

***INFLUENCE OF HUMAN RESOURCE
MANAGEMENT PRACTICES ON GROWTH OF
SACCO SOCIETIES IN SOUTH RIFT REGION***

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BS03/016/2013

A Research Project Report Submitted in Partial fulfillment for the Award of a
Degree in Applied Statistics with Computing in Maasai Mara University.

MAY 2017

DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

Signature.....Date.....

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Supervisor

This research project has been submitted for review with our approval as university supervisor

Sign.....Date.....

..

DR. JOSEPH OUNO

DEDICATION

I dedicate this research study to my parents; Mr. George Imbwaga and Mrs. Lucy Mmbone and my brother Oscar Musonye for their continued support through this work.

ACKNOWLEDGEMENTS

My special thanks go to Dr. John Ouno who tirelessly guided me, provided professional advice and encouragement when fine-tuning the research project. I do give great gratitude to Almighty for my well-being. My appreciation goes to all my friends for their ideas and material assistance. To you all thank you.

ABBREVIATIONS AND ACRONYMS

ACCOSCA	-	The African Confederation of Co-operative Savings and Credit Association
CEO	-	Chief Executive Officer
HRM	-	Human Resource Management
SACCOS	-	Savings and Credit Cooperatives Society

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ABSTRACT

Human Resource Management (HRM) practices will continually attract the attention of researchers in pursuit of better ways to counter the emerging challenges that can undermine the growth of the organizations. The research will be carried out to examine the influence of human resource management practices on the growth of Savings and Credit cooperative societies (Sacco societies) in South Rift Region. The study will examine the relationship among the factor variables which are; selective hiring, job design, reward system and performance management and the component variable (that is, growth of Sacco Societies). The questionnaire will be used as data collection tool. The research will employ purposive sampling techniques to pick subjects to constitute the sample. Descriptive statistics will be used to analyze qualitative and quantitative data. Factor analysis will also be used to explain the causal relational between the variables. Data that will be collected will be analyzed by R statistical software. The findings are useful to the Sacco society management to help them plan and implement HRM practices.

Many studies have been carried but none of the study has concentrated in finding the influence of selective hiring on the growth of Sacco societies.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Pfeiffer (1994), the increasing pressures from the rapid changes that are occurring in the business environment have led to a variety of responses among industrial organizations. Globalization of production and markets, the rate of technological innovation and fluctuation in consumer demand are among the factors that have increased the dynamism of the competitive environment to which organizations must respond. Over the last decade, much research has been conducted in the field of human resource management (HRM) and its associations with firm performance. Prior studies have found substantial positive evidence for statistical associations between HRM practices and improved firm performance. For firms to survive in a global economy today, they need to exploit all the available resources as a means of achieving competitive advantage Lado & Wilson (1994).

One resource recognized as providing a source of competitive advantage is the human resources of the firm. In support of this, many scholars have reiterated that the increasing interest in human resources is due to the assumptions that employees and the way they are managed are critical to the success of a firm Kamoche *at al.* (1996). They assert that an effective and competitive human resource is the key to the strength of organizations in facing the challenges of business today. Hence, the importance of having a competitive human resource is synonymous with the success of today's organizations because an efficient and effective human resource will produce quality and productive individuals that can eventually minimize the problems that are related to human resource such as job dissatisfaction, absenteeism, or turnover of employees.

Katou *at al.* (2007) categorizes HRM practices into two HRM systems, namely the HRM system aiming at attracting and developing human resources and those aiming at retaining human resources. Among the HRM practices aimed at attracting and developing employees are selective hiring, training and development; and those aimed at retaining employees are

performance managements and reward and compensation systems. Such activities have been linked to organizational competitiveness, increased productivity, higher quality of work life and greater profitability Cascio (1992), Schuler and Jackson (1996). Consequently, many researchers link the Human capital with organizational performance through the HRM practices (selective hiring, job design, reward and compensation, and performance management Cascio (1992), Schuler and Jackson (1996). This assumption is shared by Katou and Budhwar (2007) who are of the opinion that human resource are capable of contributing to organization performance.

However, some studies Guest (1997) show that it is important to examine HRM practices in as many settings as possible to justify these results. Consequently, it is worth establishing the influence of HRM practices on organization performance in a developing country, such as Kenya, as opposed to developed countries. Aycan *at al.* (2007) assert that the major differentiating factors between developed countries and developing countries which have an impact on HRM are contextual. Among the factors are economic, political, historical environments, and social cultural characteristics of the workplace and society.

In Kenya, the Sacco movement has evolved in the past 40 years into a formidable force for the social and economic transformation of Kenyan people, Africa Sacco Regulatory Framework Workshop (2011). They are having a drastic growth that can be based on the fact that for some period now they have been offering cheap loans at manageable interest rates to their members and also they have been able to penetrate in rural areas that are considered unattractive in rendering their services unlike the banks. This gesture has attracted a shift of clients from the formal financial institutions such as banks to seek for their services ACCOSCA (2011). Through fund mobilization, Sacco societies are also able to offer deposit and saving facility, front office services and cheque clearing services, microfinance house ltd (2006).

Growth in Sacco's is important since it contributes to the economic prosperity of any entity, Giuca and Barrette (2011). Growth in Many organizations has been considered as top strategic priority but very few achieve it and ever fewer maintain it as noted in Baum and Wally (2003); Zooka and Allen, (2003). Therefore, for growth to be sustained in Sacco societies, the Sacco management needs to address some of the emerging short comings

which includes; drop of performance in 2006 from 13.1 per cent to 9.0 per cent in 2009 due to stiff competition from banks and other financial institutions, and other factors such as declining membership due to retrenchment and deaths (cooperatives in Kenya 2013), Problems in optimizing customer satisfaction and developing customer relationship and management Cheruiyot, Kimeli & Ogendo (2012), inadequate technical

Due to the above challenges it shows that there is a need to be addressed for growth to be achieved and maintained. Hence, a reason why we found it necessary to carry this study to find if Sacco society has put proper measures like HRM practice in place that has enabled its growth. Sound (HRM) system ensures effective measures that are important to the growth of any organizations. This is because; HRM practices are strategic in nature as they represent a vital guidance system that coordinates with the executive plan of the organization to achieve the organizational growth. These HRM practices are becoming a critical ingredient in management of organizations and cannot be undervalued in today's global competitive market environment. A reason why this will continually attract the attention of researchers in pursuit of better ways to counter the emerging challenges that can undermine the survival of these organizations.

1.2 Statement of the Problem

Globally and specifically in Kenya, the Sacco movement has evolved in the past 40 years into a formidable force that has transformed the social and economic well-being of many people. Growth in organizations is important since it contributes to the economic prosperity of any entity, Giuca *et al.* (2011). Though growth is considered as top strategic priority in organizations, very few have achieved it and even fewer have been found to sustain it. Sacco's are having a drastic growth that can be based on the fact that for some period now they have been offering cheap loans at manageable interest rates to their members and also they have been able to penetrate in rural areas that are considered unattractive in rendering their services unlike the banks. This gesture has attracted a shift of clients from the formal financial institutions such as banks to seek for their services Bau, *et al.* (2003). In South Rift Region, Sacco Societies have been noticed to expand tremendously as evidenced by opening of new branches across the province. The research therefore found it necessary to

use descriptive statistics to analyze the factor influence of human resource management practices to the growth of Sacco societies in Rift Valley.

