffs. With a paltry 2% agreeing and disagreeing respectively. Financial management skills training of the staff definitely influences the Sacco financial performance.

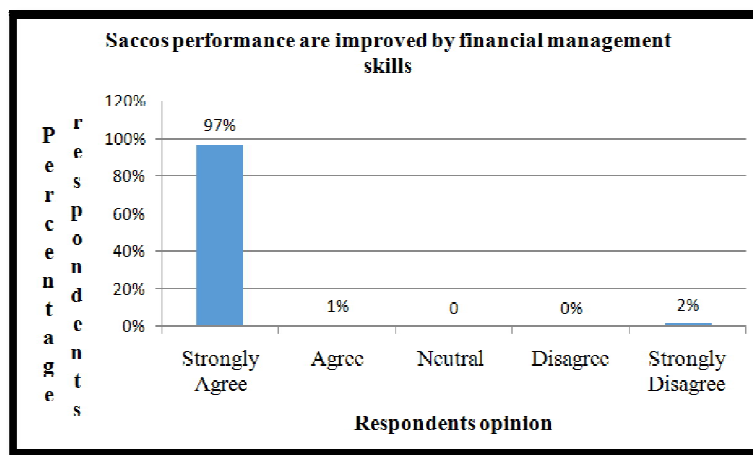


Figure 6

Source: Research Data 2019

In the above Figure 6 ,97% of the respondents strongly agreed that financial management skills determine the performance of the saccos performance. While only 2% strongly disagreed.

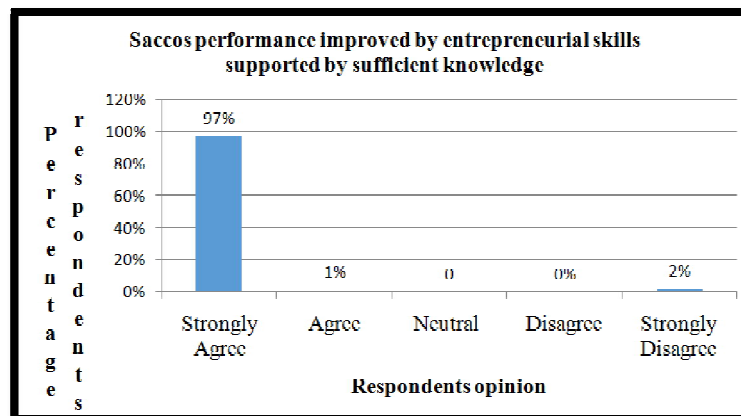


Figure 7

Source: Research Data 2019

In the above Figure 7, 97% of the respondents strongly agreed that the saccos performance were improved by entrepreneurial skills supported by sufficient knowledge. With a paltry 2% strongly disagreeing.

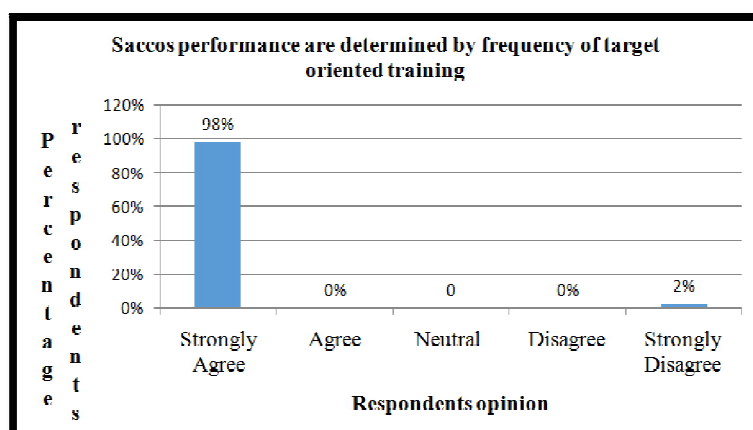


Figure 8

Source: Research Data 2019

In the above Figure 8, 98% of the respondents unanimously and strongly agreed that the performance of the Sacco is determined by frequency of target-oriented training. This means that if they as committees were attending trainings frequently, the performance of the saccos would improve. Only 2% were of contrary opinion.

