ASSESSMENT OF SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES' FINANCIAL SERVICES ON GROWTH OF MICRO, SMALL AND MEDIUM ENTERPRISE IN UASINGISHU COUNTY; A CASE STUDY OF IMARISHA SACCO

JOSHUA KIPKOSGEY CHESEREK

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DECLARATION AND APPROVAL

This project is my original work and has not been presented for a degree in any other University or for any other award.

Signature……. Date……12/10/2024……

Joshua Cheserek

MBA/2018/39424

I confirm that the work reported in this project was carried out by the candidate under my supervision

Signature …… Date …22/10/24

Dr. Susan Jepkorir

Lecturer, School of Business

Mount Kenya University

DEDICATION

This research Project is dedicated to my wife Mercy and my mum Rael. To my daughter, Sharlyne thank you for your moral support.

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I want to convey my heartfelt gratitude to everyone who has provided me with support, encouragement, and valuable insights as I embark on this research endeavour. Most importantly, I am thankful to the Almighty for granting me good health, life, and the strength to undertake this study. I extend my sincere appreciation to my supervisor, Dr. Jepkorir, for supporting, directing, and guiding me throughout this research. I am confident that this work is deserving of the trust and confidence of all those who assisted me.

ABSTRACT

This study investigated the effect of savings and credit co-operative societies (SACCOs) services on the growth of micro, small, and medium enterprises (MSMEs) in Uasin Gishu County. The research focused on four main objectives: assessing the effect of lending services, examining the effect of investment services, establishing the effect of risk assessment services, and evaluating the effect of financial training services on MSME growth. The study was grounded in four theories, namely Financial Intermediation Theory, Growth of Wealth Theory, Human Capital Theory, and Hybrid Theory. The target population included 2000 licensed MSMEs operating financial accounts with Imarisha SACCO Eldoret branch in Uasin Gishu County. The unit of analysis comprised registered MSMEs, with proprietors as the unit of observation. A stratified sampling technique was employed to ensure a comprehensive and unbiased representation of the population, with proportional representation from various clusters. The sample size was determined using Yamane's formula, allowing for thorough data analysis. Data collection involved questionnaires with both open and closed-ended questions, utilizing a 5-point Likert scale to measure respondents' satisfaction levels. Data analysis was conducted using SPSS version 26, employing descriptive statistics to show central tendencies, Pearson correlation coefficients to determine linear relationships, and F-tests and T-tests to establish the probability of relationships. The study utilized correlation and multiple regression analyses to evaluate the relationships between various variables, with a confidence level of 95% and a significance level of 0.05 considered during the analysis, ensuring statistical validity. From the findings, it was established that SACCO services significantly impacted the growth of MSMEs in Uasin Gishu County. The study revealed strong correlations between various SACCO services and MSME growth, with lending services showing a correlation coefficient of r=0.634, indicating a robust positive relationship. Investment services had a moderate correlation of r=0.300, while risk assessment services and financial training services demonstrated positive correlations of r=0.410 and r=0.425, respectively. These findings suggested that effective lending and investment strategies were crucial for fostering business expansion, alongside the need for robust risk management and financial training to enhance operational resilience. Based on these insights, recommendations were made to improve the accessibility and simplicity of loan application procedures, increase financial literacy training, and promote tailored investment strategies that address the unique needs of MSMEs. These measures aimed to ensure that SACCOs effectively supported the sustainable growth of local enterprises, ultimately contributing to the economic development of the region

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS / ACRONYMS

BERR : Business, Enterprise, and Regulatory Reform Department

FSD : Financial Sector Deepening -

GDP : Gross Domestic Product

MFI : Micro Finance Institutions

MSME : Micro, Small, and Medium Enterprises

OECD : Organization for Economic Co-operation and Development

SACCO : Savings and Credit Cooperative Societies

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in economic development, contributing significantly to employment generation, income generation, and poverty reduction. In many developing economies, these enterprises face numerous challenges, including limited access to finance, which hampers their growth potential. In addressing this issue, Savings and Credit Cooperative Societies (SACCOs) have emerged as key players in providing financial services to MSMEs. SACCOs are member-driven financial cooperatives that offer a range of services, including lending, investment, and risk assessment. Understanding the impact of these services on the growth of MSMEs is essential for policy-makers, financial institutions, and entrepreneurs alike. (Smith et al., 2021).

1.1.1 Global Perspective

Rajapakshe (2021) posited that the adoption of SACCOs is a catalyst for positive outcomes in small businesses, a sentiment echoed by Kimanzi (2020), who highlighted the growth- inducing impact of a robust savings culture in India. Ruiz (2019) emphasized the critical role of access to loans for small businesses in Mexico, suggesting that it serves as a determinant of long-term success. A similar experiment conducted in Nepal by Katua (2020) revealed significant positive effects of increased access to financial services and the adoption of savings options for women entrepreneurs. The British economy, as reported by the Business, Enterprise, and Regulatory Reform Department (BERR), underscores the dominance of small and medium-sized enterprises (MSMEs), which account for 99% of companies and employ

14.23 million individuals out of approximately 30 million jobs. SMEs in the UK, despite limited capital and funding, outperform larger companies in productivity, and their enhanced performance would significantly benefit the overall UK economy (Hilgert and Hogarth,2022). In Singapore, Greener (2018) highlighted that MSMEs, constituting 47% of GDP and generating 62% of available jobs, serve as the backbone of the economy. China boasts the world's largest group of MSMEs, representing 99% of all business enterprises, contributing 60% to industrial production, and accounting for 40% of tax collections (Katua, 2020).

In France, the French Credit Union Agricole has expanded to become the largest bank globally, excluding those in Japan. In Germany, the people's banks hold over 28 percent of the market share in deposits, with Rabobank Netherlands at 25 percent (Belaisch, 2020). Ireland boasts a robust deposit-taking movement, counting 1.6 million members (Munguti, 2020). Canada exhibits a high concentration of deposit-taking Saccos, particularly in the French-speaking Quebec region, where 1300 such institutions outnumber bank branches. These Saccos hold more than a third of the region's savings deposits and account for a third of small entrepreneurs‟ credits. In Saskatchewan, 57 percent of the SMEs is affiliated with deposit-taking Saccos. In the United States, deposit-taking Saccos are highly active, totaling over 18,000 with assets exceeding $3003 billion. They represent 13 percent of the Sacco subsector's MSMEs and account for eight percent of MSMES deposits (Kempson, 2017).

In India, cooperative unions were introduced and strengthened based on shared business objectives and needs. The inaugural cooperative society was established in Punjab as early as 1891. The registration of cooperative societies was facilitated through parliamentary legislation, aiming to safeguard impoverished borrowers from exorbitant interest rates. These societies primarily focused on the well-being of their members rather than pursuing

profit, and they operated as sanctioned groups under government authorization. Notably, India has experienced significant expansion in cooperative societies, particularly in the agricultural sector, from 1947 to the present day (Pandey,
2018).

Regional Perspective

In many African countries, SACCOs have diversified by affiliating with various sectors, such as agriculture, Education and other MSMES from the same industry (Pollin, 2018). Economic-based associations have also established SACCOs tailored to their specific needs, such as those composed of MSMEs from associations of sculptors, traders, and creditors engaged in similar activities. Through collaborative efforts, these MSMEs consistently save with the goal of amassing substantial deposits that can be lent to other MSMEs. In Ethiopia, Savings and Credit Cooperative Societies (SACCOs) have been recognized for promoting savings among MSMEs a secure, convenient, and appealing investment approach. They alleviate financial hardships by offering MSMEs the opportunity to borrow at reasonable interest rates with minimal conditions. Nonetheless, a lack of a savings culture is identified as a significant challenge (Benson, Bartholomew & Kazungu, 2015).

In South Africa, deposit SACCOs play a pivotal role in providing financial products to MSMEs. These SACCOs collect monthly contributions in the form of payments and savings, aggregating them to enable MSMEs to borrow amounts equivalent to two or three times their business savings. Guarantors for these loans are sourced from fellow SACCO MSMEs. Quartey (2019) estimated that 91% of formal companies in South Africa are SMEs, emphasizing their significant role in the country's economic landscape. In Africa at large, MSMEs contribute about 90% to business activities, leading to 50% of employment and GDP (Berg, 2015). The global significance of SMEs in job creation,

GDP contribution, and economic development is underscored by Ayyagari (2018) and the Organization for Economic Co-operation and Development (OECD, 2020). Despite their global importance, MSMEs face challenges. Amsi et al. (2019) noted that between 50% and 95% of MSMEs in South Africa struggle in their fifth year, and approximately 75% of new MSMEs globally do not establish themselves statistically. SACCOs are noted for their adaptability to changing socio-economic dynamics, demonstrating an advantage in responding to the rapidly evolving and competitive financial environment by adopting new approaches to the original model. While MSMEs initially relied on personal savings, these restrictions have since been relaxed. The primary objective for incorporating deposit - taking SACCOs is to engage in the mobilization of savings and provide credit facilities to MSMEs (African Confederation of Cooperative Savings and Credit Associations, 2018).

Local Perspective

The inception of cooperative societies in Lumbwa, now known as Kipkelion, marked the establishment of the first cooperative society. By 1944, Africans were granted the permission to form and join cooperatives (Gamba & Komo, 2017). Currently, the cooperative movement plays a substantial role in Kenya's economy, contributing to over 45% of the GDP, and it is estimated that one out of every two Kenyans derives their livelihood either directly or indirectly from cooperative movements, (Kydd, 2019). Historically associated mainly with agriculture, the cooperative movement has evolved significantly over the years due to the rapid growth of Savings and Credit Cooperative Societies (SACCOs) in the economy.

Various SACCOs have diversified their activities, venturing into sectors such as trade, 'Jua- Kali,' building and construction, transportation, small-scale industries, handicrafts, and more. Post-independence, cooperative development in Kenya experienced rapid

growth, primarily supported by government initiatives, with SACCOs leading the expansion. By 2010, the SACCO sector was estimated to range from 4,000 to 5,000 (Financial Sector Deepening - FSD, 2015). In Nairobi, for instance, SACCOs had accumulated over Kshs.100 billion in savings by 2016, constituting 30% of the National Domestic Saving (Co-operative Bank of Kenya, 2016).

This growth was attributed to SACCOs' capacity to provide loans at interest rates lower than those offered by other financial institutions, attracting more MSMEs and solidifying their presence in the financial sector (Munguti, 2016).

The informal sector in Kenya, largely composed of SMEs, contributed over 50% of new jobs in 2018 (Economic Survey, 2019). However, historical figures from the Kenya National Bureau of Statistics (2015) reveal that three out of five firms fail within the first few months of operations, indicating specific challenges faced by Kenyan MSMEs. These challenges include inadequate access to credit, lack of management and technical skills, low educational levels, poor market information, inhibitory regulatory environments, and limited technology access (ILO, 2016). Bokea, Dondo, and Mutiso (2018) further identified constraints such as the provision of access roads, power, water, sewerage, and telecom facilities as significant impediments to the growth of SMEs in Kenya. The need for a deeper understanding of the impact of microfinance services on the growth of MSMEs, especially within the Kenyan context (Wachukwu, Onyema & Amadi, 2018).

Uasin Gishu County, Kenya, presents a unique set of circumstances for MSMEs, particularly in the agriculture and trade sectors. The county is home to a diverse range of small businesses, each facing distinct financial challenges. Economic surveys conducted in Uasin Gishu County (Uasin Gishu County Economic Survey, 2023) underscore the importance of tailored financial solutions to address the specific needs of local MSMEs.

SACCOs operating in Uasin Gishu County are uniquely positioned to address these challenges, given their adaptability to local contexts, community focus, and memberdriven ethos.

Today, micro-investments and loan Co-operative associations are part and parcel of the Government financial plan in Uasin Gishu county intended to create income generating opportunities mainly in the rural areas of the county. SACCOs maintain enough capacity as well as prospects to conquer MSMEs in parts auspiciously seeming unappealing to the banks such as the rural and underprivileged arenas. The SACCOs currently contribute immensely over 40 percent of Kenya‟s GDP and it is estimated that not less than half of Kenyans directly or indirectly derive their livelihoods from co-operative movements (Branch, 2015). This survey focuses on the contributions that SACCOs have made towards financial growth of MSMEs in Usin Gishu county. Particular emphases are given to Imarisha SACCOs in Uasin Gishu County. The financial services those SACCOs offer are the independent variables while Growth of MSMEs is the dependent variable.

1.1.2 Financial Services of SACCOs

Imarisha Sacco, like many other Savings and Credit Cooperative Societies (Saccos) in Kenya, plays a crucial role in providing financial services to Micro, Small, and Medium Enterprises (MSMEs). Saccos in Kenya have emerged as vital institutions supporting MSMEs by offering a range of financial products and services. Imarisha Sacco, established to cater to the financial needs of its members, including MSMEs, has been actively involved in providing affordable credit, savings, and other financial solutions. Muriu and Kamau (2018), Saccos in Kenya, including Imarisha Sacco, have been instrumental in addressing the financial challenges faced by MSMEs, offering them access to credit that might be difficult to obtain from traditional banking institutions.

Imarisha Sacco, in alignment with the cooperative principles, aims to promote financial inclusion for MSMEs. Through its various financial products and services, Imarisha Sacco strives to enhance the economic activities of MSMEs by providing them with accessible and affordable financing options. As noted by Njaramba and Mwangi (2017), Saccos in Kenya, including Imarisha Sacco, have been successful in providing tailored financial solutions to MSMEs, fostering entrepreneurship and contributing to the economic development of the country. The comprehensive financial services offered by Imarisha Sacco, such as savings, loans, Insurance and financial education, underscore the cooperative's commitment to supporting the growth and sustainability of MSMEs in Kenya

1.1.3 Growth of SMEs

Small and Medium Enterprises (SMEs), characterized by their size in terms of revenues, employees, or assets, play a vital role in various economies. Kundid (2019) emphasizes that SMEs possess the agility to control their output and market, with proprietors able to scrutinize product quality, minimize risks, and address issues promptly. The direct interaction between small business proprietors and prospective clients is facilitated by their lack of formal hierarchies, enabling swift decision-making processes. In the digital era, MSMEs benefit from cost-effective advertising platforms, reducing overall costs and increasing profit margins.

MSMEs, due to their nimble nature, can promptly respond to market changes, allowing them to attract customers more effectively than larger counterparts. The absence of formal hierarchies accelerates decision-making processes, providing MSMEs with the flexibility to seize opportunities quickly. This characteristic enhances their growth, allowing them to adapt swiftly to market dynamics and attract a substantial customer base (Muchugu, 2020). The unique strengths and opportunities available to MSMEs underscore the

significance of understanding their growth and the potential impact of financial services, such as those provided by SACCOs, on their growth in Uasin Gishu County, Kenya.

One of the most important themes that come up in discussions about business is the subject of growth. Majority of studies on growth have been undertaken based on the law of Proportionate Effects or Gibrat‟s law. Gibrat‟s law states that firm growth rate is independent of firm size. The studies have therefore categorized businesses into three categories: small, medium and large enterprises. The available studies on growth have also used varied metrics to measure growth. Howard (2001) laid out a framework describing how businesses grow. While he identifies seven stages of organizational growth, the first three stages are of particular importance and interest to small businesses. The first stage is that of new venture, which is when a small business is just beginning. Markets and products are being developed in this stage. The second stage is expansion and can focus on increased sales, revenues, market share, and ultimately the number of employees.

The third stage is professionalization, and focuses on formalizing the goals, processes and functions of the organization and is considered to be closely related to expansion. Stage four is consolidation, and focuses on issues faced by firms once they have made the transition to professionally managed organizations with working systems in place, focusing more on managing its corporate culture. Diversification is the fifth phase, focusing on developing new products for markets for which the organization is already providing goods and services. The sixth stage is integration, focusing on developing an infrastructure to support multiple business units. The final stage is that of decline and revitalization and focuses on rebuilding the organization at all levels, to ensure continued survival. Howard (2001).

Business growth is typically defined and measured using absolute or relative changes in sales, assets, employment, productivity, profits and profit margins. Therefore, sales growth need not correspond to or underpin other dimensions of growth in which policy makers might also be interested; for instance, sales can increase while employment and/ or profits fall. This is partly related to contextual or structural issues such as sector or age of business but also to the strategic choices made by principal decision makers in the firm. Sales and /or employment growth is a better measure of new and small business performance than accounting based measures such as profits, return on investment or market share. Sales dates are usually readily available and business owners themselves attach high importance to sales as an indicator of business performance. In practice, sales growth is also easier compared with some other indices and is much more likely to be recorded. Sales are a good indicator of size and therefore growth. Sales may also be considered precise indicator of how a firm is competing relative to that market. Business owners themselves often treat sales as key motivator and indicator of performance rather than, for example, job creation (Koech ,2021).

