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Loan Portfolio and Performance of Savings and Credit Cooperative Organisations (SACCOs) in Bungokho South County, Mbale District, Uganda

Makhosi Robert Wambele[1,] Dr. Edward Ssenyange[2,]

1 A Master of Science in Finance Student, Team University (TU), Kampala, Uganda
E-mail: robertmakhosi@gmail.com
2 Lecturer, School of Graduate Studies and Research, Team University (TU), Kampala, Uganda
E-mail: essenyange@gmail.com

***Abstract**: The study investigated the effect of loan portfolio on the performance of savings and credit cooperative organisations (SACCOs) in Bungokho South County, Mbale district, Uganda. Specifically; the study established the relationship between loan disbursement and performance, the relationship between sufficiency of Monitoring and Support to loan clients and performance of SACCOs and the relationship between loan recovery rate and performance of SACCOs in Bungokho South County, Mbale district. A descriptive correlational cross-sectional survey design was used and adopted qualitative and quantitative approaches. The study targeted a total population of 102 members from four (4) SACCOs in Bungokho South County and these were; Busiu SACCO, Busoba Epicenter SACCO, Mbale teachers' SACCO and Bungokho Fukilisa SACCO. By use of purposive and simple random sampling techniques, the sample size form the population of 100 was 80 respondents. The findings of the study were that; most SACCOs in the study area did not always have enough money to lend out. Clients were given loans according what they had saved and. SACCO staffs have been carrying out assessments before giving out loans to the respective clients. Majority of the SACCOs followed loan disbursement procedures and were giving loans according to the ability of the client to pay back. Most of the SACCOs in the study area took a minimum of one week to give out loans to their clients. Clients were aware of loan repayment period and loan repayment installments before taking on the loans. Majority of the loan officers hardly visited their loan clients to find out the progress of loan repayment. SACCO staffs had not been in the habit of supporting clients to pay their loans well. Loan officers were always taking a step of reminding the clients about their loan obligation. Loan officers had been giving reports on the financial states of their client loan clients had been vising their clients' businesses but other findings showed that SACCO staff were not effectively monitoring clients for loan repayment. As much as SACCOs in the study area would wish to increase their loan portfolio and consequent profits, they did not have enough funds for running the SACCO business. They were not getting enough interest from the loans given out and were not always having enough cash to meet their financial obligations. The study recommends that; Local government leadership should organize more training for SACCO staff in savings and credit management, Government to increase on funding to SACCOs and SACCO management to empower clients with business management skills.*

Keywords— effect; loan; portfolio; performance;

INTRODUCTION

BACKGROUND TO THE STUDY

Savings and credit cooperatives (SACCO) societies were developed to meet the fundamental human need to find a way of saving and borrowing methods without taking risks and without handing over too much power to a moneylender. They were invented in south Germany in 1846 at the time of agricultural crisis and continues heavy drought in Europe, by two community business leaders: Freidrich. Reifeisen and Herman schultze- Delitsche, who are considered as the founding fathers of the saving and credit cooperatives (SACCO) movement: Herman schultze- Delitsche, who established savings and credit cooperatives for minor artisans and the urban middle classes, and Freidrich Reifeisen, the founder of the rural saving and credit cooperatives. In Italy, Luigi Luzzatti established saving and credit cooperatives, which combined the principles established by his two German predecessors. Both forms spread rapidly all over Europe, northern America, Latin America, and Asia from 1900 to 1930 and to Ghana.

The history of SACCO Societies or Credit unions shows that they were formed critically for the relief of the poverty among the poorer economic classes in Europe, United Stated, India, etc. They are outperforming competitive service providers of the developed world. Though in some countries of Africa they were promoted between 1965 and 1989 they were promoted to fulfill the government quota without the members understanding the objective, function, ownership of the SACCO Societies, without any capacity building and they were more depended on government funds and highly insulated by politicians, characterized by miss management, corruption, lack of transparency and lack of members internal control. Due to this fact the SACCO Societies lost their nature of democratic organizations and were controlled by few active members; members lost their right of setting their policies and making decisions on issues, this condition collapses the SACCO development in Africa.