Level	certificate	Diploma	No response	Total
respondents	55	49	0	104
Percentage response	53%	47%	0%	100%

Table 3: Best Minimum Educational Qualification for Executive Committee Members

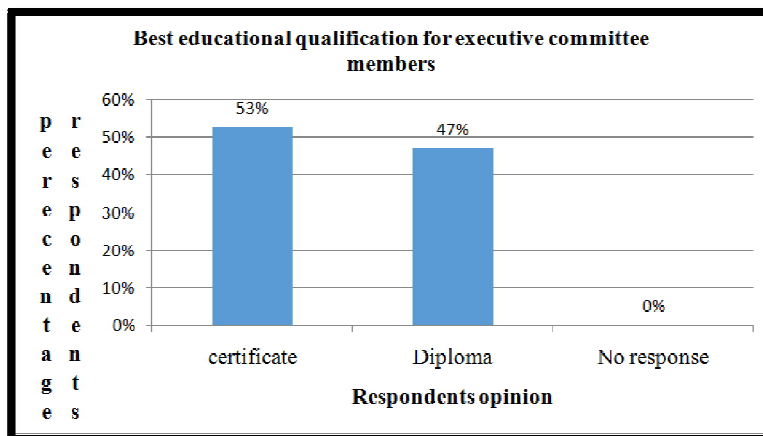


Figure 9

Source: Research Data 2019

In the above Figure 9, 53% of the respondents agreed that the best desirous educational qualification for the executive committee members while 47% of the respondents were of the opinion that holding certificate level of education befits the executive office holder.

In Fig3a-3h above, the influence of stewardship skills on the performance of the sacco is evident. Lack of stewardship skills or low stewardship skill have influenced the Motor cycle transporters Sacco in a serious way from the result obtained from the research. Basically, the sacco performance have been dismal due to low or lack of stewardship skills experienced from the management. This is evidenced by their both academic and professional qualifications of the management committees.

Use of inferential statistics was employed to establish the relationship between the Independent Variables (IVs) and the Dependent Variable (DV). Using inferential statistics, the study sought to establish a model to estimate dependent variable (profitability or growth of boda boda SACCO societies in Migori county) in terms of the independent variable (predictor; financial stewardship skills, optimum capital structure, investment decision, and institutional strengths/capacity) based on the model shown below;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \dots \dots \dots (i)$$

Where:

Y = Profitability/growth of boda boda SACCO societies in Migori county

X₁ = Financial stewardship skills

X₂ = Optimum Capital structure Level

X₃ = Investment Decision

X₄ = Institutional strengths/capacity

β₀ is a constant (which is the value of dependent variable when all the independent variables are 0).

β₁₋₄ is the regression coefficients or change induced by X₁, X₂, X₃ and X₄

e = error term

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991 ^a	.983	.897	.50000

a. Predictors: (Constant), Stewardship, Capital structure level, Investment decision, Institution Strength/ Capacity

Table 4: Dependent and Independent Analysis Model Summary

The regression has satisfied our criterion required. From the above Table 4, the R square is very high at .983 meaning a more reliable regression model for prediction. The standard error is very low at 3.588 and this is very good in view of the relativity to the dependent variable. The coefficient of determination indicated that 98.3% of the variance in dependent variable (performance/profitability) can be predicted from the variable financial stewardship, optimal capital structure, investment decision and institutional strength/capacity. From the Table 5 below the dependent variable is positively correlated to independent variable financial stewardship skills.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.487	3.588		-.136	.905
	Stewardship	.696	.711	.667	.978	.431
	Capital structure level	.696	.166	.673	4.202	.052
	Investment decision	.696	.456	.897	1.525	.267
	Institution Strength/ Capacity	.870	.371	.867	2.341	.144