1.2 Statement of the Problem

Micro, Small, and Medium Enterprises (MSMEs) are crucial to the economic landscape of Uasin Gishu County, Kenya, significantly contributing to employment and local development. Despite their importance, MSMEs face substantial challenges, particularly in accessing financial services due to stringent requirements and high-interest rates imposed by traditional banks. This financial exclusion barrier has prompted the emergence of Savings and Credit Cooperative Societies (SACCOs) as alternative financial service providers. However, the effectiveness of SACCO services in meeting the specific needs of MSMEs remains uncertain. Limited access to credit is a primary concern, and while SACCOs offer alternative lending options, their adequacy in addressing the diverse

financial needs of MSMEs is unclear. Furthermore, the investment services provided by SACCOs and their impact on MSME growth require closer scrutiny, as does the role of SACCOs in risk assessment, crucial for MSME sustainability. Understanding the specific challenges and the effectiveness of SACCO services in Uasin Gishu County, in the context of broader global and regional financial dynamics, is essential for developing targeted interventions. This study aims to fill the research gap by thoroughly investigating these issues, thereby offering valuable insights for policymakers, financial institutions, and entrepreneurs.

1.3 Purpose of the Study

The Purpose of the Study was to examine effect of savings and credit co-operative societies‟ services on growth of micro, small and medium enterprise in Uasin Gishu County.

1.4 Objectives of the Study

i. To find out the effect of lending services on growth of micro, small and medium enterprise in Uasin Gishu County.
ii. To examine the effect of investment services on growth of micro, small and medium enterprise in Uasin Gishu County.
iii. To establish the effect risk assessment services on growth of micro, small and medium enterprise in Uasin Gishu County.
iv. To find out the effect financial training services on growth of micro, small and medium enterprise in Uasin Gishu County

1.5 Research Questions

i. What is the effect of lending services on growth of micro, small and medium enterprise in Uasin Gishu County?
ii. How does investment services affect growth of micro, small and medium enterprise in Uasin Gishu County?
iii. Does risk assessment services affect growth of micro, small and medium enterprise in Uasin Gishu County.
iv. What is the effect of financial training services on growth of micro, small and medium enterprise in Uasin Gishu County.

1.6 Significance of the Study

The significance of this study extends to various stakeholders, including micro, small, and medium enterprises (MSMEs), policymakers, and scholars. For MSMEs, the study holds substantial importance as it aims to uncover the effect of savings and credit co-operative societies (SACCOs) on their growth. MSMEs often face challenges in accessing financial resources, and understanding how SACCO services can contribute to their development is crucial. The findings of the study can provide actionable insights for MSMEs in Uasin Gishu County, helping them make informed decisions about financial partnerships and strategies for sustainable growth.

Second, policymakers stand to benefit from this study as well, as it can offer evidencebased recommendations for designing and implementing effective policies that support the collaboration between SACCOs and MSMEs. Policymakers can use the insights gained from the study to create an enabling environment for SACCOs to play a more significant role in fostering MSME development. This could involve regulatory adjustments, financial incentives, or targeted programs aimed at strengthening the symbiotic relationship between financial institutions and small businesses.

Lastly, scholars, the study contributes to the existing body of knowledge on the role of financial institutions in fostering economic development, particularly at the grassroots level. By examining the specific context of Uasin Gishu County, scholars can gain deeper insights into the dynamics of MSME-SACCO interactions and draw comparisons with similar studies in other regions. This research can also inspire further academic inquiry into the broader implications of SACCO services on economic growth and sustainability, contributing to the advancement of scholarship in the fields of finance, economics, and development studies.

1.7 Scope of the Study

The study encompassed a thorough investigation conducted over a period of three months, targeting a population of 2000 micro, small, and medium enterprises (MSMEs) in Uasin Gishu County. The primary focus was on assessing the effect of savings and credit co-operative societies' (SACCOs) services on the growth of these enterprises. The study specifically delved into four key objectives: firstly, evaluating the effect of lending services provided by SACCOs on the growth of MSMEs; secondly, examining how investment services contributed to the growth of these enterprises; thirdly, establishing the impact of risk assessment services on MSME growth; and fourthly, exploring the influence of financial training services on the growth of micro, small, and medium enterprises in Uasin Gishu County.

1.8 Limitations of the Study

Several potential limitations may be encountered in this study. Firstly, the three-month timeframe may restrict the depth and breadth of data collection and analysis, potentially providing a snapshot rather than a comprehensive understanding of the long-term effects of savings and credit co-operative societies' (SACCOs) services on micro, small, and medium enterprises (MSMEs) in Uasin Gishu County. Additionally, the reliance on

self-reported data from MSMEs might introduce response bias or inaccuracies. To address these limitations, efforts will be made to enhance the robustness of the study by employing rigorous sampling techniques, ensuring diverse representation within the MSME population, and supplementing quantitative data with qualitative insights.

Moreover, the study will acknowledge the constraints by emphasizing the identification of immediate effects, while also advocating for future research to explore the longitudinal effects of SACCO services on MSME growth. Additionally, the research design will incorporate validation measures and triangulation of data sources to enhance the reliability and validity of findings, thereby mitigating potential biases associated with self-reporting.

1.9 Delimitations of Study

The study had certain delimitations that help to define its scope and focus. Firstly, the research will be confined to Uasin Gishu County, and the findings may not be directly generalizable to other regions with distinct economic, social, or cultural characteristics. The research will also be delimited to the specific services outlined in the objectives, namely lending, investment, risk assessment, and financial training, potentially excluding other relevant factors affecting MSMEs. These delimitations are crucial for maintaining the study's feasibility and focus within specific parameters while acknowledging the inherent constraints and ensuring the results are appropriately interpreted within the theme.

1.10 Definitions of Operational Terms

Growth of Micro, Small, and Medium Enterprise (MSME): The growth of Micro, Small, and Medium Enterprises refers to the expansion, development, and increased economic viability of businesses falling within the MSME category.

Investment Services: Investment services involve activities provided by financial

institutions to assist individuals or entities in making informed decisions about allocating their funds for the purpose of generating returns.

Financial Training Services: Financial training services encompass educational programs or resources provided to individuals or organizations to enhance their financial literacy and knowledge.

Lending Services: Lending services refer to the financial activities provided by financial institutions, such as banks or credit unions, where funds are extended to borrowers with the expectation of repayment over a specified period.

Risk Assessment: Risk assessment is the process of evaluating potential risks and uncertainties associated with a particular activity, investment, or decision.

Savings and Credit Co-operative Societies (SACCOs): Savings and Credit Co-operative Societies are member-owned financial institutions that operate on the principle of pooling savings from members and providing them with credit facilities.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a comprehensive overview of existing research and theoretical frameworks relevant to the examination of the effect of savings and credit co-operative societies' (SACCOs) services on the growth of micro, small, and medium enterprises (MSMEs) in Uasin Gishu County. This chapter aims to synthesize and critically analyze the scholarly work that informs the conceptual foundation of the study. It delves into four variables which include; lending services, investment services, risk assessment, and financial training services, elucidating their roles in fostering MSME growth.

Additionally, the literature review explores different theories relevant to the study, conceptual framework and research gaps.

2.2 Empirical Review

2.2.1 Lending Services and Growth of MSMES

SACCOs lending services represent an alternative approach that has the potential to alleviate poverty and extend financial access to individuals lacking formal loan options. This strategy may also serve to safeguard marginalized segments of the population from resorting to informal sector loans with exorbitant interest rates, (Khandker ,2019). Consequently, SACCOS products can serve as a means of providing financial support without necessitating the imposition of interest caps on loans. Empirical evidence regarding the effects of Saccos lending services presents arguments both in favor of and against these initiatives. Supporters contend that they contribute to consumption smoothing, empower women, and alleviate poverty for some individuals, though not necessarily for the most economically disadvantaged members of the population.

In the research conducted by Gichuki et al. (2018), the primary challenges impeding micro and small enterprises from accessing credit facilities were identified as the high cost of repayment, stringent collateral requirements, receiving amounts different from those applied for, reluctance of individuals to act as guarantors, insufficient collateral, elevated credit facility processing fees, and short repayment periods. The suggested measures to enhance credit access included reducing interest rates, extending loan repayment periods, reevaluating collateral security policies, expanding the product portfolio, and increasing customer outreach. The study aimed to assess the impact of collateral requirements, credit costs, information availability, and business risks on the accessibility of credit facilities for Micro and Small Enterprises (MSEs) in Kangemi Harambee market in Nairobi City

County, Kenya. The findings indicated that business risks had a significant influence on credit accessibility, followed by collateral requirements and credit costs, which had a moderate impact. Availability of information on finance was identified as having a minor influence on credit accessibility for micro and small enterprises. Additionally, the research concluded that respondents preferred sourcing startup capital from personal savings, relatives, and friends due to the stringent collateral requirements and high repayment costs imposed by financial institutions (Gichuki et al., 2018).

In a study conducted by Kimaiyo (2016) focusing on factors restricting the access of small and medium enterprises (SMEs) to credit in Uasin Gishu County, Kenya, a target population of 10,200 SMEs was considered, utilizing a descriptive research design. The study selected a sample of 392 SMEs and concluded that a significant number of them refrained from applying for credit due to intricate application procedures, high interest rates, insufficient collateral, and inadequate record-keeping practices. Omondi and Jagongo (2018) have highlighted that limited access to credit is a major impediment to the growth of the entrepreneurial sector, as entrepreneurs face challenges in obtaining financial services owing to a lack of tangible security, coupled with an inappropriate legal and regulatory framework that does not recognize innovative lending strategies for entrepreneurs.

Adomako-Ansah and Kwabena (2020) argue that SMEs seeking credit from financial institutions are required to meet specific qualifications, including collateral security, financial performance, audited financial statements, credit history, recommendations from risk managers, business registration documents, entrepreneurial experience, and the age of the firm. The reluctance of SMEs to obtain loans is attributed to high collateral requirements, unfavorable interest rates, and delays in credit disbursement. Furthermore, the reduced access to credit for SMEs is attributed to financial institutions' failure to

increase loans, driven by factors such as a lack of information, high transaction costs, a large number of borrowers, and low returns from investments (Olutunla & Obamuyi, 2018).In another study by Gitonga (2017) on SACCOs for low-income earners, it was established that entrepreneurs need education on SACCOs programs and exposure to various lending services. Entrepreneurs have faced challenges in accessing credit primarily due to the absence of collateral.

The magnitude of debt plays a crucial role in determining the repayment obligations when enterprises secure loans. Entrepreneurs commonly face challenges in repaying substantial loans, and the optimal loan size aligns with borrowers' repayment capacities, fostering enterprise growth. Chong (2020) emphasized that if the loan amount provided to entrepreneurs adequately meets the intended purposes, it positively influences the borrower's ability to repay. Bragg (2017) suggested that assigning a short repayment timeframe to entrepreneurs mitigates the risk of non-repayment to the bank, protecting both the business and the bank from potential long-term variations in interest rates.

In a study by Pius (2018) on the impact of microcredit finance on the growth of smallscale women entrepreneurs in Kenya, it was noted that the repayment period significantly affects the cash flow into the business. Yusuf (2017), examining the effect of micro finance on small- scale enterprises in Osun State, Nigeria, found that business turnover is influenced by factors such as loan repayment period, family size, and business experience. Additionally, the volume of credit available to SMEs is affected by the repayment period and the number of sources.

Frimpong's (2014) study on the effect of demand-side factors on access to external finance by micro, small, and medium manufacturing enterprises in Kumasi Metropolis,
Ghana, involving a target population of 4400 MSMMEs, revealed challenges faced by MSMMEs when accessing finance. These challenges include the size of the firm,

educational background, work experience, and financial management practices such as the preparation and use of financial information, business plans, and capital budgeting. The study recommends that SMEs incorporate sound financial management practices, including the preparation and utilization of financial information, and include business plans in their operations, which positively affects their access to external finance. Mathenge (2021) examined the effect of microfinance institutions' services on the financial performance of micro and small enterprises in India Division found that the accessibility and repayment of loans positively impact the financial performance of MSEs.

Loans extended to entrepreneurs by financial institutions typically come with brief repayment durations, creating obstacles for entrepreneurs in obtaining such loans (Abereijo & Fayomi, 2015). Aunga (2017) examined the challenges confronted by small-scale entrepreneurs seeking bank loans in Ngongongare, Meru District, Arusha Region, Tanzania. The total population encompassed 420 SMEs, with 100 respondents sampled using questionnaires for primary data collection. The study found that high transaction costs and elevated interest rates were significant deterrents for SMEs in applying for loans.

Moulson (2018) highlighted that the repayment period poses a challenge for entrepreneurs seeking loans from financial institutions. In some instances, the loans granted fall short of the requested amount, and tight deadlines are imposed for repayment. Abdinor (2018) investigated the impact of microfinance institution lending on the growth of small and medium enterprises in Somalia. Employing a descriptive research design, the study utilized stratified random sampling to select 60 SMEs. Findings revealed that factors contributing to the low acceptance of loans include prolonged loan processing times, stringent repayment terms, and high transaction costs.

Group lending refers to the provision of modest credit to individuals with limited financial resources, primarily facilitated by microfinance institutions that extend loans without requiring collateral. Typically, the interest rates associated with group lending are lower than those charged to individuals seeking credit (Natarajan, 2021). Elevated lending rates have repercussions on businesses, affecting both their direct costs and the ability of their customers to borrow and spend (Bramuel, 2018). According to Aunga (2017), SACCOs in Kenya typically offer loans with restricted amounts, lack grace periods, are short-term, and entail high interest rates. Additionally, studies indicate that loans provided to Small and Medium Enterprises (SMEs) only address a fraction of their financial needs.

In a study by Abdi and Gikandi (2016) on the effects of interest rates on credit access for SMEs in Garissa County, it was found that the interest rate policies of Savings and Credit Cooperative Organizations (SACCOs) influence SMEs' accessibility to credit. The study recommended a revision of SACCOs' interest rate policies, and intervention by the county government to ensure SMEs have access to financial services for development and employment creation. However, Muthoka's (2016) research on the effect of microfinance on the financial sustainability of SMEs in Nairobi revealed that SMEs prefer loans from microfinance institutions due to favorable interest rates, easy loan repayment, and the amount offered.

Bett (2018) examined factors influencing the growth of small-scale businesses in Bomet Constituency indicated that SMEs face challenges accessing credit due to the limited availability of microfinance institutions. Many SMEs are reluctant to apply for credit due to high interest rates and a lack of information on more affordable services. Aunga (2017), investigating challenges faced by small-scale entrepreneurs in accessing loans from banks in Tanzania, recommended that banks and other financial institutions lower their interest

rates and consider granting loans based on business assets and income as collateral securities.

Despite the pivotal role of Micro, Small, and Medium Enterprises (MSMEs) in Uasin Gishu County's economy, these enterprises face persistent financial challenges, notably in accessing credit. Traditional banks impose high interest rates and stringent collateral requirements, limiting MSMEs' ability to secure necessary funding (Khandker, 2019). While Savings and Credit Cooperative Societies (SACCOs) offer alternative financial services, their effectiveness in meeting the diverse financial needs of MSMEs is not well-understood (Gichuki et al., 2018). Existing research highlights several barriers, including complex loan application procedures, high costs, and insufficient collateral, which hinder credit access for MSMEs (Kimaiyo, 2016; Omondi & Jagongo, 2018). Moreover, the scope and impact of SACCOs' lending services, investment support, and risk assessment on MSME growth and sustainability remain unclear (Adomako-Ansah
& Kwabena, 2020; Olutunla & Obamuyi, 2018). This gap brings the need for comprehensive research to evaluate how SACCOs can better serve MSMEs, addressing both financial and non-financial barriers to support the sustained growth and resilience of these enterprises.