In recent years, in developing countries consideration of the potential of SACCOs and Credit Unions as a tool for sustainable poverty alleviation has been increasingly recognized. Evidence from poverty eradication strategies shows that without empowering the poor by teaching them how to utilize limited resources in a wise manner and over focusing on provision of credit leads to excessive debt burdens and depressed income growth leaving borrowers even the level where they were before (WOCCU, 2018).

A growing number of developing countries like Uganda have embarked on reforming and deregulating their financial systems, transforming their institutions into effective intermediaries and extending viable financial services on a sustainable basis to all segments of the population (Seibel, 2006). By gradually increasing the outreach of their financial institutions, some developing countries have substantially alleviated poverty by initiating a framework and infrastructure to encourage lending through public and private credit reference bureaus, institutional strategies to spur economic development such as the vision 2040 in Uganda and financial systems approaches which include alternatives to collaterals in order to access credit.

In the process, a new world of finance has emerged which is demand-led and savings driven and conforms to sound criteria of effective financial intermediation.

In Uganda, SACCOs have extended credit worth 574.8 billion to members in support of enterprise development. Investments made by SACCOs in Uganda are estimated at 593.7 billion meanwhile as the lending increasing, evidence is emerging and revealing that as portfolios grow, portfolio performance tends to be declining (BOU, 2020). This scenario seems to be encroaching on SACCOs operating capital or liquidity. This reveals an undermining of the Keynes principle which cannot be wrong since a lot of evidence is in place to confirm its validity (Barnier, 2021).

This study examined two theories in explaining the topic under study, thus; Agency and Portfolio theories. The agency theory was developed by Ross (1973) outlining the agency relationships that arise in business arrangements. The model highlights the existing linkages among agents and principals in an entity (Jensen and Meckling, 1976). According to Bhati, McCrae and De Zoysa (2009), the agency conflict exists as the objectives of managers differ with those of shareholders.

The Modern Portfolio Theory was postulated by Markowitz asserts that under reasonable assumptions, the variance (or standard deviation) of the expected rate of return was a meaningful measure of portfolio risk. That is, from his model, the expected rate of return of a portfolio is the weighted average of the expected return for the individual assets in the portfolio. This theory includes not only expected return, but also includes the level of risk for a particular return. The theory provides a practical insight into how SACCOs' should manage their loan portfolio to enhance their goals

The need for Savings and Credit Co-operative Societies (SACCOs) financial good performance has been highly advocated globally, owing to its ability to mobilize savings and offer credit facility to the unbanked population. Globally, SACCOs have recruited over 274 million members who have created a savings pool of $1.7 trillion and an asset base of $1.8 trillion (World Council of Credit Unions (WOCCU, 2018). Featuring in this context are efficiency, productivity, and risk management questions with implications on: the borrowers' enterprise and debt management; and SOCCOs debt management (Fukuyama, Guerra and Weber, 2019).

SACCOs are increasingly finding themselves constrained in their ability to lend money to members, settle overhead costs as well as directly investing in a broad range of assets options, including the settlement of shareholders dividends (Mombo, 2013).

Loans portfolios and performance of savings and credit cooperative organizations (SACCOs) in Bungokho South County, Mbale District of Uganda are facing challenges whose direct effect is curtailing their operational capabilities. Recalling the Keynesian philosophy leads the researcher to realize that the consequences of SACCO's failure will lead to the undermining of sustainable growth and development. It is suspected that the driver of the liquidity challenges is non-performing loans portfolio. However, at this juncture it cannot be ruled out that borrowers of funds from SACCOs in Bungokho County are the cause of the seemingly poor loans portfolio performance. It is thus necessary to investigate the drivers of the problem. It is critical to engage in the identification of the problem drivers so that feasible solutions can be identified and addressed by the wide range of development stakeholders, including central and local government, private sector enterprises, civil society as well as ordinary persons.