1.3 Research objectives

1.3.1 General objective

The study aimed at finding whether human resource management practices influenced the growth of Sacco Societies in South Rift Region.

1.3.2 Specific objectives of the Study

The study was guided by the following objectives;

- i. To establish the influence of selective hiring on the growth of Sacco societies in South Rift Region.
- ii. To establish the influence of reward system on the growth of Sacco societies in South Rift Region.
- iii. To establish the influence of job design on the growth of Sacco societies in South Rift Region.
- iv. To establish the influence of performance management on the growth of Sacco societies in South Rift Region.

1.6 Significance of the Study

The findings are useful to the Sacco society management to help them plan and implement HRM practices.

1.7 Limitations and Delimitation

The CEO of the Sacco societies should be informed prior to data collection and because of schedule they may tend to neglect to avail the necessary documents to other employs. Also questionnaires are interpreted differently and some gives cooked values to complete and continue with their activities

1.8 Assumptions of the study

The study make the assumptions that the management level employees are conversant with

human resource management practices and the growth rate of the Sacco society and that the respondents gives genuine responses.

1.9 Operational definition of terms

Human resource management-	Refers to the management of work and employees of the Sacco society towards achieving the intended goals.
HRM practices–	these are activities directed at managing all the employees of the organization towards the achieving of the intended goals.
Growth–	refers to a positive change in size in any growth indicator of the Sacco society in a particular time.
Selective hiring –	this is the process of choosing the best suited person from a group of applicants to occupy a certain position in the Sacco society.
Reward system-	this is the process that is followed to compensate and benefit Sacco employees.
Job design-	it is the process of arranging and rearranging the work in order to avoid work dissatisfaction and monotony with an aim of promoting growth in the Sacco societies.
Performance management-	refers to the activities put in place to ensure that goals set to increase growth in Sacco societies have been achieved efficiently and effectively.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews related literature on the influence of human resource management practices for growth of Sacco societies. The study also includes theoretical review and conceptual framework in this chapter.

2.1 Selective hiring and growth of Sacco's

Huselid (1995) defined selective hiring as a process used to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that man power in adequate numbers to facilitate effective selection of an efficient work force. This practice of selective hiring can ensure that the right people with the desirable characteristics and knowledge are in the right place so that they fit in the culture and the climate of the organization. Coming up with the right employees would lower the cost of employees' training and development Vlachos (2009).

According to Myloni, *at al.* (2004), selective hiring primarily aims at attracting maximum number of highly talented applicants and selecting the best in order to achieve competitiveness in the firm. The process entails concerted efforts by management to ensure implementation enduring success of organizational goals. Huselid (1995) established that practicing an effective selective hiring process has positive relationship with organizational performance. He further examined that HR practices of high performance companies and found that attracting and selecting the right employees increase the employee productivity, boost organizational performance, and contribute in reducing turnover.

In a study conducted by Asiendu-Appiah, *et al.* (2013) on effects of human resource management practices on employee retention: perspectives from the mining industry in Ghana, it was concluded that, effective implementation of these human resource management practices led to a reduction in employee turnover especially within the mining industry. The study also concluded that 85% of turnover intentions within the mining industry were attributable to human resource management practices and companies must be very mindful of them. When there is reduced turnover, employees stays longer with the

organization where they have masterly of performing various duties and therefore performs better leading to the growth of organization.

According to the literature above we can therefore conclude that there is a positive relationship between selective hiring and growth of organizations. However, Guest (1997) show that it is important to examine HRM practices in as many settings as possible to justify these results. This is a reason why we are motivated to carry the study to find if similar results will be obtained since none of the study has concentrated in finding the influence of selective hiring on the growth of Sacco societies.

2.2 Reward System and growth of Sacco's

Increasingly, organizations are realizing that they have to establish an equitable balance between employee's contribution to the organization and the organization's contribution to the employee. Establishing this balance is one of the main reasons to reward employees. Therefore, for organizations to achieve this balance they need a reward system that will address these four areas: compensation, benefits, recognition and appreciation Pratheepkanth (2011). Where compensation comprises three major components: pay level (base wage or salary), pay increases, and incentives (cash bonuses) Gerhart *et al.* (2003).

Compensation should be legal and ethical, adequate, motivating, fair and equitable, cost effective, and able to provide employment security Cherrington (2005). Compensation includes all forms of monetary returns and allied services provided to employees Milkovich & Newman (2009). A comprehensive compensation mix augmented by an effective system of disbursement plays an effective role in attracting the best candidates, shaping employees, behavior and performance outcome, and facilitates retention of talents.

A reward strategy should enhance commitment and engagement and provide more opportunities for the contributions of people to be valued and recognized Katua *et al.* (2014). Employees receive extrinsic or intrinsic rewards Goel, (2008). Extrinsic rewards includes, pay bonuses, promotions, time off, special assignments, office fixtures, awards and verbal praise are externally administered Dessler, (2007). Intrinsic rewards are self-administered Dessler, (2007). Employees feel motivated when praised or recognized at

their place of work and so tends to put more effort into achieving the organizational goals. Armstrong (2002) asserts that the aim of reward management is to support the attainment of the organization strategic and short term objectives by helping to ensure it has skilled, competent, committed, and well-motivated work force it needs. With this a good and enjoyable work environment is created Katua *et al.* (2014).

2.3 Job Design and growth of Sacco's

Job design is the function of arranging task, duties and responsibilities in to an organizational unit of work Opatha, (2002). Through job design, job specification is created which elicits a form of motivation in employees and also bring out their best performance Mensa-Bonsu, (2012). Regarding this, Aswathappa (2006) explained the various job design as; Job Rotation, Job simplification, Job Enlargement, and Job Enrichment. In the view of Garg & Rastogi (2006) on Model of Job Design: Motivating Employees New Performance, the research concluded that well designed jobs can have a positive impact on both employee satisfaction and quality of performance. The research also concluded that perceived work demands, job control and social support through job design leads to high productivity.

A study of call Centre workers by Bond (2010) found that a relatively small increase in autonomy led to a significant increase in motivation, alongside a decrease in absenteeism and mental distress. Wrzniewski *et al* (2001) studied hospital cleaning staff, and found that those given more autonomy to interact with patients, visitors and others were more satisfied than their counterparts, and felt they were playing a more important role. Garg *et al* (2006), identified that job designs that provide for high levels of employee control also provide increased opportunities for the development and exercise of skill. They concluded that perceived work demands, job control and social support through job design leads to high productivity.