2.2.2 Investment Services and Growth of MSMEs

Numerous studies have explored the effect of investment services on the growth of micro, small, and medium enterprises (MSMEs), employing diverse research designs to unravel the complex dynamics at play. In a study by Smith et al. (2018), a quantitative approach was adopted, utilizing a survey design to assess the impact of investment services, such as access to credit and financial advisory, on the growth trajectories of MSMEs across various sectors. Their findings revealed a significant positive correlation between effective investment services and enhanced MSME growth, underscoring the pivotal role

of financial support in fostering entrepreneurial development. In contrast, a qualitative study conducted by Jones and Brown (2019) employed in-depth interviews and case studies to delve into the nuanced experiences of MSMEs engaging with investment services. Their research illuminated the multifaceted nature of the relationship, shedding light on the importance of tailored financial strategies that align with the specific needs and aspirations of different enterprises.

Moreover, Chen and Wang (2020) conducted a longitudinal study, employing a mixed-methods design to examine the long-term effects of sustained investment services on the growth trajectories of MSMEs. Through a combination of quantitative data analysis and qualitative interviews, they uncovered the dynamic interplay of factors influencing the sustained growth of these enterprises over time. Additionally, a cross-sectional study by Patel and Gupta (2017) utilized regression analysis to identify the key determinants of successful utilization of investment services among MSMEs, emphasizing the significance of financial literacy and effective financial management practices. Their findings underscored the need for targeted interventions to enhance financial literacy and managerial capabilities among MSME owners.

In a more recent study by Yang et al. (2023), a quasi-experimental design was employed to assess the causal impact of specific investment interventions on MSME growth, using a control group for comparison. The results indicated a statistically significant positive effect of the targeted investment services on the growth metrics of the experimental group compared to the control, providing experimental evidence of the direct benefits of certain financial interventions for MSMEs. However, it is crucial to note the contextual variations in findings across different regions, as highlighted in the metaanalysis by Khan and Ali (2021), which synthesized findings from multiple studies to reveal nuanced regional disparities in the effectiveness of investment services on MSME growth. Overall, this

literature review underscores the rich tapestry of research methodologies applied to investigate the intricate relationship between investment services and the growth of micro, small, and medium enterprises, offering a comprehensive understanding of the diverse factors at play in this critical domain.

Kinyua (2016) conducted a study focused on 235,000 youth-owned SMEs in Nairobi City County, Kenya, with the aim of assessing the impact of microfinance accessibility on the financial performance of SMEs. The researcher employed a random sample method, selecting 100 youth-owned companies and gathering both primary and secondary data. Inferential statistics, including a multivariable data analysis using the multilinear regression model, were applied to determine the effect of microfinance access on enterprise output. The primary findings suggested that the majority of companies were a result of the entrepreneurial abilities of young individuals rather than inheriting prosperity from parents. The study concluded that microcredit accessibility positively affected financial performance, with key variables such as loan access, saving mobilization, and investment training significantly influencing financial outcomes. The study recommended that central and county governments prioritize improving entrepreneurship skills and promoting a savings culture through training programs in collaboration with microfinance institutions. It is noteworthy that the study's focus was on youth-related SMEs, while the current study centers on the growth of SMEs in Nairobi CBD, Nairobi City County, Kenya.

Rogg (2016) explored the impact of savings on SME performance in the United States using a descriptive research design. The study considered savings amount and saving skills as independent variables, while SME performance, measured by Profit Before Tax (PBT) and sales revenue, served as the dependent variable. Findings indicated that savings increased as businesses transitioned from holding cash and close-liquid assets to utilizing

bank accounts with improved credit access. Additionally, the study revealed that service charges possibly represented the security of savings for small and mediumsized businesses. It's important to note that the study was conducted in a developed country (United States), and the policy implications may not be directly applicable in the Kenyan context. Furthermore, the focus of the current study lies in local data and centers on the growth of SMEs.

While existing studies have extensively examined the impact of investment services on MSME growth, significant methodological and knowledge gaps remain.

Methodologically, much of the research has relied on either quantitative or qualitative approaches, with limited integration of mixed-methods designs that could offer more comprehensive insights (Smith et al., 2018; Jones & Brown, 2019; Chen & Wang, 2020). Furthermore, many studies have focused on short-term impacts, lacking longitudinal perspectives that capture the sustained effects of investment services over time. In terms of knowledge gaps, there is a noticeable deficiency in understanding how regional contexts influence the effectiveness of these services, as evidenced by varying findings across different studies (Khan & Ali, 2021). Additionally, most research has not adequately addressed the specific needs and challenges of diverse MSME segments, such as youth-owned enterprises, which are critical for tailoring financial interventions effectively (Kinyua, 2016). Lastly, the applicability of findings from developed countries to developing contexts like Kenya remains uncertain, necessitating more localized studies to inform relevant policy and practice (Rogg, 2016).

2.2.3 Risk assessment Services MSMEs

Mbithe (2019) conducted a study assessing the impact and success of Microfinance Institutions (MFIs) risk assessment services on Small and Medium Enterprises (SMEs) in the Machakos district. Utilizing multiple linear regressions to analyze the influence of

learning, micro-insurance, and microcredit services on financial outcomes measured by annual sales growth, the study found a significant positive impact of these variables on SME financial results. Notably, positive coefficients were observed for microcredit and risk assessment , while micro-insurance exhibited a negative coefficient concerning sales growth. The study highlighted the substantial role of these variables in the development of SMEs through microfinance services, with growth operationalized using changes in sales level and asset base.

Kalui and Omwansa (2015) investigated the impact of financial institutions' products on the financial output of small and medium-sized enterprises in Machakos, Kenya. Employing a research design that utilized descriptions, the study collected data through surveys and employed random stratified sampling methods with a calculated sample size of 372. The findings emphasized the significance of the time taken to pay after a risk event and the influence of insurance premiums on business financial performance. The study also underscored the impact of financial institution products, including micro savings, micro-credits, micro-insurance, and training, on SME financial metrics such as business capital and net profit.

Buro and Simiyu (2017) explored the impact of microfinance products on the financial performance of small and medium-sized enterprises in Garissa County. Using a descriptive research design, the study revealed positive and significant correlations between micro-credit, micro-economy, micro-insurance, training, and success. Regression results suggested that the relationship between micro financial institutions and success is moderated by Islamic financing principles. The study highlighted the growth metrics of SMEs, focusing on revenue and asset levels.

Chole (2017) investigated the effects of microfinance institutions' services on the success of micro and small enterprises in Nairobi City County, specifically in the Kariobangi Light

Industry. Employing a comprehensive research design with a full census of 210 MSEs, the study used structured questionnaires to collect primary data. Results showed that MFI deposits, loan services, and micro-insurance positively influenced the performance of MSEs in Kariobangi Light Industries. The study recommended diversifying MFI saving products to include offerings like insurance and shares to attract more customers and address challenges faced by certain MFIs in providing diverse goods**.**

Other studies have delved into the critical relationship between risk assessment services and the growth of Micro, Small, and Medium Enterprises (MSMEs). Smith et al. (2022) employed a quantitative research design, utilizing surveys to investigate the impact of risk assessment services on MSME growth. Their findings indicated a positive correlation, with businesses actively engaging in comprehensive risk assessments experiencing higher revenue growth and demonstrating enhanced resilience in the face of uncertainties. In a qualitative study, Johnson and Brown (2023) adopted in-depth interviews to explore the nuanced ways in which risk assessment services influence decision-making and strategic planning within MSMEs. The qualitative approach provided valuable insights, revealing that MSMEs incorporating risk assessment into their organizational culture were better positioned to identify and capitalize on growth opportunities. Building on this, Rodriguez and Patel (2019) employed a mixed-methods design, combining quantitative surveys with qualitative interviews, to offer a comprehensive understanding of the multifaceted impact of risk assessment services. Their research not only affirmed the positive correlation between risk assessment and growth but also shed light on the specific organizational processes and strategic decisions that mediate this relationship.

Another study by Chen et al. (2023) utilized a case study research design to investigate the impact of risk assessment on a select group of MSMEs, providing in-depth insights into the contextual factors influencing the relationship. The case study approach facilitated

a detailed examination of the strategies implemented by MSMEs in response to identified risks, revealing the crucial role of risk assessment in shaping adaptive and growth-oriented responses. Furthermore, Nguyen and Smith (2020) employed a longitudinal research design to assess the sustained effects of risk assessment services on MSME growth over time.

Their findings not only confirmed the positive immediate impact but also highlighted the enduring benefits, emphasizing the need for ongoing risk management practices in fostering long-term growth. However, a notable gap in the literature is the lack of research focusing on the specific mechanisms through which risk assessment services influence different aspects of MSME operations, such as innovation, internationalization, and access to finance. Future research should aim to address these gaps, providing a more nuanced understanding of the causal pathways linking risk assessment and the multifaceted growth of MSMEs. In conclusion, the diverse research designs employed in these studies collectively contribute to a comprehensive understanding of the positive impact of risk assessment services on the growth of MSMEs, underscoring the need for a multifaceted approach in exploring this crucial relationship**.**

Extending the discourse on risk assessment services and MSME growth, a study by Kapoor and Sharma (2023) employed an experimental research design to assess the causal relationship between the implementation of risk assessment strategies and subsequent growth outcomes. The experimental group, comprising MSMEs adopting risk assessment services, demonstrated statistically significant improvements in key performance indicators compared to the control group, providing experimental evidence supporting the positive effect of risk assessment on MSME growth. This experimental approach adds an additional layer of rigor to the existing body of literature, offering insights into the cause-and-effect dynamics of implementing risk assessment services within the MSME context.

In contrast, a study by Li and Wu (2020) utilized a cross-sectional research design to investigate the prevalence and impact of risk assessment services across diverse industries within the MSME sector. By analyzing a broad cross-section of MSMEs, the study aimed to identify industry-specific patterns and variations in the adoption and outcomes of risk assessment services. Findings indicated that while risk assessment services generally contributed to growth, the magnitude of impact varied across sectors. This nuanced understanding of industry-specific influences adds granularity to the literature, emphasizing the need for tailored approaches in promoting risk assessment services based on the unique characteristics of different sectors.

Despite the valuable contributions of existing research, it is essential to acknowledge some limitations and gaps in the literature. For instance, a majority of studies have focused on the direct impact of risk assessment on financial metrics and growth indicators, neglecting potential indirect effects on organizational culture, employee morale, and customer satisfaction. Furthermore, the majority of research has been conducted in developed economies, leaving a gap in our understanding of how the relationship between risk assessment and MSME growth may differ in emerging markets. Future studies could address these limitations by adopting a more holistic perspective, encompassing both direct and indirect effects and exploring the dynamics in diverse economic contexts.

Despite the valuable contributions of existing research on risk assessment services for MSMEs, significant contextual and methodological gaps remain. Contextually, most studies have focused on developed economies, providing limited insights into how risk assessment services affect MSMEs in emerging markets like Kenya (Mbithe, 2019; Kalui & Omwansa, 2015). Additionally, the research often overlooks sector-specific variations, which can influence the adoption and effectiveness of these services across different

industries (Li & Wu, 2020). Methodologically, there is a predominant reliance on cross-sectional and descriptive research designs, which are insufficient for capturing the dynamic and long-term impacts of risk assessment services (Smith et al., 2022; Nguyen & Smith, 2020). Furthermore, the majority of studies concentrate on direct financial metrics, neglecting the broader organizational effects such as changes in innovation, employee morale, and strategic decision-making processes (Johnson & Brown, 2023). Addressing these gaps requires more comprehensive, longitudinal, and mixed-methods research to understand the multifaceted impact of risk assessment services on MSMEs in diverse contexts.

2.2.4 Training Services on Growth of MSMEs

Enhancing the growth and competitiveness of small and medium-sized enterprises (SMEs) is significantly influenced by training, (Macheke,2020). In the context of saccos, training plays a crucial role in addressing information imbalances by empowering members to leverage their social capital for screening, monitoring, and ensuring loan repayment among peers, (Kessy and Temu ,2019). These institutions utilize their trainers to deliver weekly sessions, covering topics such as financial literacy, strategic planning, operational efficiency, and vocational skills for SMEs. The training serves as a valuable resource for small business proprietors who may lack fundamental financial management skills, offering insights into daily business operations and meticulous financial tracking. Sacco's trainers employ interactive methods like problemsolving games and role-playing, facilitating action learning, along with adult learning techniques to enhance the knowledge and skills of owner-managers (Ahmad, Jadoon, Ahmad & Khan, 2017).

According to Baráth, Nazir, and Andre (2017), providing business management training is a prevalent form of active assistance for both emerging and expanding enterprises. This approach is commonly employed as a policy strategy to enhance productivity and

maintain a competitive edge for small and medium-sized businesses (SMEs). The training not only elevates motivation, professionalism, and personal energy but also contributes to overall business development. It serves as an encouragement for individuals aspiring to initiate their own ventures and those already involved in business activities. Njoroge (2021) affirmed that effective management skills stand out as a crucial factor for entrepreneurial success. In order to deliver distinctive services and enhance the quality and design of products or services, successful business owners must possess adept management skills.

According to Njoroge (2021), the quality of goods and services is notably inferior when produced without training, a phenomenon attributed not only to a deficiency in relevant or adequate skills but also to a tendency to uphold unreasonably low costs and the use of subpar materials. This is particularly evident in Kenya, where many entrepreneurs have risen through apprenticeship, lacking the necessary knowledge, skills, and technical training essential for navigating modern and highly competitive markets. Management competence, comprising functional knowledge, managerial skills, and appropriate behavior, plays a crucial role. Kisaka and Mwewa (2018), training in competencies such as marketing, financial control, and networking is essential for entrepreneurs to thrive in contemporary business environments.

Masouras, Maris, and Kavoura (2020) highlight that critical thinking and problemsolving are acknowledged as essential skills, but they also emphasize the importance of giving due value to the development of skills related to risk-taking, innovation, creativity, and collaboration. Furthermore, there is a growing recognition of the need for a more hands-on approach in cultivating project management and budgetary skills. Consequently, the prevailing understanding is that the teaching of entrepreneurship skills should adopt interactive methods, incorporating elements such as case studies, games, projects,

simulations, real-life experiences, internships, and other hands-on activities. However, the effective implementation of active learning methods demands highly skilled trainers and a willingness to involve participants more actively in the learning process. Encouraging innovation and creativity, as well as fostering a culture of learning from both success and failure, becomes crucial in this context. It is also essential to acknowledge that the process of developing entrepreneurial skills is gradual and requires the ongoing, active engagement of entrepreneurs themselves.

Keengwe and Byamukama (2019) have identified two primary reasons why SMEs often do not implement technical skills training and development initiatives within their organizations. Firstly, it appears that SME owners generally underestimate the advantages that technical skills training can bring to the business, its workforce, and management. Secondly, SME owners are inclined to provide less technical skills training to their staff, as there is a perception that the costs are higher and the benefits are lower compared to larger organizations. The financial constraints faced by SMEs further exacerbate this situation, as they may not have sufficient capital available to invest in the skills development of their employees.

The reluctance of SMEs to invest substantially in external technical skills training for employees can be attributed to a short-term mindset and a failure to recognize the long-term benefits of such training. Another challenge faced by SMEs in implementing training initiatives is the concern that the trainee may not remain with the business for an extended period, making it difficult to recoup the costs incurred for training (Baporikar, 2018).

In a study conducted by Rono (2018) on the correlation between micro-credit and the development of small and medium enterprises (SMEs) in Konoin Sub-county, Kenya, a

descriptive research design was employed, targeting a population of 60 retail outlets. The data collection utilized questionnaires. The study recommended that SMEs undergo training in the utilization of financial management systems to enhance efficiency and effectiveness in monitoring financial transactions. Additionally, it suggested that financial institutions should actively participate in mentorship programs, introducing SMEs to professional marketers and business development to facilitate the growth of their enterprises.

Lee (2018) conducted an examination of technical skills training initiatives implemented by small and medium-sized enterprises (SMEs) in innovative cases, particularly focusing on the consortium approach in the Republic of Korea. The study aimed to shed light on government policies designed to enhance technical skill training in SMEs, thereby increasing their contributions to economic development. It delved into the role of SMEs in the development of a country, addressing the specific challenges that these enterprises face. Additionally, the research surveyed innovative and targeted policies aimed at promoting training by SMEs in regions such as Asia and Latin America. The study provided a detailed exploration of the objectives and accomplishments of a successful targeted SME technical training policy, specifically highlighting the SME
Training Consortiums Program in the Republic of Korea as a noteworthy best practice. The concluding remarks of the study included cautionary advice for developing countries considering the adoption of targeted SME Technical Skills training policies.