PROBLEM STATEMENT

Savings and Credit Cooperative Organisations are not only instrumental in advancing credit to the unbanked population but also the low income earners seeking capital for small scale business development. However, various reports indicate that World over, SACCOs are facing enormous credit management challenges particularly credit risks (Krestlow et al, 2013). And just like others, SACCOs in Uganda are experiencing many cases of default risks, moral hazard and adverse selection. As much as Government through Uganda cooperative alliance has set out new directives on managing credit like using quantitative method to check the client's ability to repay the loan as well as credit worthiness, terms of payment and interest to be charged, consequences in case of default, customer's character, deposit and collateral, many SACCOs are still struggling to survive while others have collapsed as they have huge amounts of money in unpaid loans and do not have cash for disbursing fresh loans (Mbale District, Trade and Industry Dept, 2021).

This therefore necessitates an investigation to identify the factors that may be bringing about the poor performance of SAACOs. This study therefore investigates the relationship between loan portfolio and performance of SACCOs in Bungokho South County, Mbale district.

PURPOSE OF THE STUDY

The study is aimed at investigating the impact of loan portfolio on the performance of SACCOs in Bungokho South County, Mbale District.

OBJECTIVES OF THE STUDY

(i) To identify the relationship between loan disbursement and performance of SACCOs in Bungokho South County, Mbale district.
(ii) To establish the relationship between sufficiency of Monitoring and Support to loan clients and performance of SACCOs in Bungokho South County, Mbale district.
(iii) To investigate the relationship between loan recovery rate and performance of SACCOs in Bungokho South County, Mbale district.

METHODOLOGY

RESEARCH DESIGN

A descriptive design was used by the researcher with both qualitative and quantitative approaches.

STUDY POPULATION

The study targeted a total population of 100 members from 4 SACCOs in Bungokho South County and these were; Busiu SACCO, Busoba Epicenter SACCO, Mbale teachers' SACCO and Bungokho Fukilisa SACCO. These SACCOs were included in the study due to the fact that they have been in place for a longer time and were still struggling with issues of loan defaults, reduced savings and membership (Mbale district commercial office. 2020). This was because all these categories of respondents were believed to be knowledgeable about the extent to which loan portfolio affect the performance of SACCOs in Bungokho County.

SAMPLE SIZE

Mugenda and Mugenda (1999) defined a sample as a subset of a particular population**.** Sekaran (2003) asserts that a sample is a subgroup or subset of population from which researchers should be able to draw conclusions that would be generalized to the population of interest**.** Robson Collin (1999) observed that it is not feasible to gather detailed information about all the persons involved for all the time they are involved. Therefore, it requires sampling with some principled decisions about who, where and when to be studied. By use of purposive and simple random sampling techniques, the sample size form the population of 100 was 80 respondents in accordance with Krejcie and Morgan 1970 table for determine a sample size for a given study population (as cited in Amin, 2005) as shown in table 3.1 below;

Table 3.1: Sample Size and Sampling Procedure

Category	Population	Sample size	Sampling procedure
Board members	28	20	Simple Random
Managers	4	4	Purposive
Loan officers	6	4	Purposive
Cashiers	4	4	Purposive
Loan clients	58	48	Simple Random
Total	**100**	**80**	

Source: **Mbale district commercial office (2021)**

SAMPLING PROCEDURE

This study used two sampling strategies thus, purposive and simple random sampling. Simple Random sampling is where the researcher selects respondents without the influence of his or her interests (Sarantakos, 1997). Simple random sampling was used in the selection of SACCO board members and loan clients. The respondents to be interviewed were got by calculated probability whereby the researcher selected subjects from lists of board members and members that have running loans. The researcher picked subjects at calculated intervals until the appropriate sample was got. This helped to ensure equal chance for all respondents and to avoid biases in selection of the sample. The lottery technique was adopted for this sampling technique.