2.4 Performance Management and growth of Sacco's

According to Briscoe and Claus (2008), performance management is the system through which organizations set goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and developments needs and distribute

rewards. Performance in organizational development can be thought of as actual results versus desired results and in case of any difference where actual is lower than the desired, this could constitute to the performance improvement zone.

Performance management and improvement can also be thought of as a cycle that is performance planning where goals and objectives are established, performance coaching where a manager intervenes to give feedback and adjust performance and performance appraisal where individual performance is formally documented and feedback delivered. Management is the judgment of an employee's performance in a job, based on considerations other than productivity alone. Cherrington (2005) illustrates how performance managements serve several purposes, including: guiding human resource actions such as hiring, firing, and promoting; rewarding employees through bonuses, promotions, and so on; providing feedback and noting areas of improvement; identifying job design needs in order to improve the individual's performance on the job; and providing job related data useful in human resource planning. When building the performance measures.

2.5 Growth of Sacco Societies

Kaloi (2004) investigated issues that affected liquidity specifically financial stewardship and found that there were delays in remittance; loan default; low monthly earnings and failure to invest in illiquid investments led to losses hence no growth. The study recommended that Ministry of Co-operative Development and Marketing should introduce sound remittance policies. The study failed to look at HRM practices like reward, job design, selective hiring and performance management to show their contribution to growth in terms of membership, total assets, deposits and loans to members.

Mbaabu (2004), found that poor management of organizations; delays in approval; project under financing; and lending not based on security, among others, affected growth. The study recommended that there was need for; information system implementation; segmentation of non-performing loans and reassignment of loans to respective risk departments; and quality appraisal of applicants. Also in the study carried out by Adeyemo and Bamire (2005), found that unavailability and inadequacy of credit was a major

problem; loan repayment and amount of money borrowed were significant variables that influenced saving patterns; and fund borrowed significantly influenced investment patterns. They therefore recommended that saving and investment level could be enhanced if loans were adequately made available and proper supervision and monitoring of funds was put in place. The study identified lack of funds and poor stewardship as the challenges to growth of Sacco societies. It did not clearly show that with HRM practices like selective hiring, rewards, job design, and performance management put in place would be a solution to the mentioned challenges and therefore, would help in the growth of Sacco societies.

2.6 Theoretical Framework

Over the last decade, much research has been conducted in the field of human resource management (HRM) and its associations with firm performance. Prior studies have found substantial positive evidence for statistical associations between HRM practices and improved organization growth Dessler, (2003). HRM practices involve all management decisions and practices that directly affect the people, or human resources, who work for the organization. Previous studies indicate essential HRM practices, as workforce planning Matthis and Jackson, (2004); job analysis Cascio, (2006); Dessler, (2003); job design Kundo,((2009); performance management; career management; human resource information system; quality of work life, personnel diversity and employees attitude surveys Armstrong, (2005) affect the performance of a firm. Similarly, Becker and Huselid (2008), Boselie (2002) and Guest (2007) assert that HRM practices affect organizational performance.

Recent studies Katou and Budhwar, (2006) have identified four essential HRM practices namely; selective hiring, training and development, performance management and compensation and reward. Huselid *et al.* (2007) argue that the four HRM practices or the "traditional practices" are generally preferred by managers to produce quality performance. Daud (2006) also supports the use of the four traditional HRM practices to evaluate the organizational performance.

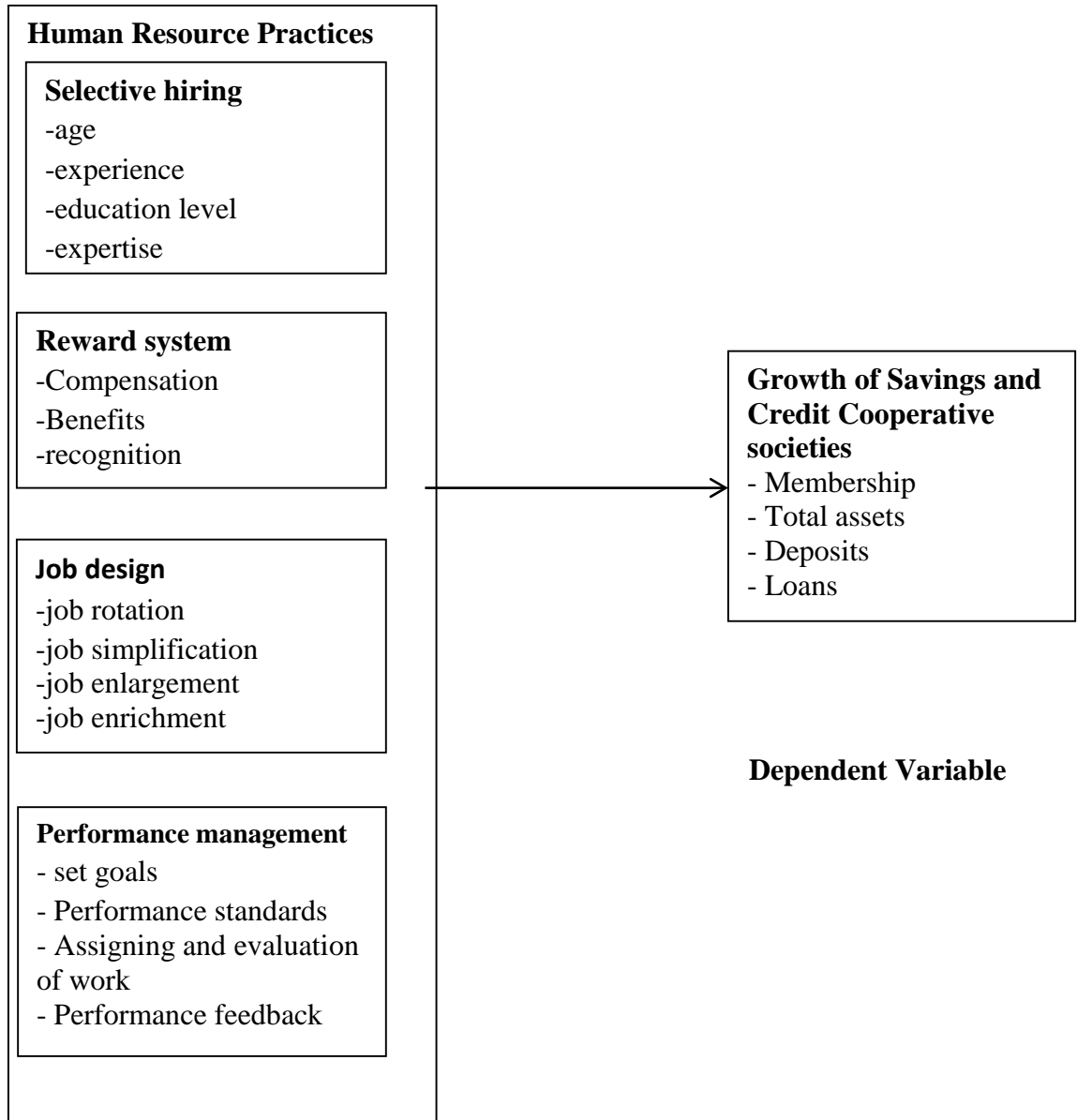
2.7 Conceptual Framework

In the context of this study, the conceptual framework shown in Fig. 2.1 was developed where the growth of Sacco's which is the dependent variable is influenced by the

independent variables which are selective hiring, reward system, job design and performance management.

