St. Paul's University Repository

INSTITUTIONAL DETERMINANTS OF CREDIT CONTROL IN SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES IN NYANDARUA COUNTY, KENYA

ANASTASIAH WANJIKU KIMANI

ST. PAUL'S UNIVERSITY

A RESEARCH DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS AND LEADERSHIP STUDIES IN PARTIAL FULFILLMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT OPTION) OF ST. PAUL'S UNIVERSITY

OCTOBER, 2026

St. Paul's University Repository

DECLARATION

Declaration by the student

This research dissertation is my original work and has not been presented to any other examination body. No part of this research should be reproduced without my consent or that of St. Paul's University, Kenya.

Signature:  Date: 13th October, 2026

ANNASTASIAH WANJIKU KIMANI

MBADIST479324

Word Count:23,880

Approval of the University Supervisor

This research dissertation has been submitted for defense with our approval as the University supervisors.

Signature:..  Date: 13th October, 2026

Dr. Julius Kahuthia

First Supervisor

Signature:  Date... 13th October, 2026

Dr. David Thiiru

Second Supervisor

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

DEDICATION

I dedicate this thesis to Almighty God for His grace, strength, wisdom and guidance throughout my academic journey. I also dedicate it to my mother and my children for their unwavering love, encouragement, patience and sacrifices, which inspired me to persevere. Finally, I dedicate it to my lecturers, mentors and friends whose support, advice and motivation contributed greatly to the successful completion of this study.

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

ACKNOWLEDGEMENT

I thank God for his grace throughout my academic journey. I also sincerely thank my supervisors, Dr. Julius Kahuthia and Dr. David Thiiru, lecturers of St. Paul's University, for their invaluable guidance, support, and constructive feedback throughout this research process. Their mentorship and encouragement have greatly contributed to the smooth progression of my research study. I thank the St. Paul's University administration for creating a conducive environment during my study. I am grateful to my family for their tireless effort and for supporting me throughout the course. I thank the staff and friends within both the Co-operative societies in Nyandarua County and the Nyandarua County Government for their support.