According to Patton (2010), purposive sampling, also known as judgmental, selective or subjective sampling, is a type of non-probability sampling technique. Non-probability sampling focuses on sampling techniques where the units that are investigated are based on the judgment of the researcher. Purposive sampling were used in the selection of SACCO Managers, Loan officers and Cashiers as they are few and deemed to have deeper information about the area of study (Odiya, 2009).

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Data Collection Methods

Data collection methods are an integral part of research design which involves selection of both qualitative and quantitative data (Amin, 2005). The study employed both primary and secondary data sources. The methods that were used in this study were questionnaire, interview, document review and observation. The methods were preferred for their greater convenience in the context of time, stability, uniformity and consistency. Also, the study considered a variety of methods in order to promote triangulation and viability of the findings to be used in drawing conclusions.

PRESENTATION ANALYSIS OF FINDINGS

Duration of Respondents' Membership with the SACCO

Responses were also sought to establish the time the respondents had been members of the SACCOs.

Table 4.6 Duration of Respondents' membership with the SACCO

Duration	Frequency	Percent
Below 1 Year	3	4.1
1-3 years	20	27.1
4-6 years	24	32.4
7 years and above	27	36.4
Total	**74**	**100.0**

Source: Field Data 2022

According to the data presented in table 4.6 above the largest number of the respondents, 27(36.4%) had been members of the SACCO for over 7 years, followed by those that had taken 4-6 years, 24(32.4%), then 1-3 years, 20(27.1%), with the least, 3(4.1%) that had been members for less than one year. These findings show that majority of the respondents had been members if the SACCO for a long time, hence able to provide concrete information about the SACCO.

4.3 Relationship between loan disbursement and performance of SACCOs in Bungokho County, Mbale District

The study sought for responses regarding the different aspects related to loan disbursement and the performance of the SACCOs and the findings have been presented and discussed as below.

Table 4.7 Relationship between loan disbursement and performance of SACCOs in Bungokho County, Mbale District

Statement	SD	D	N	A	SA
There is always enough money to lend out	17(23.0%)	24(32.4%)	3(4.1%)	20(27.0%)	10(13.5%)
The loans are given according to the amount saved by client	7(9.5%)	-	3(4.1%)	47(63.5%)	17(22.9%)
Clients are well assessed before getting the loans	-	6(8.1%)	2(2.7%)	39(52.7%)	27 (36.5%)
All loan disbursement procedures are followed before giving out loans	3(4.1%)	8(10.8%)	3(4.1%)	38(51.3%)	22(29.7%)
Loans are given according to clients ability to pay back the loan	4(5.4%)	-	3(4.1%)	47(63.5%)	20(27.0%)
The clients are given loans in time	7 (9.5%)	20(27.0%)	2(2.7%)	33(44.6%)	12(16.2%)
The clients are aware and agree on repayment period before accessing the loan	6 (8.1%)	-	1(1.4%)	30(40.5%)	37(50.0%)
Clients are aware and agree on loan repayment installments to be paid at a particular time	-	6(8.1%)	2(2.7%)	47(63.5%)	19(25.7%)

Source: Field Data 2022

Regarding the statement 'There is always enough money to lend out', 24(32.4%) disagreed, while 20(27.0%) disagreed, 17(23.0%) strongly disagreed, with 3(4.1%) that were neutral. These findings suggest that majority were of the view that there wasn't enough money for most of the SACCOs to lend out. Most of the board members and managers interviewed also indicated that the SACCOs in the study area rarely had enough money to lend out. One board member stated,

"The money is not enough as compared to the loan application forms. We keep on collecting slowly and sometimes we don't give them the exact amount they request for"

These findings suggest that most SACCOs in the study area did not always have enough money to lend out.

Findings on whether the loans were given according to the amount saved by the clients show that majority, 47(63.5%) agreed and 17(22.9%) strongly agreed, while 7(9.5%) strongly disagreed with the statement. These findings indicate that clients were given loans after considering what they had saved with the SACCO.