Figure 2.1: Conceptual Framework

Independent variables



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology of how the study will be conducted. The chapter covers the research design, study locale, target population, sampling size and sampling procedure, data collection instruments, pilot testing, validity of data instruments, reliability of the instrument and data analysis methods

3.2 Research Design

The study will adopt descriptive, use of percentages for the selected variables and component and factor analysis which determines the relationship amongst the variables. These designs are suitable since they establish and describe the relationship between variables. The study aligns to Frankfort & David (2008) who urged that descriptive research design is most appropriate because they involve facts finding and inquiry on relationship between variables. The study will target the management employees in Sacco Societies in South Rift Region. Questionnaire will be used to capture data from the management employees. Purposive sampling method will be used to select the management employees to participate in the study. Data collected will be organized according to the research objectives for analysis. Findings will be discussed and presented in frequencies, and percentages. Conclusions and recommendations done based on the findings. The research will also open areas for further studies.

3.3 Study Locale

The study was carried out in South Rift Region. Five (5) Sacco societies were considered

in the study where 5 of them was used for actual study and one Sacco society used for piloting. The investigation was conducted in the period between March and May 2017.

3.4 Target Population

According Kombo and Tromp (2006) a target population is a group of people or elements from which a sample population is selected to ascertain particular information. The target population of this study consisted of 69 management employees in the 5 Sacco societies that operate in South Rift Region.

3.5 Sample Size and Sampling Procedure

Purposive sampling technique was employed since we could reach the target population much quicker, it saves on time as well as money. Since most of the Sacco societies exhibits similar characteristics it simpler and easier to make generalizations about a sample compared to simple random sampling where not all participants have the characteristics you are studying, (socialresearchmethods.net)

As illustrated in table below.

Table 3.1 Sample Size		
Sacco Society	No. of Management Team	Sample size x No. of Management team in the Sacco / target Population
Narok Teachers' Sacco society.	19	14
Ndege Chai Sacco Society.	17	12
Kericho Teacher's Sacco Society	17	12
Bomet Teacher's Sacco Society	16	11
Sample	69	49

3.6 Data Collection Instrument

We used structured questionnaire, to collect the data. The questionnaire was the most suitable for capturing the relevant data from the management employees in order to ensure relevant information captured. The questionnaire had both open ended and closed ended questions that were intended to capture the relevant data for this research. Quantitative data was captured by closed ended questions in the questionnaire and qualitative data was captured by opened ended questions in the questionnaire.

3.7 Reliability of the Instrument

Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials, Mugenda (2003). Reliability depends on random errors that may arise from the way the questionnaire is prepared and administered. In the study, the reliability was carried by administering the questionnaire to selected few individuals in order to determine the reliability of the tool. To test the reliability of the instrument, the researcher used split-half technique. The research instrument was split into two subtests, one consisting of odd-numbered items/questions and the other made of all even numbered items. The score of all odd-numbered and even numbered items of the responses in the pilot study were computed separately.

3.8 Data Analysis Methods

Raw data collected will be organized as per the research objectives in order to simplify it for analysis. Using R statistical package the data will be analyzed using descriptive methods for better understanding and representation, using frequency table and pie charts. To answer the objective, inferential analysis was employed that is principle component analysis and factor analysis and also hypothesis testing.

3.10 Ethical Issue

Ethics involves making a judgment about right and wrong behavior according to Kerridge *at al.* (2005). The researcher sought permission to conduct the research and collect data from Maasai Mara University. The instruments were administered to the respondents by hand delivery to the selected Sacco's through a program arranged by the researcher. The researcher ensured that participants had a complete understanding of the purpose and

methods to be used in the study. The decision to participate in the study by the respondents was respected. The researcher observed honesty and did not give misleading information about the actual purpose of the study. The researcher also observed professionalism during the study by considering integrity thus avoiding plagiarism and data alteration.

Table 3.2: Operational Definition of Variables

Objective	Variables	Indicators	Data Collection method	Measurement Scale	Type of analysis/type of data
To examine the influence of selective hiring on the growth of Sacco societies in South Rift Region	Independent Variable selective hiring	-age -experience -education level -expertise	Questionnaire	Nominal	Qualitative
To examine the influence of Reward system on the growth of Sacco societies in South Rift Region	Independent variable reward System	-compensation -benefits -recognition	Questionnaire	Nominal	Qualitative
To establish the influence of job design On the growth of Sacco societies in South Rift Region	Independent Variable Job design	job rotation -job Simplification -job enlargement -job enrichment	Questionnaire	Nominal	Qualitative
To establish the influence Of Performance Management on the growth of Sacco societies in South Rift Region	Independent Variable Performance Management	-set goals -performance Standards -assigning and evaluating work -performance Feedback	Questionnaire	Nominal	Qualitative

Growth of Savings and Credit Cooperative Societies	Dependent variable Growth of Savings and credit cooperative Societies	-Membership - Total assets - Deposits - Loans	Questionnaire	Ordinal	Quantitative Regression (correlational)
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CHAPTER FOUR DATA ANALYSIS AND PRESENTATION

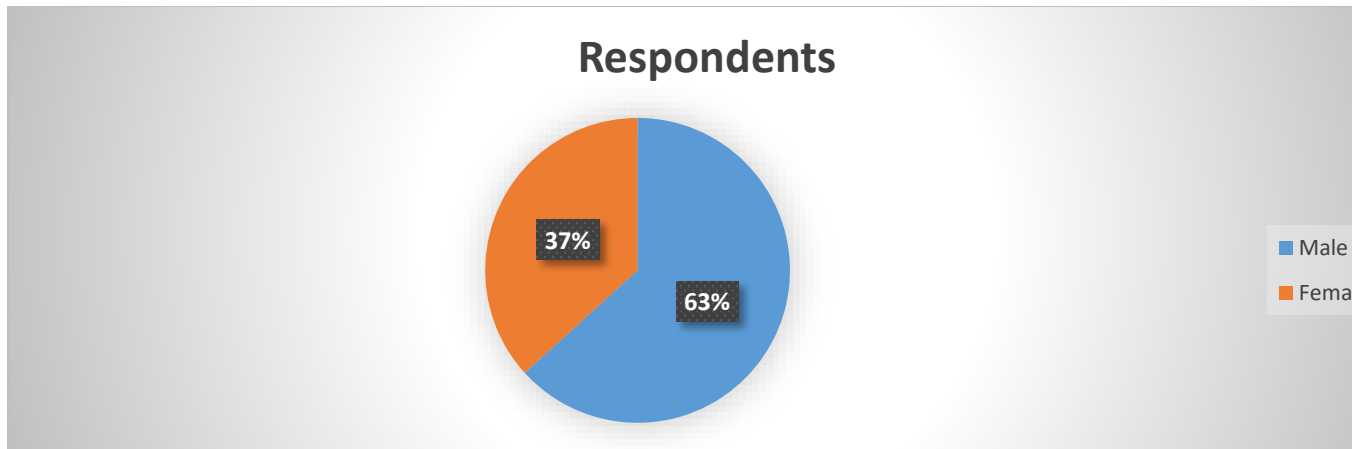
4.1 Introduction

This chapter presents the analysis of study findings on the influence of human resource management practices on growth of Sacco Societies in South Rift Region. The research targeted 5 Sacco Societies in South Rift Region. The data collection instruments, which were questionnaires, were distributed to respondents through hand delivery in the Sacco Societies. There were 49 questionnaires sent and all of them were sent back fully completed, representing 100% response rate.