Table 5: Coefficient of Determination

The regression line $y = -.487 + .696X_1 + .696X_2 + .696X_3 + .870X_4$

4.3. Major Findings

The study found out that financial stewardship skill is a greater predictor of performance /profitability of Motor cycle transporters Sacco in Migori county Kenya. The influence of stewardship skills on the performance of the saccos is evident. Lack of stewardship skills or low stewardship skill have influenced the Motor cycle transporters Sacco in a serious way from the result obtained from the research. Basically, the saccos performance have been dismal due to low or lack of financial stewardship skills experienced from the management. This is evidenced by their both academic and professional qualifications of the management committees.

4.4. Conclusions

The findings concluded that there direct relationship between the independent variables and dependent variable. Conclusively financial stewardship skills, greatly impact on the Motor cycles transporters saccos performance. Having financial management skills, book-keeping skills to financial staff and management is a great component that impact on the performance of the Sacco. The saccos do not grow in asset size, do not pay any dividends, have no retained earnings, reserves. This clearly depict that the saccos are not performing well towards desired direction. technology, leadership and governance and innovation are true evidence of successful contemporary business management which are lacking in the Sacco.

5. Summary, Conclusions and Recommendations

5.1. Introduction

The chapter discusses the summary of the findings, conclusions and recommendations of the research study. The summary gives an in-depth and wider explanation of the cardinal factors as observed by the respondents in the process of analyzing the effects of financial management practices on the performance of Motor cycle transporters Sacco societies in Migori County, Kenya. These were premised on analyzed facts and data in quantitative analysis where numerical values have been employed to explain the effects of independent variables on dependent variable. The research findings strongly answered the research questions raised and made recommendations and conclusion on the research study. The study gave numerous recommendation and suggestions for further studies to address.

5.2. Summary of the Major Findings

The Motor cycles transporters Sacco's management are all dominated by male gender ,majority of the management committees are of younger age (78%) between 21-30 years. Majority of the committees only have secondary education at (56%) as the highest academic qualification. Majority of the management committees have certificate at (53%) as professional qualifications. Management committees have been members of the saccos for a period between 4-5 years. In view of the objective, the findings were decisions and institutional strength as key independent variables have greatly impacted the dependents variable profitability.

5.2.1. What Influence Does Stewardship Skills Have on Performance of the Saccos

Majority of the respondents agree that the sufficient stewardship skills among the high-level management is an important ingredient in the performance of the Sacco based on the many statements responded to. The management committees' low educational, professional qualification, lack of financial management skills, non-employment of accounting staffs to help management their finances have negatively impacted on their performance. Stewardship skills greatly influence the saccos performance either positively or negatively based on the skills, educational and professional traits that the organization may have in its leadership entrusted with decision making. performance

5.3. Conclusions

In winding up the research and availing the conclusion thereon, the motor cycle transporters saccos in Migori County not properly managed because their managers lack financial skills neither have, they employed any staffs with

financial background to help steer their growth. The management committees have limited financial skills, educational and professional qualification necessary for such sensitive financial institutions. Trainings are largely lacking to equip the leadership on governance, financial management, stewardship skills and institutional capacity building.

5.4. Recommendations

Based on the findings of the research, the following are therefore recommended to relevant authorities for implementation.

The saccos must employ at least one book-keeper or anybody with financial background to assist the young saccos so that members don't lose their savings through mismanagement, embezzlement and financial impropriety.

The saccos leadership should be trained by the ministry frequently to equip the management committees on the sense of prudent financial management.

Sacco members should be educated on their voting rights and minimum qualifications for persons to be elected into the office of executive committee members must meet.

Encourage female genders to be members and even to be elected in high management position. The national government should regulate Motor cycle transporters Sacco and other individual non-Sacco members into saccos so that their operation and activities can be closely monitored by the national government to bring sanity into the sector since it now employs millions youths .In fact all motor cycle doing both human and goods transportation all to be brought under saccos just like Matatus are.

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