Concerning the statement that clients were well assessed before getting the loans, majority, 39(52.5%) agreed with the statement, and 27(36.5%) strongly agreed, with 6(8.1%) disagreeing and 2(2.7%) that were neutral. Equally majority of the SACCO managers and board members interviewed revealed that there was a thorough assessment that was done before clients were given loans by the SACCO. These findings show that assessments have always been done by SACCO staff before giving out loans to the respective clients.

On the issue of disbursement procedures being followed before giving out loans, Majority 38(51.3%) agreed, and 22(29.7%) strongly agreed with the statement, while 8(10.8%) disagreed and 3(4.1%) strongly disagreed, with another 3(4.1%) being neutral. These findings suggest that majority of the SACCOs in the study area followed loan disbursement procedures before giving out loans.

Responses on the statement that loans were given according to clients' ability to pay back the loan show that a larger number of the respondents 47(63.5%) agreed and 20(27.0%) strongly agreed with the statement, while 4(5.4%) strongly disagreed with the statement and 3(4.1%) were neutral. The findings indicate that majority of the SACCOs were giving loans according to the ability of the client to pay back.

Findings on the statement that the clients were given loans on time show that 33(44.6%) agreed, while 20(27.0) disagreed, followed by 12(16.2%) that strongly agreed, 7(9.5%) strongly disagreed and 2(2.7%) were neutral as regards the statement. Most of the members of the board and staff interviewed revealed that the clients took a minimum of one week to access the loans that they requested for.

One board member said, 'It depends on the amount available on the loanable funds. Yet another one stated, "It takes a long period and this makes some clients fail to meet their urgent obligation". While one board member stated that it depended on the number of loan applicants and added that some clients could go beyond a month to access their loans.

These findings indicate that majority of the SACCOs in the study area took a minimum of one week to give out loans to their clients due to the availability of the funds and the number of clients requesting for loans at that time.

Concerning the view that "The clients are aware and agree on repayment period before accessing the loan" majority, 37(50.0%) strongly agreed, 30(40.5%) agreed, while 6(8.1%) strongly disagreed, with 1(1.4%) that were neutral as regards the statement. The findings suggest that loan clients would be made aware of the loan repayment period before accessing the loans.

Majority of the respondents, 47(63.5%) agreed, 19(25.7%) strongly agreed, while 6(8.1%) disagreed and 2(2.7%) were neutral as regards the statement that "Clients are aware and agree on loan repayment installments to be paid at a particular time". The findings therefore suggest that loan clients were always aware of the loan repayment installments before taking on the loans.

Relationship between loan recovery rate and performance of SACCOs in Bungokho County, Mbale District

The study further sought to establish the relationship between loan recovery rate and performance of SACCOs in the study area using key aspects of loan recovery rate as discussed below.

Table 4.8 Relationship between loan recovery rate and performance of SACCOs in Bungokho County, Mbale District

Statement	SD	D	N	A	SA
Clients are aware of loan repayment policies	-	7(9.5%)	1(1.4%)	45(60.8%)	21(28.4%)
Clients are comfortable with the loan repayment schedule	-	6(8.1%)	3(4.1%)	51(68.9%)	14(18.9%)
Clients are aware of loan repayment installments	-	1(1.4%)	-	33(44.5%)	40(54.5%)
Clients always pay the right installments in time	7(9.1%)	30(40.9%)	7(9.1%)	27(36.4%)	3(4.5%)
The loan officers are tough while recovering the loans	-	30(40.5%)	1(1.4%)	24(32.4%)	19(25.6%)

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The clients are usually penalized for late loan repayment	20(27.0%)	27(36.5%)	-	17(22.9%)	10(13.1%)
Loan officers do not usually take a lot of effort in recovering loans	18(24.3%)	13(17.6%)	-	43(58.1%)	-
Some clients have got loans but have failed/refused to pay back	2(2.7%)	11(14.9%)	1(1.4%)	44(59.5%)	16(21.6%)

Source: Field Data 2022

Findings on the aspect, "Clients are aware of loan repayment policies show that majority, 45(60.8%) agreed, 21(28.4%) strongly agreed, while 7(9.5%) disagreed and 1(1.4%) were neutral to the statement. Related views were expressed by majority of the other respondents in the interview tool. These findings indicate that management of the SACCOs in the study area made sure that loan clients were made aware of the loan repayment policies.