4.2 Demographic Information

This section provides information related to the employees of the organization. The study required the respondents to indicate their gender. According to the findings shown in the figure 4.1 below, majority of the respondents were male as shown by 63.3% while females were 36.7% of the respondents. This is an indication that most of the employees/staff in the Sacco Societies were male.

Figure 4.1 Gender Respondents

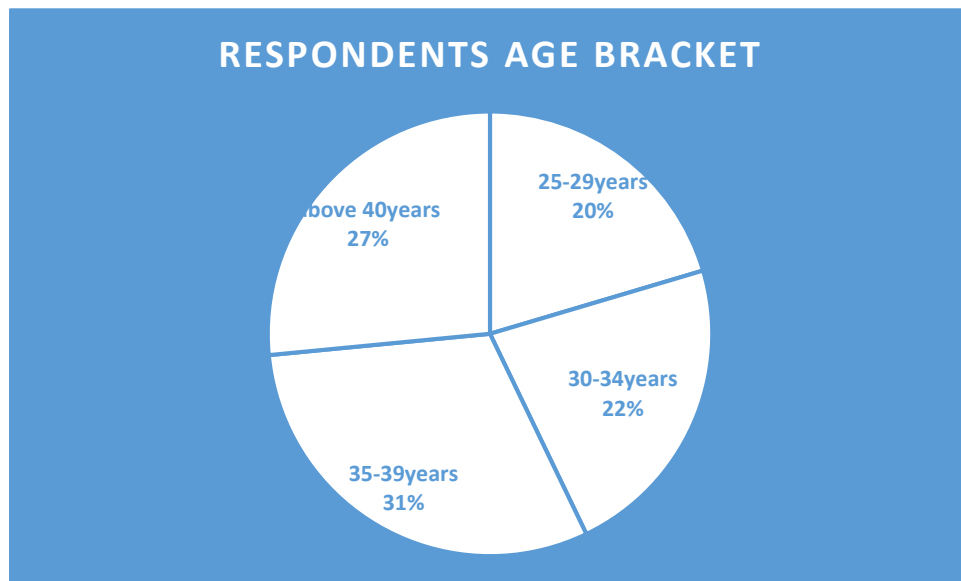


4.3 Respondent's Age

The study also required the respondents to indicate the bracket into which their age fell. According to the findings shown by figure 4.2 below, the study found that 20.41% were aged between 25-29 years, 22.45% were aged between 30-34 years, 30.61% were aged

between 35-39 years while 26.53 % were aged 40 and above

Figure 4.2: Age Bracket of the Respondents.



4.4 Working Duration in the Organization

The study sought to establish the duration the respondents had worked in their respective Sacco institutions; as shown in the table 4.3 below. According to the findings shown in the table below, majority of the respondents as shown by a figure of (34.69%) had worked for their institutions for 7-10 years, 28.57% for 11 years and above, 18.36% for 4-6 years while 10.20 % had worked in their organizations for 1-3 years and least with 8.16% for those who had worked for 11 months and below.

Table 4.3: Working Duration in the Organization

	Frequency(n=49)	Percentage (%)
11 months and below	4	8.2
1-3 Years	5	10.2
4-6 Years	9	18.4
7-10 Years	17	34.7
11 Years and above	14	28.6
Total	49	100.0

4.5 Highest Level of Education

The study sort to establish the respondents' highest level of education; according to the findings in table 4.4, the study found that most of respondents had attained university education as shown by 69.39% of the respondents, 26.53% had attained college education and 4.08% had attained secondary. None had attained primary education as the highest level of education.

Table 4.4 Respondents Highest Level of Education

	Frequency(n=49)	Percentage (%)
University	34	69.39
College	13	26.53
Secondary	2	4.08
Primary	0	0
Others	0	0
Total	49	100

4.6

of Growth of Sacco Societies

This section gives us a summary information pertaining to the organization.

Concerning organizational information, the study required the respondents to indicate the number of years the organization has been in operation. From the study 77.55% of the organization had been in existence for over 13 years, 22.45% for 9-12 years while 0% for 5-8 years. This indicates that, majority of the organizations had been in operation for more than 13 years and therefore were familiar with the Sacco Societies in South Rift Region therefore giving reliable information as sought by the study (see figure 4.3 below)

Table 4.5: Number of years the organization has been in operation

	Frequency (n=49)	Percentage (%)
13 years and above	38	77.55
9-12 years	11	22.45
5-8 years	0	0
Total	49	100.0

4.7 The Current Number of Members

The study further sought to establish the size of the organization in terms of the current number of members; According to the findings shown in the table 4.6 below, most of the Sacco's (38.78%) had between 16,000-25,000 members, 14.29% had 6,000-15000 members, 26.53 % had 26,000-35,000, 18.37% had above 36,000 and 2.04 had 5000 and below members.

Table 4.6: Current Number of Members.

	Frequency(n=49)	Percentage (%)
Up to 5,000	1	2.04
6,000-15,000	7	14.29
16,000-25,000	19	38.78
26,000-35,000	13	26.53
Above 36,000	9	18.37
Total	49	100.0

4.8 Means Representing Growth Variables

The averages representing the growth of Sacco's variables were computed as for the tables indicated below.

Table 4.7: New Members Joining the Sacco's on Average

2012	2013	2014	2015	2016
Less 400	401 – 500	501 – 600	601 – 700	701 and above

As the table 4.7 above indicates, the members kept on growing from an average of 101 new members in 2012 to over 700 in the year 2016.

Table 4.8: Deposits on Share Accounts

2012	2013	2014	2015	2016
21 – 25M	26 – 30M	31 – 35M	36 – 40M	41M and above

As the table 4.8 above indicates, the deposits on share accounts kept on growing from an average of 21M in 2012 to over 31M in the year 2016.