Despite the extensive research on the impact of training services on the growth of MSMEs, several contextual and methodological gaps persist. Contextually, much of the existing literature, such as the work by Mbithe (2019) and Kalui and Omwansa (2015), focuses on generalized training benefits without addressing sector-specific training needs or regional

disparities, limiting the applicability of findings to diverse MSME environments. Methodologically, many studies rely heavily on descriptive and crosssectional research designs, which fail to capture the dynamic and long-term effects of training on MSME growth (Buro & Simiyu, 2017; Chole, 2017). Additionally, there is a notable emphasis on quantitative data collection through surveys, which may overlook the nuanced, qualitative aspects of how training influences business operations, employee morale, and strategic planning (Smith et al., 2022; Johnson & Brown, 2023).

This lack of mixed-method approaches hinders a comprehensive understanding of the multifaceted impacts of training services. Furthermore, research often focuses on immediate financial outcomes, neglecting broader organizational changes such as improved innovation capabilities and enhanced managerial practices (Rodriguez & Patel, 2019). Future studies should aim to address these gaps by incorporating longitudinal and mixed-method designs, considering sector-specific needs, and exploring both direct and indirect effects of training on MSME growth.

2.3 Theoretical review

This study is supported by the following theories:

2.3.1 Financial Intermediation Theory

This theory posits that financial intermediaries play a crucial role in reducing transaction costs and mitigating information asymmetries between lenders and borrowers. According to this perspective, intermediaries establish advantageous connections between lenders and borrowers by capitalizing on these inherent challenges. Drawing on this notion, emerging businesses have experienced unexpected positive growth despite facing significant obstacles (Alkerlof, 1970; Blinder and Bernanke, 1992). The theory suggests that financial intermediaries alleviate the transaction costs and information asymmetries arising from failures in information sharing among lenders and borrowers.

Consequently, financial intermediaries contribute to enhancing market efficiency and addressing various factors influencing the volume of loans facilitated through these intermediaries (Spance, 1973).

The key components elucidating the context of this study encompass financial mediation, liquidity provision, and capacity. The first element underscores the role of financial intermediaries in supplying liquidity. The other elements emphasize the capability of financial intermediaries to alter the risk characteristics of entity resources.

In both scenarios, monetary intermediation reduces the costs associated with directing resources between lenders and borrowers, leading to enhanced efficiency and optimal resource allocation. Gertler and Bernanke (1995) delved into the provision of liquidity and the transformation of non-liquid assets into liquid obligations by financial intermediaries. The financial ideal involves a demand pledge agreement but carries an inherent risk, as savers may hastily withdraw their deposits, and those wishing to retain savings may worry about potential bank failures (Adolfson, 2002). Proponents of this concept contend that prevailing theories of monetary intermediation are active due to market imperfections hindering direct exchanges between investors and savers. Financial intermediaries, notably SACCOs, bridge this gap and address information asymmetry between final investors and savers by facilitating borrowing and saving among members, ensuring sustainable financial intermediation (Blinder and Bernanke, 1992).

This theory holds relevance to the study by providing insights into one of the independent variables, namely lending services. The theory contributes to understanding awareness and knowledge, particularly emphasizing the information possessed by the SACCO regarding the borrower before approving a requested loan. The consideration of ability is highlighted as a crucial aspect in the lending process.

2.3.2 Growth of Wealth Theory

Adam Smith (1959) introduced the theory underpinning this concept, rooted in the principle of "Laissez-Faire," emphasizing the importance of unrestricted individual freedom. The theory revolves around economic development and is built on the pillars of savings, investment, and division of labor. Smith believed in a set of justice rules or moral principles that hold superior authority over human sovereign commands and customary regulations. Following this theory, Savings and Credit Cooperative Societies (SACCOs) operate on a mutual membership model where individuals voluntarily pool savings through shares. MSMEs are user-owned institutions, and their wealth derives from the accumulated savings of members who share common interests or purposes, whether geographically, occupationally, or socially. The primary offerings of SACCOs include savings and credit services, with potential involvement in transfers, payments, insurances, and member development.

SACCOs primarily concentrate on bolstering the financial strength of members to ensure ongoing support. To achieve their objectives, effective management of wealth is crucial. Consequently, this study predominantly explores SACCO wealth growth through prudent investment decisions, examining the existing capital structure and fund allocation strategy. The financial team plays a key role in setting intelligent objectives for the cooperative society. The team must devise alternative investment avenues for existing funds and evaluate objectives by assigning costs to them. These alternatives undergo a cost-benefit analysis, with the best option selected. Upon choosing an alternative, a budget is formulated, outlining the expenses involved in implementing the selected option, encompassing revenues, cash, working capital, distribution funds, and the associated costs of assembling these funds (Maina, 2022).

2.3.3 The Hybrid Theory

This theory demonstrates that the demand for inner-city life is extremely high, and that any effort made to balance out the number of labour jobs and intellectual jobs would only result in a mass negative response. The greatest problem that these types of people initially face is the lack of money to finance their pursuits. Especially under the new conditions of today's economy, financial institutions are facing even tougher decisions on when to loan, who to loan money too, and how much to loan there is high risk of defaulting. With such little trust between lenders and borrowers, it seems that the only solution for large banking corporations is to make sure-fire deals with borrowers, guaranteeing their repayment at whatever cost. Through the use of this method, a large majority of borrowers are merely refused because of their income and reliability as borrowers (Weldern, 2002). The variable on risk assessment services is anchored on this hybrid theory.

2.3.4 Human Capital Theory

Human Capital Theory was proposed by Schultz (1961) and developed extensively by Becker (1964). Schultz (1961) in an article entitled “Investment in Human Capital” introduces his theory of Human Capital. Schultz argues that both knowledge and skill are a form of capital, and that this capital is a product of deliberate enterprise growth. The concept of human capital implies an investment in people through education and training. Schultz compares the acquisition of knowledge and skills to acquiring the means of production. The difference in earnings between people relates to the differences in access to education and health. Schultz argues that investment in education and training leads to an increase in human productivity, which in turn leads to a positive rate of return and hence of growth of businesses. This theory emphasizes the value addition that people contribute to an organization. It regards people as assets and stresses that investments by organizations in people will generate worthwhile returns.

Human Capital Theory is associated with the resource-based view of strategy developed by Barney 1991. The theory proposes that sustainable competitive advantage is attained when the firm has a human resource pool that cannot be imitated or substituted by its rival. For the employer, investments in training and developing people are a means of attracting and retaining people. These returns are expected to be improvements in performance, productivity, flexibility and the capacity to innovate that should result from enlarging the skills base and increasing levels of knowledge and competence.

Schuler (2000) suggests that the general message in persuasive skills, knowledge and competences are key factors in determining whether organizations and firms will prosper. According to Hessels and Terjesen (2010), entrepreneurial human capital refers to an individual's knowledge, skills and experiences related to entrepreneurial activity. Entrepreneurial human capital is important to entrepreneurial development.

Previous empirical research has emphasized that human capital is one of the key factors in explaining enterprise growth. Brüderl (1992) argues that greater entrepreneurial human capital enhances the productivity of the founder, which results in higher profits and therefore lower probability of early exit. Moreover, highly educated entrepreneurs may also leverage their knowledge and the social contacts generated through the education system to acquire resources required to create their venture (Shane, 2003). In addition to education, specific human capital attributes of entrepreneurs, such as capabilities that they can directly apply to the job in the firm, may be of special relevance in explaining enterprise growth. The specific human capital can be attained through precise trainings and previous experience. More focused business training can provide entrepreneur with a specific knowledge, compared to a formal education. This kind of specific human capital also includes knowledge of how to manage a firm, that is, entrepreneur- specific human capital. In particular, entrepreneurs with great industry-specific and entrepreneur-specific

human capital are in an ideal position to seize neglected business opportunities and to take effective strategic decisions that are crucial for the success of the new firm (Collombo & Grilli, 2005).

A limitation of Human Capital Theory is that it assumes education increases productivity in the workplace, resulting in higher individual wages, but it provides little insight into the processes through which education and training are translated into higher wages. In statistical models, education and training account for about 30 percent of the variance in individual wages, which suggests Human Capital Theory leaves a significant percentage of wage variability unexplained. A related limitation is that upper-level applications of Human Capital Theory (e.g., at the national or state levels) treat education as a relatively homogenous input. These applications assume that higher levels of educational attainment and quality will yield greater productivity and wages across the board. Such treatment of education is problematic because the process of human capital formation varies for individuals and groups. This theory is relevant to this study since it informs training services variable.

2.7 Conceptual Framework

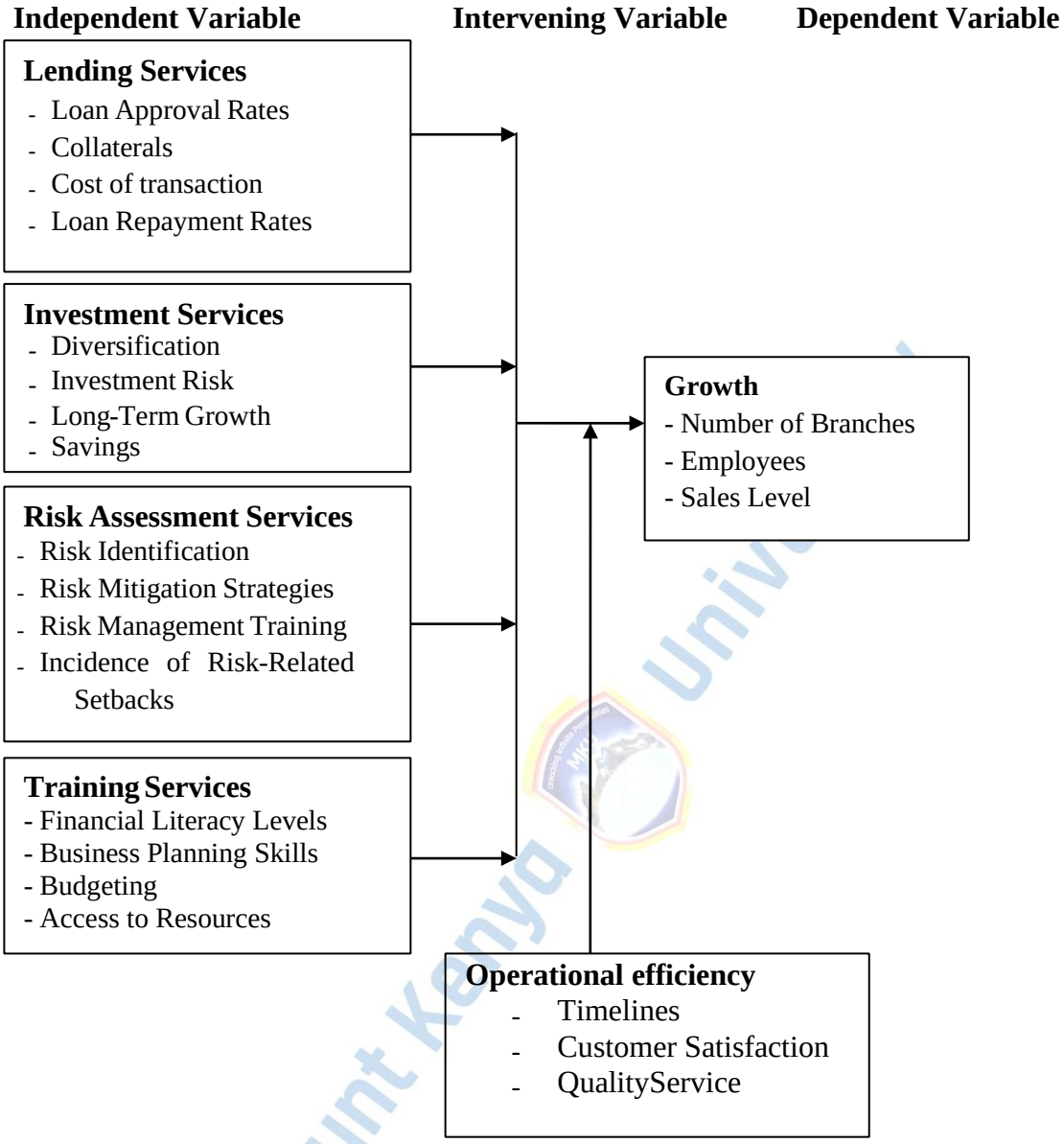

Figure 1: Conceptual Framework

Source : Author , 2024

The conceptual framework shows the relationship between SACCOs services or products and business growth. Effect of lending services on MSME growth encompasses several key indicators. Loan approval rates measure the accessibility of financial resources, while the type and number of collaterals required can influence

MSMEs' ability to secure loans. The cost of transactions is crucial in assessing the affordability of borrowing. Additionally, monitoring loan repayment rates provides insights into the financial health of MSMEs and the effectiveness of lending services

.Investment services on MSME growth- is evaluated through various indicators. Diversification of investments reflects the MSMEs' ability to manage and expand their financial portfolio. Investment risk management is crucial for mitigating potential financial losses, and the focus on long-term growth signifies sustainability. Savings, as an indicator, reflects the financial discipline and planning skills of MSMEs in utilizing investment services for growth.

Risk assessment services on MSME growth- involves examining key indicators. Identifying potential risks is essential for proactive risk management, and the implementation of risk mitigation strategies demonstrates preparedness. Providing risk management training helps MSMEs build resilience, while monitoring the incidence of risk-related setbacks gauges the overall effectiveness of risk assessment services. Financial training services on MSME growth- includes crucial indicators. Evaluating financial literacy levels measures the understanding of financial concepts among MSMEs. Business planning skills indicate the ability to strategize for growth, and effective budgeting is vital for resource allocation. Access to financial resources reflects the success of financial training services in enhancing MSMEs' financial capabilities and facilitating sustainable growth.

2.8 Research Gaps

The research on the effect of lending services on MSME growth reveals notable gaps in understanding the impact of SACCOs and alternative financial support mechanisms. While Khandker (2019) suggests that SACCOs have the potential to extend financial access to marginalized individuals, there exists a lack of consensus on their effectiveness,

with arguments both for and against their impact. Moreover, existing studies predominantly focus on challenges faced by MSMEs in accessing credit, such as high repayment costs and stringent collateral requirements, yet fail to comprehensively explore the effectiveness of suggested measures, such as reducing interest rates and extending repayment periods (Gichuki et al., 2018). This study aims to investigate these measures to provide more targeted insights into the design of financial policies and interventions that best support the growth of MSMEs.

In the realm of investment services and MSME growth, the literature indicates a significant positive correlation between effective investment services and enhanced MSME growth (Smith et al., 2018). However, there is a discernible gap in understanding regional disparities in the effectiveness of these services. This research explores these variations, considering Uasin Gishu county and regulatory frameworks that may influence the impact of investment services on MSMEs. Furthermore, the current body of literature predominantly focuses on financial metrics and growth indicators, leaving a gap in understanding the indirect effects of investment services on organizational culture, employee morale, and customer satisfaction. Research in these areas could provide a more holistic perspective on the relationship between investment services and MSME growth (Jones and Brown, 2019).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a clear overview of the systematic approach and procedures that were employed to address the research questions and achieve the study's objectives. It outlines the chosen research design, target population, sampling, elucidates the rationale behind selecting specific methods of data collection and analysis, presentation and ethical considerations highlighting the overall structure that guided the research process.

3.2 Research Design

According to Salkind (2010), research design functions as a framework essential for planning and addressing research questions, involving decisions on methods crucial for acquiring necessary data to structure and solve research problems. It serves as a comprehensive plan, structure, and investigative methodology aimed at obtaining answers to research inquiries, ensuring that collected data aligns accurately with the research problem at hand. Creswell (2019) emphasizes the significant impact of a research design plan on result reliability. In the context of this study, a correlational research design was employed, involving the measurement of two variables and the analysis of their statistical relationship (correlation) without extensive efforts to control for extraneous variables. This design is chosen to elucidate the strength, direction, and existence of a relationship between the independent variable (financial services) and the dependent variable (growth of small and medium enterprises).

3.3 Target Population

According to Orodho (2002), the target population is described as a sizable group from which a sample population is chosen. This concept closely aligns with the perspective of

Mugenda and Mugenda (2013), who define population as the complete set of individuals, events, or objects sharing a common observable characteristic. For this study the target population was 2000 MSMEs licensed in Uasin Gishu county and are operating their financial accounts with Imarisha SACCO Eldoret branch. Unit of observation and unit of analysis should be ascertained in a study in a given population (Kumar, 2018). The unit of analysis was registered MSMEs while the unit of observation was the proprietors of MSMEs as shown in Table 1.