Concerning the statement, "Clients are comfortable with the loan repayment schedule, majority of the respondents, 51(68.9%) agreed, 14(18.9%) strongly agreed, while 6(8.1%) disagreed and 3(4.1%) were neutral. The above findings show that majority of the loan clients were comfortable with the loan repayment schedule.

The above table shows that majority of the respondents, 40(54.5%) strongly agreed and 33(44.5%) agreed with the statement that clients were aware of the loan repayment installments. Only 1(1.4%) disagreed with the statement. Similar views were given by majority of the board members and staff of the SACCOs who expressed the view that clients were always aware of the time they were to pay the loans and the amounts to be paid. These findings indicate that most loan clients were always aware of the loan repayment installments.

About the statement, "clients always pay the right installments in time" there were mixed views but the majority, (50%) were in disagreement, with 45/9% who were in agreement with the statement. These findings suggest that a bigger percentage of the loan clients never paid the right installments in time. Similar findings were got from the SACCO managers and board members who stated that most clients had been failing to pay their loan installments in time. As one manager said, "Most of our people especially the salaried workers usually fail to pay their loan installments in time as they keep on telling us that they are waiting for salaries, while business owners usually have challenges at certain seasons whereby they fail to pay their loan installments in time" These findings suggest that a bigger percentage of the loan clients never paid the right installments in time due to bad seasons and delays in being paid by the employers.

Regarding the statement, "The loan officers are tough while recovering the loans" majority (58.1%) were in agreement with the statement, while 30(40.5%) disagreed with the statement. varied views were also expressed by interview tool respondents as a significant number had a view that loan officers were tough while recovering the loans, with a good section also stating otherwise. These findings show that the loan officers were in most cases tough when recovering loans as much as a few were not.

Results on the statement, "The clients are usually penalized for late loan repayment" show that majority (63.5%) were in disagreement, while 36.5% were in agreement with the statement. Most managers and staff said that they rarely subjected their clients to penalties whenever they paid their loans late and one commented, "These are mostly our friends, neighbours and relatives and we are always aware of the conditions they are experiencing, so we don't usually charge them in cases of late loan repayment"
These findings suggest that most SACCOs in the study area never penalized their clients who fail to pay their loan installments in time.

Concerning the statement, "Loan officers do not usually take a lot of effort in recovering loans", a larger number of the respondents 43(58.1%) agreed with the statement, while 18(24/3%) strongly disagreed and 13(17.6%) disagreed with the statement. varied views were also expressed by most SACCO staff and board members as some reported that loan officers were not so active in recovering loans, while others said that they were not. One board member commented,
"We can't blame loan officers for poor recovery, these guys try only that we have difficult clients, you can't quarrel with the client all the time, moreover these are our people"
These findings show that there mixed feelings regarding the effort of the loan officers in recovering loans but by and large they were reported to be somehow reluctant in recovering the loans from the clients.

Majority of the respondents 44(59.5%) agreed and 16(21.6%) strongly agreed with the statement that some clients had got loans but had failed/refused to pay back, while 11(14.9%) disagreed and 2(2.7%) strongly disagreed with the statement. Most of the board members and staff equally stated that a few loan clients would take loans and not pay back until tougher measures were taken against them. One reported, "There are some people who have been so stubborn in paying back the loans as much as they seem to be having money, so not until we press them hard is when they pay" These findings suggest that a reasonable number of loan clients were not paying back the loans they have been getting from the SACCOs.