Table 4.9: Expenditure Spent on Acquiring New Assets

2012	2013	2014	2015	2016
4.1M – 5M	5.1M – 6M	6.1M – 7M	7.1M – 8M	8.1M and above

As the table above indicates, the expenditure incurred on acquiring new assets kept on increasing from an average of 4M in the year 2012 to over 8.1M in the year 2016.

Table 4.81: Amount of Total Income Received.

2012	2013	2014	2015	2016
10 – 15M	16M – 20M	21M – 25M	26M – 30M	31M and above

As the table above indicates, the amount of total income received kept on growing from an average of 10M in the year 2010 to over 31M in the year 2014.

Table 4.9: Amount Disbursed as Loans.

2012	2013	2014	2015	2016
41 – 60M	61 – 80M	81 – 100M	101– 120M	121M and above

As the table above indicates, the amount of loans disbursed kept on growing from an average of 41M in the year 2012 to over 121M in the year 2016.

4.10 Qualitative analysis

Hypothesis test

Data was obtained from the filled in questionnaires and the following tables were obtained. The outputs were used to test the following hypotheses:

- 1 H₀: Selective hiring of employees has contributed to the growth of Sacco

- 2 H₀: .Hiring of employees considers expertise
- 3 H₀: The reward system is focused on the Sacco society vision and mission
- 4 H₀: The reward system has individual benefit appreciated by majority of employees
- 5 H₀: The Sacco society has job design policy in place
- 6 H₀: There is addition of higher level of responsibility to self-driven employees
- 7 H₀: There is a periodic appraisal of employees' performance
- 8 H₀: The performance management system link to the overall growth strategy of the Sacco society.

Testing of Hypothesis

In the testing of hypotheses, have assigned different scores to the various rating levels as Shown

Rating	Score (x)
Strongly agree	5
Agree	4
Neutral	3
Disagree	2
Strongly disagree	1

Any variable with a mean Score of 3.5 and above signifies that the respondents are satisfied with the specified variable. To obtain the mean score for a particular variable, we use the expression

$$\bar{x} = \frac{\sum f}{f}$$

Where \bar{x} is the mean score and f is the frequency corresponding to the score.

We then proceeded to test the Hypotheses

$$H_0: \mu \geq 3.5$$

$$H_1: \mu < 3.5 \text{ at } \alpha = 0.05.$$

We therefore, reject the null hypotheses if the computed Z-score is less than -1.645 (One tailed test).

4.9 Selective Hiring and Sacco Societies Growth

This section gives us a summary of the relation between selective hiring to performance. The study expected the respondents to indicate the frequency of selective hiring in their respective Sacco Societies. According to the data findings as recorded in the table 4.10 below, majority of the Sacco Societies as shown by 63.3% strongly agree they did selective hiring, 28.6% agree while 8.1% of the registered Sacco Societies disagree they did selective hiring.

Table 4.10: Frequency of Selective Hiring

	Frequency(n=49)	Percentage (%)
Strongly agree	31	63.3
Agree	14	28.6
Disagree	4	8.1
Total	49	100.0

Performing the necessary hypotheses,

$$H_0: \mu \geq 3.5$$

$$H_1: \mu < 3.5 \text{ at } \alpha = 0.05.$$

We obtained a computed value of $Z = 1.31$. We thus do not reject the null hypotheses and conclude that employees strongly agree that selective hiring which lead to growth of Sacco society.

Hiring of employees considers expertise

The figure 4.3 below presents the data findings on the criteria of hiring employees' in the Sacco Societies in South Rift Region. From the study findings, majority of the respondent as shown by 59.2% strongly agreed that the expertise in their Sacco Societies was considered, 34.

7% agreed, while 6.1% were neutral.

	Frequency(n=49)	Percentage (%)
Strongly agree	29	59.2
Agree	17	34.7
Neutral	3	6.1
Total	49	100.0

Performing the necessary hypotheses,

$$H_0: \mu \geq 3.5$$

$$H_1: \mu < 3.5 \text{ at } \alpha = 0.05.$$

I obtained a computed value of

$Z = 1.45$. We thus do not reject the null hypotheses and conclude that employees agree that expertise of employee was a criteria used in hiring process.

The reward system has individual benefit appreciated by majority of employees

The figure 4.5 below presents the data findings on the reward system has individual benefit appreciated by majority of employees in the Sacco Societies in South Rift Region. From the study findings, majority of the respondent as shown by 22.4% strongly agreed that the reward was focused on the individual benefit of Sacco Societies, 32.7% agreed, 39.7% were neutral while 8.2 % strongly disagreed.

	Frequency(n=49)	Percentage (%)
Strongly agree	11	22.4
Agree	16	32.7
Neutral	18	36.7

Strongly disagree	4	8.2
Total	49	100.0

Performing the necessary hypotheses,

$$H_0: \mu \geq 3.5$$

$$H_1: \mu < 3.5 \text{ at } \alpha = 0.05.$$

I obtained a computed value of

$Z = 0.16$. We thus do not reject the null hypotheses and conclude that employees agree that reward system focused on individual benefit that leads to growth of Sacco societies.

The Sacco society has job design policy in place

The figure 4.6 below presents the data findings on the job design policy in Sacco Societies in South Rift Region. From the study findings, majority of the respondent as shown by 55.9% strongly agreed that Sacco societies have job design policy in place, 38.7% agreed while 5.4% strongly disagreed.

	Frequency(n=49)	Percentage (%)
Strongly agree	25	51.0
Agree	18	36.7
Strongly disagree	6	12.2
Total	49	100.0

Performing the necessary hypotheses,

$$H_0: \mu \geq 3.5$$

$$H_1: \mu < 3.5 \text{ at } \alpha = 0.05.$$

I obtained a computed value of

$Z = 1.25$. We thus do not reject the null hypotheses and conclude that employees agree that there exist job design policy put in place that leads to growth of Sacco societies.

There is addition of higher level of responsibility to self-driven employees

The figure 4.6 below presents the data findings on the addition of higher level of responsibilities to self-driven employees in South Rift Region. From the study findings, majority of the respondent as shown by 42.9% agreed that addition of high level of

responsibilities to self-driven employees was focused on Sacco Societies, 28.6% strongly agreed, 14.3% were neutral, 8.2% disagree while 6.1% strongly disagreed.

	Frequency(n=49)	Percentage (%)
Strongly agree	14	28.6
Agree	21	42.9
Neutral	7	14.3
Disagree	4	8.2
Strongly disagree	3	6.1
Total	49	100.0

Performing the necessary hypotheses,

$$H_0: \mu \geq 3.5$$

$$H_1: \mu < 3.5 \text{ at } \alpha = 0.05.$$

I obtained a computed value of

$Z = 0.51$. We thus do not reject the null hypotheses and conclude that employees agree that additional of responsibilities to self-driven employees was focused that leads to growth of Sacco societies.

There is a periodic appraisal of employees' performance

The figure 4.7 below presents the data findings on the periodic appraisal of employees in Sacco Societies in South Rift Region. From the study findings, majority of the respondent as shown by 53.1% strongly agreed that periodic appraisal of employees was focused on Sacco Societies, 30.6% agreed, 6.1% were neutral while 10.2% disagreed.