Table 1: Target Population

Enterprise	Frequency	Percentage
Micro	179	8.95
Medium	584	29.2
Small	1,237	61.85
Total	**2,000**	**100**

Source: Imarisha Sacco (2024)

3.4 Sampling Techniques and Sample size

The study employed stratified sampling to select the SMEs for the study whereby the two classifications of enterprise will form the strata as shown in Table 2. The sampling technique ensured comprehensiveness and control of bias in sample selection. A stratified random sampling procedure is a population sampling procedure that requires the population to be divided into smaller groups, called strata (Mugenda & Mugenda, 2013). Stratified sampling certifies that the different clusters are represented, even proportionately, in the sample(s) by picking individuals from each of the strata list (Kothari, 2004). The use of simple, proportionate random sampling from each stratum strengthened the sample and enable collection of comprehensive data on all the study variables.

Sample size research is a term usually used for defining the number of subjects included in a sample size. Having a large enough sample size guarantees that the data is both extensive and thorough. Yamane (1973) provides a simplified formula to calculate sample sizes. This formula was used to calculate the sample size for the study using a 95% confidence level.

The calculation formula of the Yamane is as follows. n= N/ (1+N (e) 2)

Where: n = corrected sample size,

N = population size, and e = Margin of error (MoE), e = 0.05

Therefore.

= 2000/ (1+2000(0.05)2) = 333 respondents

The sample therefore comprised of 333 potential participants who were selected using proportionate random sampling technique from the target population of 2000 as shown below;

Table 2: Sample Size

Enterprise	Population	Sample
Micro	179	30
Medium	584	97
Small	1,237	206
Total	**2,000**	**33**

Source: Author, (2024)

3.5 Data Collection Instruments

The data collection tool is the tool used in the collection of information for research purposes (Orodho, 2009). In order to collect primary field survey information, the researcher used questionnaires. The questionnaires were designed with both open and closed questionnaires which were helpful in ensuring that respondents give accurate and convenient response time. A 5-point likert scale will be used to obtain data in which 1 is the least satisfying level and 5 the highest satisfying level. In multiple parts, the questionnaire consisted of bio data in the first section, and subsequent sections cover the study specific objectives. Secondary data was also obtained by means of desk analysis through an evaluation of previously available academic material on SACCOs financial services and SME growth services.

3.6 Data Collection Procedure

The researchers requested a letter of approval from Mount Kenya University and a NACOSTI permit letter introduce to participants and explain of the validity of the academic exercise of the field survey. The questionnaire was administered in person via a drop and pick later process to all respondents. The respondents were given approximately 30 minutes to fill the questionnaire. The researcher made a follow up on the questionnaires by telephone calls and text messages to allow the respondents to complete the questionnaire in due time for the data analysis. A time of two weeks was sufficient for the researcher to collect the data.

3.7 Pilot Study

A pilot study was performed so that questions that may be misunderstood or ambiguous by respondents are resolved. In addition, the test allowed the researcher to eliminate typing errors and to assess the validity of the research questions. When doing a pilot test, the

researcher used 10% (33) of the sample size. For the pilot test, 33 SMEs from Nandi County were targeted. Hertzog (2008) claimed that 10% of the sample size should be used when performing a pilot test. In addition, the group participating in the pilot study will not be included in the study.

3.8 Validity of Research Instruments

The validity of the data collection tool is specified as accurate measurement or definition of an element (Creswell, 2014). During the report, the researcher utilized both content and face validity. In order to minimize vague or misinterpreted questions, face validity was used. With respect to Kothari's statement (2012), performing a pilot test helps to minimize each question's validity. The validity of content is a measure of all things within a specific social system. The validity of this study was improved the help of the supervisor. In the course of a feasibility study, analysis boost the pertinence and transparency of the data collection method.

3.9 Reliability of Data Collection Tools

Reliability is the data collection tool's ability to produce consistent results when performed in a similar environment or type of subject. The internal coherence of the data which was collected during the study was calculated to determine the reliability of data collection instruments (Kothari, 2009). The calculation of internal consistency was expected to correlate each object in a similar construct with the other. The coefficient of Cronbach Alpha is the correct approach for internal consistency calculation. Typically, the efficiency of data collection increases as alpha values increases. The values vary between 0 and 1. If the alpha value reaches 0.7, the data collection devices are regarded as reliable (Creswell, 2014). The data collection tool with an alpha value of more than 0.7 will be accepted.

3.10 Data Analysis and Presentation

The questionnaires was organized and prepared for data analysis after the completion of the field survey. Data from the field was closely checked and confirmed for completeness and consistence before analysis. The data was analyzed with frequency tables and with several regressions. Analysis of the coded data will be carried out through SPSS version 26. Findings from the descriptive statistics was shown of central tendencies. Person correlation coefficient was employed to determine the strength of linear relationship between the variable. The F-test and T-test was used to establish the probability of the relationship represented by the analysis. The model used Person's r and spearman's rho to show the strength of the relationship in the variables. In evaluating the relationship between the study variables, correlation and multiple regression analyses was used. During the analysis, a confidence level of 95% and a significant level of 0.05 was considered appropriate. In order to have a significant effect on the dependent variable of an independent variable, its value P should not surpass the significant sum of 0.05. The model that reflects the variables interrelations is shown below;

$$Y= \beta 0+\beta 1X1+\beta 2X2+\beta 3X3+ \beta 4X4 +€$$

Where Y= Growth of SMES X_1= lending services

X_2= investment services

X_3 = risk assessment services

X_4= financial literacy services

€ = Error Term β_0= Minimum when all the independent variables are held constant at zero (referred to as constant or intercept)

3.11 Ethical Considerations

Ethical considerations was fundamental throughout the entire research process, starting from the planning phase to the actual execution of the study. The confidentiality of respondents' information was prioritized, and no data was shared with any third party. The researcher took measures to protect the privacy of respondents and uphold the integrity of the study by ensuring the anonymity of respondents.

Throughout the research, the researcher made a conscious effort to avoid intruding on the privacy of participants, maintaining a high level of integrity in alignment with the primary objective of information collection. In instances where a respondent sought a bribe in exchange for information, the researcher clarified the purpose of the research and remain committed to ethical conduct. Necessary permissions were obtained from relevant authorities, including Mount Kenya University and the National Commission of Science, Technology, and Innovation. The researcher respected and value cultural norms, adhere to scheduled timelines, honour respondents' decisions, and employ a friendly approach in the research methodology.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings of the study on the effect of Savings and Credit Cooperative Societies (SACCOs) services on the growth of Micro, Small, and Medium Enterprises (MSMEs) in Uasin Gishu County. It begins with a discussion of the response rate, followed by an analysis of the reliability results of the research instruments. The demographic characteristics of the respondents are then detailed, providing insight into the age, gender, education level, and business type of the MSMEs involved in the study. Descriptive statistics are provided for each of the study's variables, including lending services, investment services, risk assessment services, and financial training services, in relation to MSME growth. The chapter also presents correlational results, which assess the relationships between the independent variables and the growth of MSMEs. Finally, regression analysis results are shared, highlighting the extent to which each of the SACCO services influences MSME growth in Uasin Gishu County.

4.2 Response Rate

The response rate refers to the proportion of respondents who successfully completed and returned the questionnaires or participated in the data collection process, relative to the total number of individuals or entities initially targeted or sampled for the study. In this study, 333 MSMes were targeted. As shown in Table 3, an 83% response rate was achieved, indicating that the data collected was sufficient for analysis. According to Mugenda (2013), a response rate of 50% is considered acceptable, while a rate above 80% is regarded as excellent.

Table 3: Response Rate

Response Rate	Frequency	Percent
Returned Questionnaires	278	83%
Unreturned Questionnaires	55	17%
Total	333	**100%**

4.2.2 Reliability of Study Variables

The study sought to find out the reliability of the study instrument. This was important to ensure that study findings are reliable.

Table 4: Reliability Results

Variable	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
Lending Services	0.818	0.822	25
Investment Services	0.712	0.763	25
Risk Assessment Services	0.743	0.774	25
Financial Literacy Services	0.726	0.752	25
Growth of SMES	0.802	0.811	225

The reliability results, as shown in Table 4, indicate that all variables in the study achieved acceptable levels of internal consistency, as measured by Cronbach's Alpha. Lending services had the highest reliability score with a Cronbach's Alpha of 0.818, which suggests strong internal consistency among the 25 items used to measure this variable. Investment services, with a score of 0.712, and risk assessment services, scoring 0.743, also demonstrated good reliability. Financial literacy services had a

Cronbach's Alpha of 0.726, indicating acceptable reliability. The overall growth of SMEs variable recorded a Cronbach's Alpha of 0.802, further confirming the reliability of the items used. These results imply that the variables measured in the study are consistent and reliable for drawing conclusions on the effect of SACCO services on
SME growth.

4.3 Demographic Characteristics

This section presents the demographic characteristics of the study's participants, which are essential in social science research for understanding the background of respondents. Gathering this information allows for the grouping of participants into different categories, which can help identify patterns or trends in relation to the research topic. In this study, key demographic factors such as gender, age, years of operation, and education level were collected to provide a comprehensive understanding of the respondents' profiles. This helps in analyzing how these characteristics may influence the study's results.

4.3.1 Distribution of the Respondents Based on the Gender

The study sought to understand the distribution of respondents based on gender. It was important to ask for gender in this study to assess whether there are any differences in how men and women engage with the services of Savings and Credit Co-operative Societies (SACCOs) and how these differences may impact the growth of micro, small, and medium enterprises (MSMEs). Gender can influence access to financial services, investment opportunities, and risk management, which may ultimately affect the performance and growth of businesses. Understanding the gender distribution helps in determining whether there are gender-specific trends or needs that SACCOs should address to support both male and female entrepreneurs effectively.The results, as shown in Figure 2, indicate that the participants comprised 47% men and 53% women. This suggests a relatively balanced

representation of both genders, with a slight majority of women. This balance provides valuable insights into how SACCO services affect MSMEs from both male and female perspectives, potentially highlighting any genderrelated differences in service utilization and business growth.

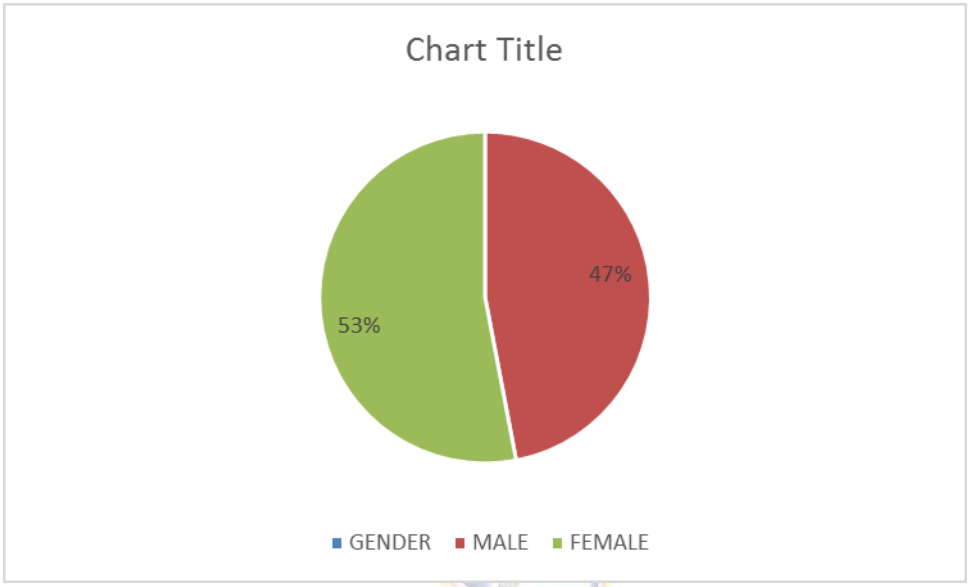

Figure 2: Gender

4.3.2 Distribution of the Respondents Based on Age Bracket

It was necessary to ask for the age of respondents in this study to determine whether age influences how micro, small, and medium enterprise (MSME) owners interact with Savings and Credit Co-operative Societies (SACCOs) services. Age is an important demographic factor that can affect entrepreneurial behavior, financial decision-making, risk tolerance, and access to financial services. Different age groups may have varying levels of experience, business needs, and familiarity with SACCO services, which could impact their business growth. The results show that the age distribution of respondents is fairly spread across different age groups. The majority of respondents fall between 25 and 39 years, with 19% aged 25-29, 21% aged 30-34, and 23% aged 35-39. The lowest representation is from those below 24 years at 16%, while those aged above 40 account

for 21%. This distribution suggests that most MSME owners using SACCO services are in their prime working years (25-39), indicating active engagement with SACCO services during this period. The relatively smaller percentage of respondents below 24 and above 40 may reflect the tendency for younger individuals to be in the early stages of entrepreneurship, while older respondents may either have more established businesses or face different financial needs.. This is shown in figure 3 below.

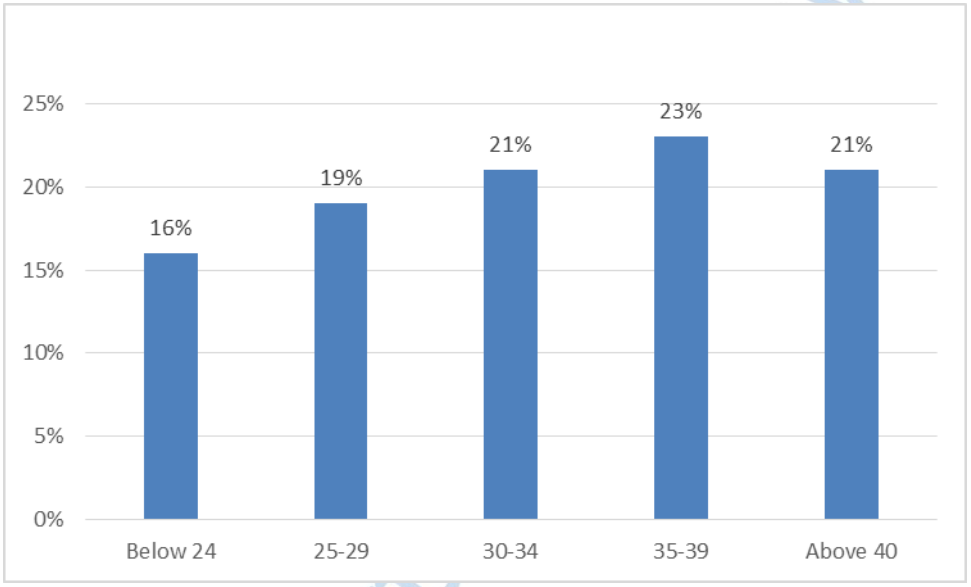

Figure 3: Age Distribution

4.3.3 Distribution of the Respondents Years of Operation

It was important to ask for the years of operation in this study to gain insights into the growth stages of micro, small, and medium enterprises (MSMEs) and to understand their varying needs. Businesses at different stages—whether newly established or longstanding—face distinct challenges and opportunities. This information helps to determine how services such as lending, investment, risk assessment, and financial literacy offered by Savings and Credit Co-operative Societies (SACCOs) can be tailored to meet the specific needs of businesses depending on their maturity.

The results show that 31% of the businesses have been operating for 2-5 years, while 30% have been running for 6-10 years, indicating that most businesses are relatively young but gaining experience. A significant 27% have been in operation for less than one year, which highlights the need for targeted support in the early stages of business growth. On the other hand, only 8% have operated for 11-15 years, and 4% for over 16 years, suggesting a smaller number of long-established businesses, which may have more complex financial needs. Understanding the years of operation helps in identifying the growth phases and aligning SACCO services to effectively foster business development.