Table 4.9 Relationship between sufficiency of Monitoring and Support to loan clients and

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performance of SACCOs in Bungokho South County, Mbale

Statement	SD	D	N	A	SA
Loan officers usually visit clients to know loan progress	-	47(63.5%)	-	14(18.9%)	13(17.6%)
Loan officers and other SACCO staff usually help clients to pay loans	9(12.2%)	44(59.5%)	1(1.3%)	10(13.6%)	2(2.7%)
Loan officers usually remind clients on their loan obligation	-	1(1.4%)	-	46(62.2%)	27(36.5%)
Loan officers usually give reports to SACCO management on financial state of the clients	3(4.1%)	10(13.5%)	-	50(67.6%)	11(14.9%)
The loan officers regularly visit their clients businesses	12(16.2%)	18(24.3%)	2(2.7%)	31(41.8%)	11(14.9%)
There is effective monitoring of clients for loan repayment	16(21.6%)	44(59.5%)	2(2.7%)	9(12.2%)	3(4.1%)

Source: Field Data 2022

Findings on the statement, "Loan officers usually visit clients to know loan progress" reveal that majority, 45(63.5%) disagreed with the statement, while 14(18.8%) agreed and 13(17.6%) strongly agreed with the statement. A number of SACCO staff interviewed said that they had been visiting clients to know the progress of the loans, while majority of the board members said otherwise. One board member commented. "Our staffs usually wait for the clients to default badly before they take the step of calling or visiting the homes or business premises. The findings show that majority of the loan officers hardly visited their loan clients to find out the progress of loan repayment.

Data on the statement, "Loan officers and other SACCO staff usually help clients to pay loans" reveal that a larger number of the respondents 44(59.5%) disagreed with the statement, followed by 10(13.6%) that agreed, 9(12.2%) strongly agreed with the statement, with only 1(1,4%) who was neutral to the statement. Majority of the staff and board members stated that staff could mainly interact with loan clients at times of loan recovery. The above findings show that SACCO staffs had not been in the habit of supporting clients to pay their loans well.

Responses on the statement, "Loan officers usually remind clients on their loan obligation" show that the biggest percentage, 46(62.5%) agreed and 27(36.5%) strongly agreed with the statement, with only 1(1.4%) that disagreed. Related views were expressed by majority of the board members and staff who stated that loan officers had been taking the initiative of reminding clients on their loan obligation. These findings indicate that loan officers were always taking a step of reminding the clients about their loan obligation.

Majority, 50(67.6%) and 11(14.9%) agreed and strongly agreed respectively with the statement that loan officers usually gave reports to SACCO management on financial state of the clients. However, 10(13.5%) disagreed and 3(strongly disagreed with the statement. Similar sentiments were expressed by board members and managers who agreed that loan officers had been giving reports on the financial states of their clients.

About the statement, "The loan officers regularly visit their clients businesses", majority (56.8%) were in agreement with the statement, while 33.9% were in disagreement. A number of managers reported that they could sometimes encourage the loan officers to visit their clients' businesses. These views suggest that loan clients had been vising their clients' businesses.

When asked for their responses on the statement, "There is effective monitoring of clients for loan repayment" majority, 44(59.5%) disagreed, 16(32.6%) strongly disagreed, with 9(12.2%) that agreed and 3(4.1%) that strongly agreed with the statement. Similar responses were given by the board members and loan officers who acknowledged that they had not been doing much in the area of monitoring clients for loan compliance. The findings suggest that the SACCO staff were not effectively monitoring clients for loan repayment.

Performance of SACCOs in Bungokho South County, Mbale District

The study sought to establish the state of financial performance of the SACCOs by the time of the study using key aspects of sound financial performance of a SACCO.

Table 4.10 Performance of SACCOs in Bungokho South County, Mbale District

Statement	SD	D	N	A	SA
There is always enough operating capital	24(32.4%)	39(52.7%)	1(1.4%)	10(13.5%)	
The SACCO has been getting enough interest on loans given out	35(47.3%)	15(20.3%)	-	24(32.4%)	-
There is always enough cash	22(29.7%)	30(40.5%)	3(4.1%)	14(18.9%)	5(6.7%)
The SACCO has enough money to meet its financial obligations	22(29.7%)	32(43.2%)	4(5.4%)	12(16.2%)	4(5.4%)

Source: Field Data 2022

Findings on the statement, "There is always enough operating capital" show that a bigger section of the respondents 52.7%) disagreed, followed by 24(32.4%) strongly disagreed, with 10(13.5%) strongly agreeing with the statement. Similar responses were got from the majority of the staff and board members who reported that in most cases their operating capital was not enough. These findings reveal that as much as SACCOs in the study area would wish to increase their loan portfolio and consequent profits, they did not have enough funds for running the SACCO business.