	Frequency(n=49)	Percentage (%)
Strongly agree	26	53.1
Agree	15	30.6
Neutral	3	6.1
Disagree	5	10.2
Total	49	100.0

Performing the necessary hypotheses,

$$H_0: \mu \geq 3.5$$

$$H_1: \mu < 3.5 \text{ at } \alpha = 0.05.$$

I obtained a computed value of

$Z = 1.33$. We thus do not reject the null hypotheses and conclude that respondent agree that periodic appraisal of employees was focused that leads to growth of Sacco societies.

The performance management system link to the overall growth strategy of the Sacco society.

The figure 4.8 below presents the data findings on the performance management system link to the overall growth strategy of the Sacco Societies in South Rift Region. From the study findings, majority of the respondent as shown by 44.9% agreed that performance management system link to the overall growth strategy of the Sacco Societies, 32.7% strongly agreed, 20.2% were neutral while 2.1% disagreed.

	Frequency(n=49)	Percentage (%)
Strongly agree	16	32.7
Agree	22	44.9
Neutral	10	20.2
Disagree	1	2.1
Total	49	100.0

Performing the necessary hypotheses,

$$H_0: \mu \geq 3.5$$

$$H_1: \mu < 3.5 \text{ at } \alpha = 0.05.$$

I obtained a computed value of

$Z = 0.74$. We thus do not reject the null hypotheses and conclude that respondent agree that performance management system link to the overall growth strategy of the Sacco societies.

4.15 Summary

A summary of the results of data analysis conducted on 5 Sacco Societies in South Rift Region on the influence of human resource management practices on Sacco Societies Growth in South Rift Region. Report on the analysis of the results of the study is

summarized as below. The selective hiring is done less often in the Sacco Societies but when it was done it was found to be effective, job design influences the performance of the Sacco Societies to some extent, Performance managements also influence performance Sacco societies and finally reward system was found to have great influence to the performance of the Sacco Societies.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions, recommendations and area for further research of the research findings on the influence of human resource management practices on growth of Sacco Societies in South Rift Region.

5.2 Discussion of Findings

This section provides a summary of the findings and it discusses the results. These are done in line with the study objective.

5.2.1 Selective Hiring and Sacco Societies Growth

According to the study, selective hiring is done less often in the Sacco Societies and that the processes in their Sacco Societies were effective. This indicates that the effectiveness of the selective hiring decreases the number of times the processes have to be carried out hence enhancing organizational growth. Majority of the respondents also agreed to some extent that selection for manual and physical skills is not based on job description and job specification.

They also agreed to a moderate extent that vacant higher technical and problem solving positions are exclusively filled from outside the company. This indicates that with the right selective hiring processes, the individual's performance is notable hence no needed of filling the vacant positions exclusively from outside. The application of the right practices in selective hiring enhances organizational growth.

The findings concur with Cascio(1992) and Schuler *at al.* (1996) who state that human capital contribute to organizational performance through the HRM practices (selective hiring, job design, performance management and reward system). They have the opinion that human resource is capable of contributing to organization growth.

5.2.2 Job Design and Sacco Societies Growth.

On training, the study found that the Sacco societies in South Rift Region offer training and that this training is very effective. It was also found that the organization makes use of formal training through training programs, training evaluations based on performance are often conducted, management development and decision making is linked to both individual and organizational needs and that training efforts are limited and informal. Job design have positive influence to the growth of the Sacco Societies as shown by the study. This is in line with Kundo (2003) who was of the opinion that job design is an essential HRM practices and that it influences organizational growth. Changing business environment necessitates that learning organizations should spend on job design of employees to enhance organizational ability to positively respond to the dynamic environment, Jarventaus (2007).

5.2.3 Performance Management and Sacco Societies Growth

According to the findings, majority of the Sacco Societies had performance management systems and these systems were effective. Bernardino and Russell (1993) argued that wider communication of performance management policies within organizational is essential to make employees clear about their specific role expected as contribution in organizational growth. It has also been shown by the study that, appraises are inclined to believe that managements results should be linked directly to reward outcomes and are suspicious and disappointed when told this is not the case and that the aim of performance management is to help determine reward outcomes (pay increases, bonuses and promotions), management results are used to identify the poor performers, who may require some form of counseling.

5.2.4 Reward System and Sacco Societies Growth

On the question on reward system, the study found that, for a remarkable Sacco Societies growth, constant fixed salaries are better than high, and irregular hourly rates and bonuses should be distributed to all employees who have helped the organization achieve goals. This concurs Cole (2002) who stated that an employee reward system consist of an organization integrated policies, processes and practices for rewarding it's employees in accordance with their contribution, skill and competence and their market worth. A comprehensive compensation mix augmented by an effective system of disbursement plays an effective role in

attracting the best candidates and shaping employees, behavior and performance outcome, and facilitates retention of talents, employee reward system consist of an organization integrated policies, processes and practices for rewarding it's employees in accordance with their contribution, skill and competence and their market worth and that compensation and rewards significantly influences organizational outcome.

5.2.5 Organizational Growth

The study has also shown that, individual derive satisfaction from interpersonal relations in this organization and that these organizations products are of superior quality when compared to those of competitors. Youndt et al., (1996) suggest asking managers to assess their own organizations growth relative to others in the same industry or sector as a way of establishing organizational growth. Good interpersonal relations in an organization is a key as witnessed in the Sacco Societies for it improves perspectives of customers, and internal business processes and thus improving on the growth of the organization Kaplan *et al* (1996).

5.3 Conclusion

The research find the information provided by the management team to be relevant based on selection and hiring to the performance growth. To this objective the study has concluded that selective hiring influences growth in the Sacco Societies. This is a process of getting highly qualified personnel is aimed at increasing organizational competitiveness and hence growth. When it was done the study has revealed **63.3%** strongly agree, **28.6%** agree and **8.1%** agree that it was effective.

The research is also in agreement that the information provided by job design are up to date and steers on organizational growth. To this objective, **51.0%** strongly agree, **36.7%** agree and **12.2%** disagree that the study on job design influences the growth of Sacco Societies to a very great extent. All the Sacco Societies in South Rift Region offer training to the employees which is according to the study. The Sacco Societies offer training evaluations based on performance and management development and decision making is linked to both individual and organizational needs and that training efforts are limited and informal. The study has also shown that **32.7%** strongly agree, **44.9%** agree, **20.2%** are neutral and **2.1** disagree which concluded that performance management influences growth to a great extent. Majority of the Sacco Societies had performance management systems, the developmental purpose of performance management is more productive in influencing organizational growth and that performance management is a vital means to offer promotion, recognition, and career development. On reward system, the study has shown **22.4%** strongly agree, **32.7%** agree, **36.7%** neutral and **8.2%** disagree which draws the conclusion that the system influences the growth in Sacco Societies to a great extent. A comprehensive compensation mix augmented by an effective system of disbursement plays an effective role in attracting the best candidates, shaping employees, behavior and performance

outcome, and facilitates retention of talents and that compensation and rewards significantly influences organizational outcome.