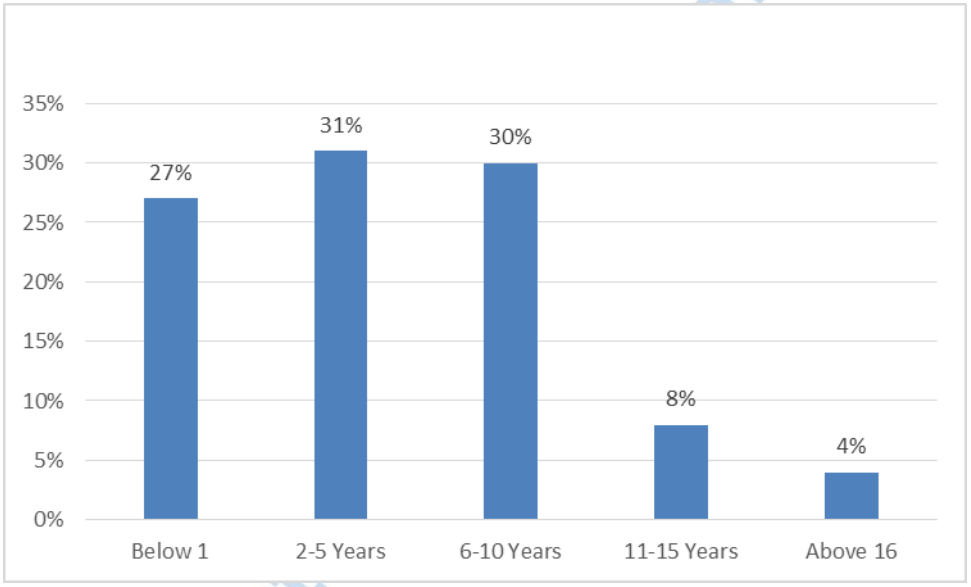

Figure 4: Years of Operations

4.3.4 Distribution of the Respondents Based on Level of Education

It was important to ask for the level of education in this study to understand the educational background of business owners and how it might influence their ability to utilize the services provided by Savings and Credit Co-operative Societies (SACCOs). Education plays a key role in financial literacy, decision-making, and business management, which are critical factors in the growth and success of micro, small, and medium enterprises (MSMEs). The ability to grasp complex concepts like financial planning, risk assessment,

and investment opportunities may vary depending on the level of education, impacting the effectiveness of SACCO services. The results show that the majority of the respondents hold a diploma (33%) or have completed secondary education (30%), indicating that most business owners have at least a moderate level of formal education. A smaller portion (21%) have a degree, which may give them an advantage in understanding advanced financial concepts and making strategic decisions for their businesses. Meanwhile, 16% have only completed primary education (K.C.PE), suggesting a group that might benefit from additional financial literacy support to maximize the services provided by SACCOs. These findings notes the importance of tailoring SACCO services to match the varying educational backgrounds of the business owners to ensure inclusivity and effectiveness.

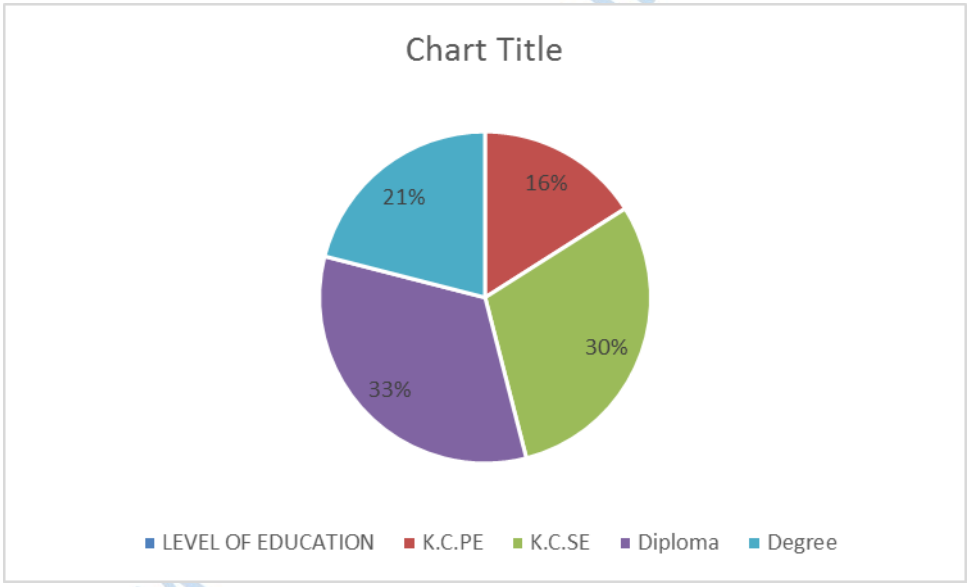

Figure 5: Level of Education

4.4 Descriptive Findings and Discussions

Section 4.4 provides a detailed analysis of the descriptive findings aligned with the study's objectives. This part presents a summary of the results, utilizing central tendency measures, such as means, alongside measures of variation, specifically standard deviations. The analysis was performed using a five-point Likert scale, where a score of

1 indicates "Strongly Disagree," 2 signifies "Disagree," 3 represents "Undecided," 4 means "Agree," and 5 denotes "Strongly Agree." This approach allows for a comprehensive understanding of respondents' perceptions regarding the services provided by Savings and Credit Co-operative Societies (SACCOs) and their influence on the growth of micro, small, and medium enterprises in Uasin Gishu County. By employing these statistical tools, the study aims to present a clear picture of the relationship between SACCO services and business growth outcomes.

4.4.1 Statements relating to Lending Services & MSMEs Growth

The respondents were asked to indicate whether lending services affected MSMEs growth in Uasin Gishu county. The results are indicated by Table 5.

Table 5: Statements relating to Lending Services & MSMEs Growth

	N	Mi	Max	Mea	Std. Dev.
I do not like to apply for loans due to complex application procedures	278	2	5	3.11	0.94
I have enough assets to use as security when accessing loan from financial institutions	278	2	5	2.98	0.87
Businesses that are registered are able to access loan easily	278	1	5	2.91	0.93
I consider the number of interest rates charged before seeking finance	278	1	5	2.72	1.04
I am usually discouraged to apply for a loan because they usually give me less money than what I requested	278	1	5	2.94	0.92
SACCOs transaction costs are usually higher thus, making me not apply for loans	278	2	5	3.12	0.97

Source: Survey Data (2024)

The findings from Table 5 offer insights into respondents' views on lending services provided by Savings and Credit Co-operative Societies (SACCOs) and their impact on the

growth of micro, small, and medium enterprises (MSMEs). The majority of respondents agreed that they are discouraged from applying for loans due to complex application procedures, as indicated by a mean score of 3.11. This suggests that many business owners perceive loan application processes as burdensome, which may hinder their willingness to seek financial assistance from SACCOs. The relatively low standard deviation of 0.94 shows that opinions on this issue are fairly consistent, indicating widespread agreement on the complexity of loan applications. The majority of respondents also noted that SACCOs' transaction costs are perceived as high, which further discourages them from applying for loans, with a mean score of 3.12. This highlights that the cost of accessing loans, including fees and other expenses, is a significant barrier for many MSMEs. The standard deviation of 0.97 suggests that while the majority hold this view, there is some variation in how strongly respondents feel about the issue.

In terms of asset availability, the mean score of 2.98 indicates that many respondents feel they have insufficient assets to use as security when accessing loans from financial institutions. This reflects the challenge that MSMEs face in providing collateral, a key requirement in securing loans. The standard deviation of 0.87 implies that the opinions on this matter are relatively consistent among the respondents. Additionally, the respondents expressed a neutral stance on the ease of loan access for registered businesses, with a mean score of 2.91. This suggests that, while registration might play a role in loan accessibility, it is not perceived as a significant advantage by many. The standard deviation of 0.93 shows that there are varying views on whether business registration facilitates easier access to loans.

The mean score of 2.94 for the statement about receiving less loan money than requested indicates that many respondents are discouraged from applying for loans due to the

reduced amounts offered. This sentiment suggests that MSMEs often face challenges in securing adequate financing, which can limit their capacity for growth. The standard deviation of 0.92 reflects moderate consistency in these views. Finally, when considering the interest rates charged before seeking finance, the mean score of 2.72 suggests that most respondents carefully evaluate interest rates before applying for loans. This indicates that the cost of borrowing is an important factor for MSMEs. However, the higher standard deviation of 1.04 shows a broader range of opinions, with some respondents more concerned about interest rates than others.

The findings are in agreement with Adomako-Ansah and Kwabena (2020) who argued that SMEs seeking credit from financial institutions are required to meet specific qualifications, including collateral security, financial performance, audited financial statements, credit history, recommendations from risk managers, business registration documents, entrepreneurial experience, and the age of the firm. The reluctance of SMEs to obtain loans is attributed to high collateral requirements, unfavorable interest rates, and delays in credit disbursement. Furthermore, Olutunla & Obamuyi, (2018) argued that reduced access to credit for SMEs is attributed to financial institutions' failure to increase loans, driven by factors such as a lack of information, high transaction costs, a large number of borrowers, and low returns from investments . In another study by Gitonga (2017) on SACCOs for low-income earners, it was established that entrepreneurs need education on SACCOs programs and exposure to various lending services. Entrepreneurs have faced challenges in accessing credit primarily due to the absence of collateral.

4.4.2 Statements relating to Investment Services & MSMEs Growth

The respondents were asked to indicate whether investment services affected MSMEs growth in Uasin Gishu county. The results are indicated by Table 6.

Table 6: Statements relating to Investment Services & MSMEs Growth

	N	Mi	Max	Mea	Std. Dev.
Our business has diversified its investment portfolio with the help of SACCOs' investment services.	278	1	5	3.13	1.17
The investment services provided by SACCOs have helped us reduce investment risks	278	1	5	3.23	1.03
The investment strategies recommended by SACCOs have contributed to the long-term growth of our business.SACCOs have provided useful guidance on how to save for future investments	278	1	5	3.21	1.07
Our business's savings have increased due to the investment services provided by SACCOs	278	1	5	2.94	1.26
SACCOs have encouraged us to diversify our business income streams through various investment options	278	1	5	3.11	1.05
	278	1	5	3.67	0.88

Source: Survey Data (2024)

The majority of respondents agreed that SACCOs have encouraged them to diversify their business income streams through various investment options, as indicated by the highest mean score of 3.67 and a standard deviation of 0.88. This suggests that SACCOs play a crucial role in promoting income diversification among MSMEs. Furthermore, respondents agreed that the investment services provided by SACCOs helped reduce investment risks, with a mean of 3.23 and a standard deviation of 1.03, indicating that SACCOs contribute to mitigating financial risks for businesses.

Additionally, the investment strategies recommended by SACCOs were seen to contribute to the long-term growth of businesses, as reflected by a mean of 3.21 and a standard deviation of 1.07. This highlights the role of SACCOs in fostering sustainable business development. Respondents also felt that their businesses had diversified their investment portfolios with the assistance of SACCOs, with a mean of 3.13 and a standard deviation of 1.17, further emphasizing SACCOs' role in enhancing financial strategies for MSMEs.

However, the guidance provided by SACCOs on saving for future investments received a slightly lower mean of 2.94, with a higher variation indicated by the standard deviation of 1.26. This suggests that while SACCOs have contributed positively to savings, there may be some inconsistencies in the effectiveness of this guidance across respondents. Lastly, the increase in business savings due to SACCO investment services was moderately acknowledged, with a mean of 3.11 and a standard deviation of 1.05, showing that SACCOs have a positive, though varied, impact on businesses' savings growth. Nguyen and Smith (2020) found out that not only confirmed the positive immediate impact but also highlighted the enduring benefits, emphasizing the need for ongoing investment management practices in fostering long-term growth. Extending the discourse on investment services and MSME growth, Kapoor and Sharma (2023) demonstrated statistically significant improvements in key performance indicators compared to the control group, providing experimental evidence supporting the positive effect of investment services on MSME growth.

4.4.3 Statements relating to Risk Assessment Services & MSMEs Growth

The respondents were asked to indicate whether risk assessment services affected MSMEs growth in Uasin Gishu county. The results are indicated by Table 7.

Table 7: Statements relating to Risk Assessment Services & MSMEs Growth

	N	Mi	Max	Mea	Std. Dev.
SACCOs have helped us develop effective strategies to identify risks early.	278	1	5	3.09	0.94
We have implemented SACCO-recommended risk mitigation strategies that contribute to the growth of our business.	278	2	5	2.47	0.87

Our business has experienced fewer losses due to effective risk mitigation strategies provided by SACCOsThe risk management training provided by SACCOs has improved our ability to handle potential risks.	278	2	5	2.7	0.93
	278	1	5	2.02	1.04
Our business has faced fewer setbacks due to proactive risk management practices learned from	278	1	5	3.14	0.92
The occurrence of risk-related setbacks in our business has decreased after applying SACCOprovided risk management strategies	278	1	5	3.09	0.82

Source: Survey Data (2024)

The findings on risk assessment services provided by SACCOs and their influence on the growth of MSMEs reveal varying perspectives among respondents. A majority of participants acknowledged that SACCOs have contributed to the early identification of risks, with a mean score of 3.09. This indicates that SACCOs play a moderate role in assisting businesses in recognizing potential risks at an early stage, which is essential for proactive risk management. Although the responses were somewhat dispersed, as reflected by a standard deviation of 0.94, it is clear that many respondents found value in the risk identification support offered by SACCOs. However, when it comes to implementing SACCO-recommended risk mitigation strategies, the overall sentiment was less positive. The mean score of 2.47 suggests that most respondents either disagreed or were undecided about the effectiveness of these strategies in contributing to the growth of their businesses. The relatively low score highlights a gap between the risk mitigation strategies provided by SACCOs and their practical application in the business operations of MSMEs. This might imply that the strategies are either not well-suited to the businesses' specific needs or that businesses face challenges in adopting them.

Similarly, respondents were not overwhelmingly convinced that SACCO-provided risk mitigation strategies have significantly reduced their business losses. With a mean score

of 2.70, many participants expressed uncertainty or disagreement about whether these strategies have helped them experience fewer losses. This points to the need for more effective or tailored approaches to risk mitigation to meet the diverse needs of MSMEs. Interestingly, the training provided by SACCOs on risk management did not appear to have a substantial impact on improving respondents' ability to manage potential risks. The mean score of 2.02 indicates a general perception that the training offered was insufficient in equipping businesses with the necessary skills to handle risks effectively. This suggests that while SACCOs provide some form of training, it may not be comprehensive or relevant enough to address the unique challenges faced by MSMEs in risk management.

Despite these concerns, some respondents did agree that their businesses had experienced fewer setbacks due to proactive risk management practices learned from SACCOs. With a mean of 3.14, there was a moderate level of agreement that these practices had positively influenced business operations by reducing the occurrence of risk-related setbacks. This finding suggests that while the overall effectiveness of SACCO-provided risk management services may vary, certain businesses have benefited from these interventions. Smith et al. (2022) indicated a positive correlation, with businesses actively engaging in comprehensive risk assessments experiencing higher revenue growth and demonstrating enhanced resilience in the face of uncertainties.

Johnson and Brown (2023) provided valuable insights, revealing that MSMEs incorporating risk assessment into their organizational culture were better positioned to identify and capitalize on growth opportunities. Building on this, Rodriguez and Patel (2019) affirmed the positive correlation between risk assessment and growth but also shed light on the specific organizational processes and strategic decisions that mediate this relationship.

4.4.4 Statements relating to Training Services & MSMEs Growth

The respondents were asked to indicate whether training services affected MSMEs Growth in Uasin Gishu County. The results are indicated by Table 8.

Table 8: Statements relating to Training Services & MSMEs Growth

	N	Mi	Max	Mea	Std. Dev.
Business management skills offered by SACCOs are have enabled our business to experience growth	278	1	5	2.89	1.09
Training programs offered by SACCOs is relevant to the business	278	1	5	3.51	1.02
The training services offered by SACCOs facilitates decision making of the businesses	278	1	5	3.36	0.94
The training services offered SACCOs by empowers us to be creative	278	1	5	3.23	1.07
We are trained by SACCOs on technical skills necessary to produce the business's product or service	278	2	5	3.02	1.01

Source: Survey Data (2024)

The findings in Table 8 reveal insightful perceptions of the training services provided by Savings and Credit Co-operative Societies (SACCOs) and their influence on the growth of micro, small, and medium enterprises (MSMEs). The majority of the respondents agreed that the training programs offered by SACCOs are relevant to their businesses, as evidenced by a mean score of 3.51. This indicates a strong belief among participants that the training aligns well with their specific business needs and challenges. The relatively low standard deviation of 1.02 further suggests that there is a general consensus among respondents on the importance of these training programs, highlighting the role of SACCOs in effectively catering to the developmental requirements of MSMEs.