Responses on the statement, "The SACCO has been getting enough interest on loans given out" show that 35(47.3%) strongly disagreed, followed by 24(32.4%) that disagreed with the statement and 15(20.3%) disagreeing to the statement. SACCO management and board members interviewed also expressed the view that they were not realizing interests on the loans given out. These findings suggest that SACCOs in the study area were not getting enough interests from the loans given out which may affect their performance.

About the statement that there was always enough cash in the SACCO, majority 30(40.5%) disagreed, followed by 22(29.7%) that strongly disagreed, with only 14(18.8%) that agreed and 5(5.7%) that strongly agreed. Most staffs and board members also gave similar views as they reported that there was hardly enough cash at most cases. These views indicate that majority of the SACCOs in the study area were not always having enough cash with them.

On the view that the SACCO had enough money to meet its financial obligations, majority, 32(43.2%) disagreed, while 22(29.7%) strongly disagreed, with 12(16.2%) agreeing, 4(5.4%) strongly agreed and another 4(5.4%) being neutral about the statement. Related views were expressed by staff and the board that agreed that in most cases they did not have enough money to run the financial obligations of the SACCOs/ These findings suggest that majority of the SACCOs did not always have enough money to meet their financial obligations.

CONCLUSION AND RECOMMENDATIONS

Conclusions

Most SACCOs in the study area did not always have enough money to lend out. Clients were given loans after considering what they had saved with the SACCO. SACCO staffs have been carrying out assessments before giving out loans to the respective clients. Majority of the SACCOs in the study area followed loan disbursement procedures before giving out loans and were giving loans according to the ability of the client to pay back. Most of the SACCOs in the study area took a minimum of one week to give out loans to their clients. Loan clients would be made aware of the loan repayment period before accessing the loans and they were always aware of the loan repayment installments before taking on the loans. Management of the SACCOs in the study area made sure that loan clients were made aware of the loan repayment policies. Majority of the loan clients were comfortable with the loan repayment schedule and most loan clients were always aware of the loan repayment installments. A bigger percentage of the loan clients never paid the right installments in time due to bad seasons and delays in being paid by the employers. The loan officers were in most cases tough when recovering loans as much as a few were not. Most SACCOs in the study area never penalized their clients who fail to pay their loan installments in time. There were mixed feelings regarding the effort of the loan officers in recovering loans but by and large they were reported to be somehow reluctant in recovering the loans from the clients. A reasonable number of loan clients were not paying back the loans they have been getting from the SACCOs.

Majority of the loan officers hardly visited their loan clients to find out the progress of loan repayment. SACCO staffs had not been in the habit of supporting clients to pay their loans well. Loan officers were always taking a step of reminding the clients about their loan obligation. Loan officers had been giving reports on the financial states of their client loan clients had been vising their clients' businesses but other findings showed that SACCO staff were not effectively monitoring clients for loan repayment. Regarding performance of SACCOs, as much as SACCOs in the study area would wish to increase their loan portfolio and consequent profits, they did not have enough funds for running the SACCO business. SACCOs in the study area were not getting enough interests from the loans given out which may affect their performance. Majority of the SACCOs in the study area were not always having enough cash with them and most of the SACCOs were not always have enough money to meet their financial obligations.

Recommendations

Based on the study findings and conclusions, the researcher recommends that;

(i) Local government leadership to organize more training for SACCO staff in savings and credit management,
(ii) Government to increase on funding to SACCOs
(iii) SACCO management to empower clients with business management skills

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