5.4 Recommendations

This study investigates the dimensions of some of HRM practices and their impact on the Sacco Societies. Factor analysis reveals four dimensions which differ from the original dimensions. The dimensions of, reward system, Job description, Performance appraisal, age and gender consideration are significantly related to the performance growth of the Sacco Societies.

The results enhance the knowledge of performance growth of Sacco Societies by proposing a new integrated dimension which is more suitable in the commercial and non-commercial context. Management team are advised to consider these dimensions in their quest to provide better services. It is suggested that future study uses these dimensions in the other commercial and non-commercial organizations so that its applicability can be further tested.

The Sacco Societies can improve on the following areas so as to improve the overall performance growth;

- Number of young employee so as to increase flexibility and effective on response rate.
- Gender balance based on qualification.
- Solving the problems quickly arising from employee's rewards system.
- Job descriptions of the Sacco Societies.
- Regular check on Performance appraisal of the employee's.

5.5 Areas for Further Research

This study has reviewed the influence of human resource management practices on the growth of Society in South Rift Region. The same studies should be carried out in other organizations and other Sacco's in other parts of the world to find if similar result will be achieved. The influence of other HRM practices on Sacco society's growth should also be studied.

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APPENDIX B: QUESTIONNAIRE FOR CEO

This is a study intended to establish the influence of human resource management practices on the growth of Saccos in South Rift Region. You are kindly requested to fill in the information as accurately as possible. The information provided here will be confidential and used only for research purposes.

[Appendix B: Questionnaire for Management team.](#)

SECTION A: Managers Bio data

Please tick where applicable or fill in the required information.

1. Gender:

Male Female

2. Age Bracket:

20 – 24 years
25 – 29 years
30 – 34 years
35 – 39 years
40 years and above

3. Level of Education:

University
College
Secondary
Primary
Others (Specify)

4. Kindly indicate your level of management?

Top Management
Middle Management

5. How long have you worked in the Sacco?

- 11 months and below []
- 1 - 3 years []
- 4 - 6 years []
- 7 – 10 years []
- 11 years and above []

SECTION B

Growth of Sacco Societies

1. For how long has the Sacco society been in existence (Tick appropriately)

- Less than 1 year []
- 1 – 4 years []
- 5 – 8 years []
- 9 – 12 years []
- 13 years and above []

2. Your Sacco consists of how many members?

- Up to 5,000 []
- 6,000 – 15,000 []
- 16,000 – 25,000 []
- 26,000 – 35,000 []
- 36,000 and above []

3. Kindly indicate the approximate number of new members who join your Sacco per year for the last five (5) years.

Year	Number of new members
------	-----------------------

	Less than 50	51 – 100	101 – 150	151 – 200	201 and above
2012					
2013					
2014					
2015					
2016					

4. What is the approximate expenditure used by the Sacco to acquire new fixed assets per year for the last five years

Year	Expenditure on fixed assets (K.sh)				
	2M-3M	3.1M-4M	4.1M-5M	5.1M – 6M	6.1M and above
2012					
2013					
2014					
2015					
2016					

5. What is the approximate cost of repair and maintenance in your Sacco per year in the last five (5) years?

Year	Cost of repair and maintenance (K.sh)				
	2M-3M	3.1M-4M	4.1M-5M	5.1M – 6M	6.1M and above
2012					
2013					
2014					
2015					

2016					
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6. The rate of deposit on share accounts by members per year in the last five (5) years is approximately

Year	Rate of deposit on share account (Kshs)				
	1 – 5M	6 – 10M	11 – 15M	16 – 20M	21M and above
2012					
2013					
2014					
2015					
2016					

7. What is the approximate amount of loan given to members per year in the last five (5) years?

Year	Amount of loan (Kshs)				
	1 – 5M	6 – 10M	11 – 15M	16 – 20M	21M and above
2012					
2013					
2014					
2015					
2016					

8. Does your organization have any other source of income e.g profits from investments?

Yes

[]

No

[]

9. If your answer in the above question is 'yes', what is the approximate rate of total income to the Sacco per year in the last five (5) years?

Year	Rate of income (Kshs)				
	1 – 5M	6 – 10M	11 – 15M	16 – 20M	21M and above
2012					
2013					
2014					
2015					
2016					

SECTION C

HUMAN RESOURCE PRACTICES

(i) Selective Hiring variable

To what extent do you agree with the statement relating to selective hiring on growth of Sacco societies?

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Your Sacco society has a recruitment committee					
Majority of the employees in your Sacco underwent a selective hiring process					
Selective hiring of employees has contributed to the growth of Sacco societies					
During recruitment the following aspects are considered:					
Age					

Gender					
Experience					
Expertise					
Race/tribe					
Impairment					

(ii) Reward systems

To what extent do you agree with the statement relating to the reward systems on growth of Sacco societies?

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Your Sacco society has an operational reward policy in place used for compensation of staff.					
The reward system is focused to the Sacco Society vision and mission (Growth of the Sacco Society).					
The reward system in place ensures recognition of well performing employees					
The reward system has individual benefits that are appreciated by majority of the employees					
Reward system is periodically reviewed to cater for the changing needs of the employees					

Kindly indicate the areas you think can lead to improvement in the reward system

.....

(iii) Job design:

(iv) To what extent do you agree with the statement relating to job design on growth of Sacco societies?

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Your Sacco Society has a job design policy in place					
The job design caters for the following human resources management aspects:					
Movement of employees between different tasks to promote experience and variety					
Divide jobs into simpler tasks and assigns to workers as whole jobs					
Addition of extra tasks related to the existing job					
Addition of higher level responsibilities to self-driven employees					

(v) Performance management

To what extent do you agree with the statement relating to performance management on growth of Sacco societies?

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
There is a periodic appraisal of employees performance					
The performance management system links to the overall growth strategy of the Sacco Society					
Periodic employees appraisal reflects achievement of set goals and performance standards					
There is a periodic appraisal of employees performance					
The performance management system links to the overall growth strategy of the Sacco Society					

Periodic employees appraisal reflects achievement of set goals and performance standards					
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APPENDIX I

TIME PLAN

This project is scheduled to take place within three months. The duration is divided into categories and assigned to various activities.

MONTH	WEEKS	ACTIVITIES
1	1	Identification of the research problem and topic
	2	Submitting the topic for approval
	3	Proposal writing
2	1	Continuation of project
	2	Assessment by supervisor for correction
3	1	Data collection, entry and recording
	2	Data analysis
4	3	Writing of result report and data presentation.
	4	

		Continuation of research project Report presentation. report submission
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APPENDIX II

BUDGET

ACTIVITY	AMOUNT (Kshs)
Transport and meals	3000
Printing and binding	1500
Data collection	1400
Stationary	700
TOTALS	6600