Furthermore, the majority of the respondents indicated that the training services offered by SACCOs facilitate decision-making in their businesses, with a mean score of 3.36. This positive perception signifies that the skills and knowledge gained from the training

empower entrepreneurs to make informed choices, which is vital for the sustainability and growth of their enterprises. The standard deviation of 0.94 indicates that responses are fairly consistent, suggesting that most participants believe in the significant impact of training on their decision-making abilities. Additionally, the majority of the respondents agreed that the training services provided by SACCOs empower them to be more creative, reflected in a mean score of 3.23. This suggests that the training encourages innovative thinking among participants, which can lead to improved business strategies and practices. However, the standard deviation of 1.07 indicates that while many respondents feel positively about the creative empowerment aspect, there are varied opinions regarding the extent of this empowerment.

On the other hand, the mean score of 2.89 for the statement about business management skills reflects a more neutral stance among the majority of respondents. This suggests that while some entrepreneurs perceive benefits from the management skills training, others may not find it impactful. The higher standard deviation of 1.09 reveals significant variability in responses, indicating differing levels of satisfaction with the management training offered. Lastly, the respondents expressed that they are trained on technical skills necessary for their businesses, with a mean score of 3.17. This implies that SACCOs are addressing the practical skill requirements of their members, which is essential for improving productivity and competitiveness. The standard deviation of 0.62 suggests that opinions on the relevance of technical skills training are more consistent among participants. The findings are in agreement with Baráth, Nazir, and Andre (2017), who argued that business management training is a prevalent form of active assistance for both emerging and expanding enterprises. This approach is commonly employed as a policy strategy to enhance productivity and maintain a competitive edge for small and medium-sized businesses (SMEs). The training not only elevates motivation, professionalism, and

personal energy but also contributes to overall business development. It serves as an encouragement for individuals aspiring to initiate their own ventures and those already involved in business activities. Njoroge (2021) affirmed that effective management skills stand out as a crucial factor for entrepreneurial success. In order to deliver distinctive services and enhance the quality and design of products or services, successful business owners must possess adept management skills.

4.4.5 Statements relating to MSMEs Growth

The respondents were asked to indicate their opinion on MSMEs Growth in Uasin Gishu County. The results are indicated by Table 9.

Table 9: Statements relating to MSMEs Growth

	N	Mi	Max	Mea	Std. Dev.
My business has experienced significant revenue growth over the past year	278	2	5	2.98	1.13
The number of employees in my business has increased due to business expansion	278	2	5	3.87	0.99
My business has successfully expanded its product or service offerings	278	1	5	4.45	0.88
The market share of my business has grown significantly in recent years	278	1	5	3.85	1.10
My business has consistently increased its customer	278	1	5	3.47	0.95
Profit margins in my business have improved due to effective management practices.	278	2	5	3.19	0.87

Source: Survey Data (2024)

The findings from table 9 on MSMEs' growth indicate several key insights into the businesses' performance over the past year. A mean score of 2.98 for revenue growth suggests that the majority of respondents felt their businesses had experienced only moderate growth in this area, with some variation as indicated by the standard deviation of 1.13. However, a higher mean of 3.87 for employee growth reflects that most businesses saw an increase in their workforce, indicating business expansion.

The most significant result was seen in the expansion of product or service offerings, which had a mean of 4.45, showing strong agreement among respondents that their businesses had diversified in this way. This is further supported by the market share growth mean of 3.85, suggesting that many businesses had strengthened their market position. A mean score of 3.47 for customer base growth indicates moderate success in attracting new customers, while the relatively lower mean of 3.19 for profit margin improvement suggests that businesses had only modest improvements in profitability, despite effective management practices. These results suggest that while there is positive movement in terms of employee growth, market expansion, and product diversification, some businesses are still facing challenges in maximizing revenue and profit margins.

4.5 Correlation Analysis

The researcher undertook correlation analysis to establish the nature and strength of the relationships between savings and credit co-operative societies' services and growth of micro, small and medium enterprise in Uasin Gishu County**.** The correlation analysis results presented in Table 10 highlight the relationships between various SACCO services and the growth of SMEs. The Pearson correlation coefficient for lending services shows a strong positive correlation with SMEs' growth, with a value of 0.634 and a significance level of 0.000. This indicates a statistically significant relationship, suggesting that as lending services improve, the growth of SMEs tends to increase as well.Investment services display a moderate positive correlation with SMEs' growth, with a Pearson correlation of 0.300 and a significance level of 0.041. Although this relationship is weaker compared to lending services, it is still statistically significant, implying that investment services contribute to the growth of SMEs, but to a lesser extent.

Risk assessment services have a Pearson correlation of 0.410 and a significance level of 0.006, indicating a moderate positive and significant relationship with SMEs' growth. This suggests that the implementation of risk assessment services positively impacts business growth, helping SMEs manage potential risks effectively. Financial training services show a Pearson correlation of 0.425 with a significance level of 0.003. This is also a moderate positive and statistically significant relationship, indicating that financial training provided by SACCOs enhances the growth of SMEs by equipping business owners with the necessary financial skills and knowledge. The results reveal that all the SACCO services examined lending, investment, risk assessment, and financial training have a positive and statistically significant relationship with the growth of SMEs, with lending services having the strongest correlation. The results of the study are as shown in Table 10.

Table 10: Correlation Analysis Results

		Lending Services	Investment Services	Risk Assessment Services	Financial Training Services
MSMEs Growth	Pearson Correlation	.634**	.300*	.410**	.425**
	Sig.(2tailed)	.000	.041	.006	.003
	N	278	278	278	278

*. Correlation is significant at the 0.05 level (2-tailed). **Source:** Survey Data (2024)

4.6 Regression Analysis

Linear regression analysis was conducted to assess the influence of the independent variables (lending services, investment services, risk assessment services, and financial training services) on the dependent variable, which is the growth of micro, small, and medium enterprises (MSMEs) in Uasin Gishu County. The study provides the R square

value, a statistical measure indicating how closely the observed data aligns with the fitted regression line. The results of this analysis are detailed in Tables 11, 12, and 13.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.743[a]	.553	.496	.75706

Table 11: Regression Model Summary

a. Predictors: (Constant), lending services, investment services, risk assessment services, and financial training services.

b. Dependent Variable: MSMEs Growth

Source: Survey Data (2024)

The regression model summary presented in Table 11 reveals significant insights into the relationship between the independent variables (lending services, investment services, risk assessment services, and financial training services) and the growth of micro, small, and medium enterprises (MSMEs) in Uasin Gishu County. The value of R is 0.743, indicating a strong positive correlation between the predictors and the outcome variable. This suggests that as the services provided by savings and credit co-operative societies (SACCOs) improve, the growth of MSMEs also tends to increase.

The R square value of 0.553 implies that approximately 55.3% of the variability in MSME growth can be explained by the combination of the independent variables in the model. This substantial proportion indicates that the services offered by SACCOs play a critical role in influencing the growth of these enterprises. The adjusted R square value of 0.496 accounts for the number of predictors in the model and suggests that even after adjusting for the number of independent variables, nearly half of the variance in MSME growth remains explained by the model.

Additionally, the standard error of estimate is 0.75706, which reflects the average distance that the observed values fall from the regression line. A smaller standard error indicates a

better fit of the model to the data, reinforcing the strength of the relationship identified. These results demonstrate the effectiveness of SACCO services in fostering the growth of MSMEs in the region, warranting further exploration of specific services to enhance their impact.

Table 12: ANOVA Results

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.477	4	4.619	9.337	.000[b]
	Residual	22.352	273	.573		
	Total	40.829	277			

a. Dependent Variable: MSMEs Growth

b. Predictors: (Constant), lending services, investment services, risk assessment services, and financial training services.

Source: Survey Data (2024)

The ANOVA results in Table 12 demonstrate the overall significance of the regression model analyzing the influence of savings and credit co-operative societies (SACCOs) services on the growth of micro, small, and medium enterprises (MSMEs) in Uasin Gishu County. With a total sum of squares of 40.829, the model explains a sum of squares due to regression of 18.477 and a residual sum of squares of 22.352. The Fstatistic is calculated at 9.337, with a corresponding p-value of 0.000, indicating a statistically significant result. This low p-value suggests that there is strong evidence meaning that at least one of the independent variables(lending services, investment services, risk assessment services, or financial training services)significantly contributes to the variability in MSME growth.

Consequently, the findings highlight the critical role that SACCOs' services play in promoting the growth of MSMEs in the region.

Table 13: Regression Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Beta	Std. Error	Beta		
1	(Constant)	.315	.101		3.112	.003
	Lending Services	.752	.139	.651	5.403	.000
	Investment Services	.302	.143	.235	2.127	.039
	Risk Assessment Services	. 562	.136	.402	4.135	.000
	Financial Training Services	.490	.126	.347	3.895	.000

a. Dependent Variable: MSMEs Growth

Source: Survey Data (2024)

The study also conducted a regression analysis to establish the regression coefficients connecting the independent and dependent variables as illustrated by the equation illustrated below:

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon$$

Whereby Y represents MSMEs Growth. X_1 represents Lending Services, X_2 represents Investment Services, X_3 represents Risk Assessment Services and X_4 represents Financial Training Services. β_0 represents Constant which defines the value of MSMES Growth without the inclusion of predictor variables. From the results in Table 13 the given equation was answered by the values of Unstandardized Coefficients (β). The results

indicate that Lending Services, Investment Services, Risk Assessment Services, And Financial Training Services. have a positive relationship with micro, small and medium enterprise in Uasin Gishu County.

Thus,

$$Y = 0.315 + 0.752X_1 + 0.302X_2 + 0.562X_3 + 0.490X_{4+} \varepsilon$$

Here, Y signifies the growth of MSMEs, while X1,X2,X3,X and X4 represent lending services, investment services, risk assessment services, and financial training services, respectively. The constant term of 0.315 indicates that there is an inherent level of MSME growth even without these services. The coefficient for lending services is 0.752, which means that a unit increase in lending services will lead to a 0.752 increase in the growth of MSMEs. This substantial impact highlights that access to financial resources through loans is critical for business expansion, enabling MSMEs to invest in new projects, purchase inventory, or upgrade equipment, thus fostering growth.

In terms of risk assessment services, the coefficient is 0.562. This indicates that a unit increase in the effectiveness of risk assessment services will result in a 0.562 increase in MSME growth. Such services help businesses identify potential risks early and implement strategies to mitigate these risks, allowing for smoother operations and reduced likelihood of setbacks that could hinder growth.

The investment services coefficient of 0.302 suggests that a unit increase in investment services will correspond to a 0.302 increase in MSME growth. This implies that when SACCOs provide valuable investment guidance, MSMEs can diversify their portfolios and allocate resources more effectively, contributing to long-term sustainability and growth. Finally, the coefficient for financial training services is 0.490, meaning that a unit increase in the availability of financial training will lead to a 0.490 increase in MSME

growth. This underscores the importance of equipping entrepreneurs with the necessary financial skills and knowledge, enabling them to make informed decisions and maximize growth opportunities.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a comprehensive overview of the key findings from the study on the effect of savings and credit co-operative societies' services on the growth of micro, small, and medium enterprises (MSMEs) in Uasin Gishu County. It begins with a summary of the primary discoveries, highlighting both descriptive and inferential results. Following this, conclusions are drawn from the findings to underscore their significance. The chapter also provides recommendations based on the results obtained, aimed at enhancing the support offered by SACCOs to MSMEs. Finally, it identifies potential areas for future research, encouraging further exploration of this important topic.

5.2 Summary of the Study

The major study findings are summarized in this section. It outlines the summary of the findings in line with the objectives of the study.

5.2.1 Lending Services and Growth of MSMEs

The study found that lending services provided by savings and credit co-operative societies (SACCOs) significantly influence the growth of micro, small, and medium enterprises (MSMEs). The majority of respondents indicated a moderate to high mean

score regarding their reluctance to apply for loans due to complex procedures (mean = 3.11), highlighting challenges in accessibility. Additionally, concerns about security for loans and the discouragement from receiving less than requested funds were prevalent, with mean scores of 2.98 and 2.94, respectively. Despite these challenges, the higher mean score of 3.12 regarding SACCO transaction costs suggests that many respondents find the costs a deterrent for applying for loans, indicating that improving the loan application process and reducing associated costs could enhance MSME growth.

5.2.2 Investment Services and Growth of MSMEs

The findings reveal that investment services offered by SACCOs contribute positively to the growth of MSMEs. A significant majority agreed that these services have enabled diversification of investment portfolios (mean = 3.13) and have helped reduce investment risks (mean = 3.23). Respondents also indicated that the investment strategies recommended by SACCOs support long-term growth (mean = 3.21) and that guidance on savings for future investments is valuable, although the mean score for this statement (2.94) suggests room for improvement. The highest mean score of 3.67 indicates that SACCOs play a critical role in encouraging businesses to diversify income streams, which is vital for enhancing resilience and stability in MSMEs.

5.2.3 Risk Assessment Services and Growth of MSMEs

The results indicate that risk assessment services provided by SACCOs have a moderate influence on MSME growth. A mean score of 3.09 indicates that SACCOs assist in developing strategies for early risk identification. However, the mean score for the implementation of recommended risk mitigation strategies was notably lower at 2.47, indicating that while awareness exists, practical application may be lacking. The findings suggest that while training in risk management from SACCOs is viewed positively, with

a mean score of 2.02, it requires more focus to effectively improve businesses' abilities to manage potential risks. Furthermore, the decrease in risk-related setbacks (mean = 3.14) suggests that businesses are beginning to experience benefits from applying risk management practices.

5.2.4 Financial Training Services and Growth of MSMEs

The data highlights the critical role of financial training services in promoting the growth of MSMEs. The mean scores indicate that respondents find the training relevant and effective, as evidenced by a high score of 3.36 for the impact of training services on decision-making. Additionally, financial literacy is seen as empowering, reflected in a mean of 3.23 for fostering creativity in business operations. However, the slightly lower mean scores in certain areas suggest that while training is valuable, there is an opportunity to enhance the quality and relevance of these programs further to ensure that MSMEs can maximize their growth potential.

5.2.5 MSME Growth

The overall growth of MSMEs in Uasin Gishu County has seen mixed results. The mean score of 2.98 for significant revenue growth indicates a need for improvement in this area, while a higher mean of 3.87 indicates that many businesses have increased their workforce due to expansion. The highest score of 4.45 suggests that product or service diversification is a strong point for many respondents, illustrating proactive growth strategies. However, the scores for improved profit margins (mean = 3.19) and customer base growth (mean = 3.47) indicate that while some businesses thrive, others still face challenges that must be addressed for sustained growth.

5.3 Conclusions

The study drew conclusions regarding the influence of lending services, investment services, risk assessment services, and financial training services on the growth of micro, small, and medium enterprises (MSMEs) in Uasin Gishu County.

5.3.1 Lending Services and Growth of MSMEs

The correlation analysis revealed a strong positive relationship between lending services and MSME growth, with a Pearson correlation coefficient of 0.634 ($p < 0.001$). This indicates that as lending services increase, the growth of MSMEs also tends to rise significantly. The regression results further support this conclusion, showing that lending services have a substantial influence on growth, as indicated by a beta coefficient of 0.752 ($p < 0.001$) in the regression model. This suggests that a unit increase in lending services will lead to an increase in MSME growth, highlighting the critical role of accessible financing in facilitating business expansion and operational efficiency.

5.3.2 Investment Services and Growth of MSMEs

The correlation between investment services and MSME growth was found to be moderate (Pearson correlation coefficient of 0.300, $p < 0.05$), suggesting that while there is a positive relationship, it is less pronounced than that of lending services. The regression analysis yielded a beta coefficient of 0.302 ($p < 0.05$), indicating that investment services also contribute positively to MSME growth. This suggests that improvements in investment services can lead to better business outcomes, particularly in diversification and risk management. A unit increase in investment services correlates with a significant increase in the growth of MSMEs, underscoring the necessity for

SACCOs to enhance their investment offerings.

5.3.3 Risk Assessment Services and Growth of MSMEs

The correlation analysis showed a significant positive relationship between risk assessment services and MSME growth, with a Pearson correlation coefficient of 0.410 ($p < 0.01$). This indicates that businesses that utilize risk assessment services tend to experience better growth outcomes. The regression results reinforced this finding, with a beta coefficient of 0.562 ($p < 0.001$), demonstrating that effective risk management strategies significantly impact the growth of MSMEs. Specifically, for every unit increase in risk assessment services, MSME growth is expected to increase, highlighting the importance of these services in mitigating risks and enhancing business stability.

5.3.4 Financial Training Services and Growth of MSMEs

The correlation coefficient for financial training services and MSME growth was 0.425 ($p < 0.01$), indicating a strong positive relationship. The regression analysis yielded a beta coefficient of 0.490 ($p < 0.001$), which suggests that financial training services have a substantial effect on MSME growth. This means that as businesses engage more with financial training services, they are likely to see increased growth. The results suggest that investing in financial literacy and management training not only improves business practices but also leads to sustainable growth, making it an essential area for SACCOs to focus on.

5.4 Recommendations

Based on the findings related to the impact of lending services, investment services, risk assessment services, and financial training services on the growth of micro, small, and medium enterprises (MSMEs) in Uasin Gishu County, the following recommendations are proposed for policymakers:

5.4.1 Lending Services and Growth of MSMEs

Simplify Loan Application Processes: Financial institutions, particularly savings and credit cooperative societies (SACCOs), should streamline their loan application procedures to make them more accessible for MSMEs. This could involve reducing paperwork and offering online applications to minimize the complexity that discourages business owners from seeking loans.

Flexible Loan Products: Develop a range of loan products tailored to the needs of MSMEs, including options with flexible repayment terms and lower interest rates. This would encourage more businesses to take advantage of lending services and invest in their growth.

5.4.2 Investment Services and Growth of MSMEs

Education on Investment Strategies: Policymakers should promote training programs that educate MSME owners about effective investment strategies and portfolio diversification. This will empower them to make informed decisions that contribute to long-term growth.

Support for Diversification: Encourage SACCOs to provide advisory services that assist MSMEs in identifying and pursuing diverse investment opportunities. This could help mitigate risks and improve financial stability.

5.4.3 Risk Assessment Services and Growth of MSMEs

Implement Regular Risk Management Training: SACCOs should offer ongoing risk management training programs for MSMEs, focusing on identifying and mitigating potential risks. This will equip business owners with the necessary skills to manage uncertainties effectively.

Develop Risk Assessment Tools: Create and disseminate easy-to-use risk assessment tools tailored to the unique challenges faced by MSMEs. This could help businesses proactively identify and address risks that may hinder their growth.

5.4.4 Financial Training Services and Growth of MSMEs

Enhance Financial Literacy Programs: Expand financial literacy programs offered by SACCOs to cover essential topics such as budgeting, financial planning, and cash flow management. This will empower MSME owners to make better financial decisions and improve their overall business performance.

Mentorship Programs: Establish mentorship initiatives where experienced business owners can guide newer entrepreneurs in financial management practices. Such programs can provide valuable insights and support for sustainable growth.

5.5 Suggestions for Further Research

The growth of micro, small, and medium enterprises (MSMEs) is vital for economic development, job creation, and poverty alleviation in Uasin Gishu County and beyond. As critical players in the economy, MSMEs often rely on various support services to navigate challenges and achieve sustainable growth. Savings and credit cooperative societies (SACCOs) have emerged as significant providers of financial services, offering lending, investment, risk assessment, and financial training. Understanding the impact of these services on MSME growth is essential for optimizing their effectiveness and ensuring that businesses can thrive. Future research in this area can provide deeper insights and inform policies that foster a conducive environment for MSME development.

One suggestion for further study is to explore the specific factors that influence MSMEs' utilization of SACCO services, such as awareness, accessibility, and perceived benefits. Understanding these factors can help SACCOs tailor their offerings to better meet the

needs of local businesses. Another area of research could focus on the correlation between SACCO services and job creation within MSMEs. This study would highlight how access to financial services contributes to employment opportunities, thereby enriching the local economy. Lastly, assessing the effectiveness of financial literacy programs provided by SACCOs in enhancing the financial management skills of MSME owners can be a valuable avenue for further research. Evaluating how these programs impact business decisions and growth outcomes can inform the design of future training initiatives, ultimately benefiting both the enterprises and the community at large.

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APPENDICES

Appendix I: Consent Form

Consent Form For Participation In Research

TITLE OF STUDY

Dear Participant,

I invite you to participate in a research study entitled (effect of savings and credit cooperative societies' services on growth of micro, small and medium enterprise in Uasin Gishu County.): I am currently enrolled in the (Master degree in Business Administration) at Mount Kenya University and am in the process of writing my Master's project. The

purpose of the research is to determine: (effect of savings and credit co-operative societies' services on growth of micro, small and medium enterprise in Uasin Gishu County.)

The enclosed questionnaire has been designed to collect information on: (effect of savings and credit co-operative societies' services on growth of micro, small and medium enterprise in Uasin Gishu County.)Your participation in this research project is completely voluntary. You may decline altogether, or leave blank any questions you don't wish to answer. There are no known risks to participation beyond those encountered in everyday life. Your responses will remain confidential and anonymous. Data from this research will be kept under lock and key and reported only as a collective combined total. No one other than the researchers will know your individual answers to this questionnaire. There are no direct benefits to you for participating in this research. However, you may find it interesting to talk about the issues addressed in the research and it may be beneficial to the field and to future clients or individuals who have experienced similar concerns

If you agree to participate in this project, please answer the questions on the questionnaire as best you can. It should take approximately *(30 minutes)*to complete. Please return the questionnaire as soon as possible to enable me complete the project report.

If you have any questions about this project, feel free to contact

Joshua Cheserek -0722244412 INVESTIGATOR or;

Dr. Susan Jepkorir – 0722763533SUPERVISOR

If you have questions about your rights as a research participant, please be in touch with the Chairman, Mount Kenya University, Ethical Review Committee, P.O Box 34201000, Thika.

Thank you for your assistance in this important endeavor.

CONSENT

I have read and I understand the provided information and have had the opportunity to ask questions. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason and without cost. I understand that I will be given a copy of this consent form. I voluntarily agree to take part in this study.

Participant's signature _____ Date _____

Investigator's signature _____ Date _____

Appendix II: Questionnaire

Please fill this questionnaire openly and honestly. Confidentiality will be strictly adhered to, and there will be no mention of your name or any information that identifies you. Please provide the following information as required. The information provided here will be used solely for academic purposes and will be treated with maximum confidentiality.

Part A: General Information

1. Kindly indicate your gender. Male [ ] Female [ ]

2. Please indicate your age bracket.

   24 Years and Below [ ]

   25-29 Years [ ]

   30-34 Years [ ]

   35-39 Years [ ]

   40 Years and Above [ ]

3. How long has your enterprise been in operation?

   Below 1 Year [ ] 2-5 Years [ ] 6-10 Years [ ] 11-15 Years [ ]

   16 Years and Above [ ]

4. Kindly indicate your highest level of education.

   Primary level [ ] O level [ ] Certificate level [ ] Diploma level [ ]

   University level [ ] Others [ ]

Part B: Statements on Training Services

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guidelines. 5= Strongly Agree 2- Agree, 3= Neutral, 4 =Disagree,

1= Strongly Disagree

	Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Business management skills offered					
by SACCOs are have enabled our business to experience growth					
Training programs offered by SACCOs is relevant to the business					
The training services offered by SACCOs facilitates decision making of the businesses					
The training services offered SACCOs by empowers us to be creative					
We are trained by SACCOs on technical skills necessary to produce the business's product or service					

Part C: Statements on Lending Services

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guidelines. 5= Strongly Agree 2- Agree, 3= Neutral, 4 =Disagree,

1= Strongly Disagree

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I do not like to apply for loans due to complex application procedures					
I have enough assets to use as security when accessing loan from financial institutions.					
Businesses that are registered are able to access loan easily					
I consider the amount of interest rates charged before seeking finance					
I am usually discouraged to apply for a loan because they usually give me less money than what I requested					
SACCOs transaction costs are usually higher thus, making me not apply for loans					

Part D: Statements on Risk Assessment Services

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guidelines. 5= Strongly Agree 2- Agree, 3= Neutral, 4 =Disagree,

1= Strongly Disagree

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
SACCOs have helped us develop effective strategies to identify risks early.					
We have implemented SACCOrecommended risk mitigation strategies that contribute to the growth of our business.					
Our business has experienced fewer losses due to effective risk mitigation strategies provided by SACCOs					
The risk management training provided by SACCOs has improved our ability to handle potential risks.					
Our business has faced fewer setbacks due to proactive risk management practices learned from SACCOs.					
The occurrence of risk-related setbacks in our business has decreased after applying SACCOprovided risk management strategies					

Part B: Statements on Investment Services

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guidelines. 5= Strongly Agree 2- Agree, 3= Neutral, 4 =Disagree,

1= Strongly Disagree

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Our business has diversified its investment portfolio with the help of SACCOs' investment services.					
The investment services provided by SACCOs have helped us reduce investment risks.					
The investment strategies recommended by SACCOs have contributed to the long-term growth of our business.					
SACCOs have provided useful guidance on how to save for future investments					
Our business's savings have increased due to the investment services provided by SACCOs					
SACCOs have encouraged us to diversify our business income streams through various investment options					

Section E: MSME Growth

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guidelines. 5= Strongly Agree 2- Agree, 3= Neutral,

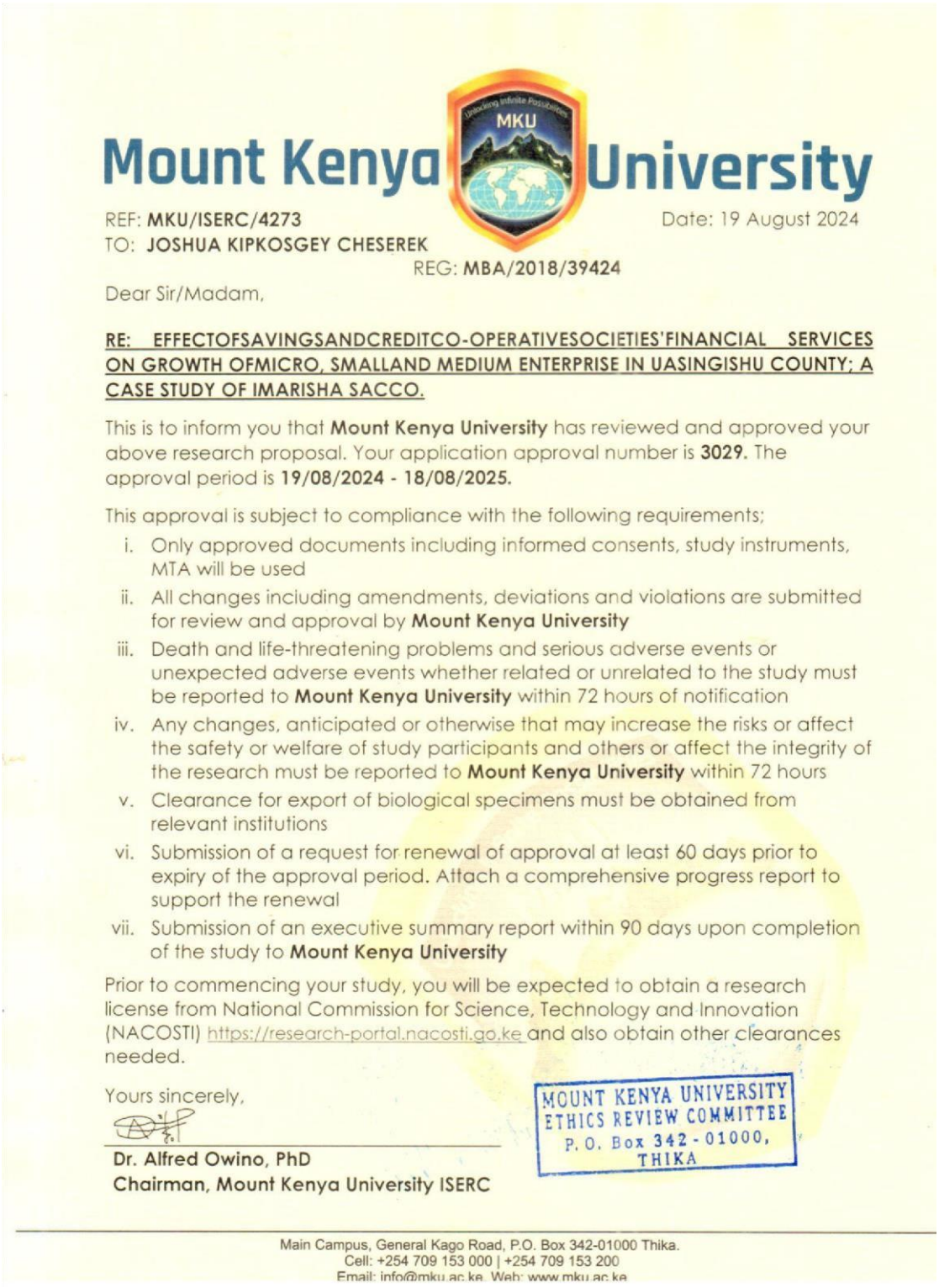
4 =Disagree,

1= Strongly Disagree.

	Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
My business has experienced significant revenue growth over the past year.					
The number of employees in my business has increased due to business expansion.					
My business has successfully expanded its product or service offering					
The market share of my business has grown significantly in recent years					

My business has consistently increased its customer base					
Profit margins in my business have improved due to effective management practices.					

Appendix III: KUREC Approval Letter



Mount Kenya University

REF: MKU/ISERC/4273
TO: JOSHUA KIPKOSGEY CHESEREK
REG: MBA/2018/39424

Date: 19 August 2024

Dear Sir/Madam,

RE: EFFECTOFSAVINGSANDCREDITCO-OPERATIVESOCIETIES'FINANCIAL SERVICES ON GROWTH OFMICRO, SMALLAND MEDIUM ENTERPRISE IN UASINGISHU COUNTY; A CASE STUDY OF IMARISHA SACCO.

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **3029.** The approval period is **19/08/2024 - 18/08/2025.**

This approval is subject to compliance with the following requirements;

i. Only approved documents including informed consents, study instruments, MTA will be used
ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
v. Clearance for export of biological specimens must be obtained from relevant institutions
vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://research-portal.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely,

Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC

MOUNT KENYA UNIVERSITY
ETHICS REVIEW COMMITTEE
P. O. Box 342 - 01000,
THIKA

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.
Cell: +254 709 153 000 | +254 709 153 200
Email: info@mku.ac.ke, Web: www.mku.ac.ke

Appendix IV: Mount Kenya University Introduction Letter

Mount Kenya University

DIRECTORATE OF GRADUATE STUDIES

MBA/2018/39424

23rd August, 2024

National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA

Dear Sir/Madam,

RE: JOSHUA KIPKOSGEY CHESEREK - REGISTRATION NO. MBA/2018/39424

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics.**

The title of the research is **"Effect of Savings and Credit Co-operatives Societies' Financial Services on Growth of Micro, Small and Medium Enterprise in Uasin Gishu County; A Case Study of Imarisha SACCO."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **August, 2024 and October, 2024.**

Any assistance accorded to the student will be highly appreciated.

Thank you.

Dr. Samuel M. Karenga, PhD
Director, Graduate Studies
Enc.

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.

Appendix V: NACOSTI Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR
SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **405484**

Date of Issue: **11/September/2024**

RESEARCH LICENSE

This is to Certify that Mr.. JOSHUA CHESEREK KIPKOSGEY of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Uasin-Gishu on the topic: EFFECT OF SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES' FINANCIAL SERVICES ON GROWTH OF MICRO, SMALL AND MEDIUM ENTERPRISE IN UASINGISHU COUNTY; A CASE STUDY OF IMARISHA SACCO for the period ending : 11/September/2025.

License No: **NACOSTI/P/24/39687**

405484

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR
SCIENCE,TECHNOLOGY &
INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document,
Scan the QR Code using QR scanner application.

See overleaf for conditions

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)
Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was the established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
    i. Endanger national security
    ii. Adversely affect the lives of Kenyans
    iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
    iv. Result in exploitation of intellectual property rights of communities in Kenya
    v. Adversely affect the environment
    vi. Adversely affect the rights of communities
    vii. Endanger public safety and national cohesion
    viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. The license any rights thereunder are non-transferable
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
7. Excavation, filming, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
8. The License does not give authority to transfer research materials.
9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and
Innovation(NACOSTI),
Off Waiyaki Way, Upper Kabete,
P. O. Box 30623 - 00100 Nairobi, KENYA
Telephone: 020 4007000, 0713788787, 0735404245
E-mail: dg@nacosti.go.ke
Website: www.nacosti.go.ke