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

TABLE OF CONTENT

DECLARATION.....ii

DEDICATION.....iii

ACKNOWLEDGEMENT.....iv

TABLE OF CONTENT.....v

LIST OF TABLES.....x

LIST OF FIGURES.....xi

LIST OF ABBREVIATIONS.....xii

OPERATIONAL DEFINITION OF KEY TERMS.....xiii

ABSTRACT.....xiv

CHAPTER ONE.....1

INTRODUCTION.....1

1.1 Background to the Study.....1

1.1.1 Role of Credit Control.....1

1.1.2 Credit Control and Sustainability of SACCOs.....4

1.2 Statement of the Problem.....6

1.3 Objectives of the Study.....7

1.3.1 Main Objective.....7

1.3.2 Specific Objectives.....7

1.4 Research Hypothesis.....7

1.5 Significance of the Study.....8

ST. PAUL'S UNIVERSITY

1.6 Scope of the Study....9

1.7 Limitations and Delimitations....9

CHAPTER TWO....11

LITERATURE REVIEW....11

2.1 Introduction....11

2.2 Theoretical framework....11

2.2.1 Credit Risk Theory....11

2.2.2 Loan Recovery Model....12

2.2.3 Information Asymmetry Theory....13

2.2.4 Institutional Theory....14

2.3 Empirical Review....15

2.3.1 Credit Risk Management Frameworks and Credit Control....16

2.3.2 Loan Recovery Strategies and Credit Control....18

2.3.3 Staff Competence and Credit Control....19

2.3.4 Credit Policies and Credit Control....21

2.4 Research Gaps....23

2.5 Conceptual framework....32

CHAPTER THREE....34

RESEARCH METHODOLOGY....34

3.1 Introduction....34

3.2 Research Design....34

ST. PAUL'S UNIVERSITY

3.3 Target Population....34

3.4 Sampling Technique and Sample Size....35

3.5 Research Instruments....36

3.6 Data Collection Procedures....37

3.7 Pilot study....37

3.8 Diagnostic Tests....38

3.8.1 Validity....38

3.8.2 Reliability....38

3.8.3 Normality Tests....39

3.9 Data Analysis Approaches....39

3.9.1 Quantitative Data....39

3.9.2 Qualitative Data....40

3.10 Ethical Considerations....41

3.11 Measurement of variables....41

CHAPTER FOUR....43

FINDINGS PRESENTATION, DATA ANALYSIS, AND DISCUSSION....43

4.1 Introduction....43

4.2 Preliminary Tests Results....43

4.2.1 Response Rate....43

4.2.2 Multicollinearity test....43

4.2.3 Test of Normality....44

ST. PAUL'S UNIVERSITY

4.3 Demographic Information....45

4.4 Credit Risk Management Frameworks....48

4.5 Loan Recovery Strategies....51

4.6 Effect of Staff Competence on Credit Control....54

4.7 Effect of Credit Policies on Credit Control....57

4.8 Credit Control....60

4.9 Inferential Statistics....63

4.9.1 Correlations....63

4.9.2 Regression Analysis....65

4.9.3 Conclusion Hypotheses Testing....67

CHAPTER FIVE....69

SUMMARY, CONCLUSION AND RECOMMENDATIONS....69

5.1 Introduction....69

5.2 Summary of Findings....69

5.3 Conclusions....70

5.4 Recommendations....72

5.5 Suggested Areas for Further Studies....73

REFERENCES....74

APPENDICES....83

APPENDIX I. INTRODUCTORY LETTER....83

APPENDIX II: RESEARCH QUESTIONNAIRE....84

ST. PAUL'S UNIVERSITY

APPENDIX III: LIST OF THE SACCOS TARGETED BY THE STUDY.....89

APPENDIX IV. ISERC 'S Authorization Letter.....91

APPENDIX V: UNIVERSITY LETTER.....93

APPENDIX VI: RESEARCH PERMIT FROM NACOSTI.....94

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

LIST OF TABLES

Table 2.1 Summary of Research Gaps....24

Table 3.1 Target Population....35

Table 3.2 Distribution of the Sample....36

Table 3.3 Summary of Research Questions and Data Analysis Techniques....42

Table 4.1 . Response Rate....43

Table 4.2 Multicollinearity test Results....44

Table 4.3 Test of Normality....45

Table 4.4 Demographic Information....46

Table 4.5 Credit Risk Management Frameworks....48

Table 4.6 Loan Recovery Strategies....51

Table 4.7 Staff Competence....55

Table 4.8 Effect of Credit Policies on Credit Control....58

Table 4.9 Credit Control....61

Table 4.10 Correlation Analysis....64

Table 0.11 Model Summary....65

Table 4.12 ANOVA....65

Table 4.13 Regression Coefficients....66

ST. PAUL'S UNIVERSITY

LIST OF FIGURES

Figure 2.1 . A Flowchart Diagram Showing the Process Followed by a Financial Institution When Recovering a Loan.....12

Figure 2.2 Conceptual Framework between Determinants and Credit Control.....33

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

LIST OF ABBREVIATIONS

ACCOSCA	African Confederation of Cooperative Savings and Credit Associations
ACPA	Average Collection Period
APA	American Psychological Association
CBDA	Co-operative Banks Development Agency
CBK	Central Bank of Kenya
COVID-19	Coronavirus Disease 2019
CRM	Credit risk management
CUA	Credit Unions Association
DT-SACCOs	Deposit Taking Savings and Credit Co-operative Societies
EAD	Exposure-At-Default
GDP	Gross Domestic Product
ICA	International Co-operative Alliance
LGD	Loss-Given-Default
MIS	Management Information Systems
NACOSTI	National Commission for Science, Technology and Innovation
NPL	Non-Performing Loan

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

PD	Probability-of-Default
SACCOs	Savings and Credit Co-operative Societies
SASRA	Sacco Societies Regulatory Authority
SMS	Short Message Services
SPSS	Statistical Package for Social Sciences
SPU	St Paul's University
WOCCU	World Council of Credit Unions

OPERATIONAL DEFINITION OF KEY TERMS

Credit Control refers to the procedures, policies, and measures SACCOs adopt to regulate lending and timely repayment by members, safeguarding the SACCO's funds.

Credit Policy Practices refer to the set of rules, procedures, and guidelines established by SACCOs to govern the issuance, management, and recovery of loans. These practices define eligibility criteria, interest rates, repayment terms, and collateral requirements, ensuring consistency, transparency, and control in credit decisions.

Credit Risk Management Strategies refer to measures and approaches that SACCOs use in order to proactively mitigate, monitor, and control loan losses.

Loan Recovery Mechanisms refer to structured processes and strategies SACCOs adopt to ensure the collection of overdue loans. These may include reminders, restructuring, use of guarantors, legal action, or engagement with debt collectors. Effective recovery mechanisms maintain liquidity, strengthen cash flow, and sustain credit discipline among members.

ST. PAUL'S UNIVERSITY

Staff Competence shows the professional ability, expertise, experience, and understanding of SACCO employees engaged in credit management. Competent employees can improve the efficiency and dependability of the credit control process by evaluating loans, assessing risks, enforcing rules, and carrying out recovery strategies.

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

ABSTRACT

Savings and Credit Co-operative Societies (SACCOs) do play a key role in Kenya's financial and socio-economic development. This role is critical in rural areas with limited access to formal banking, such as Nyandarua County. Despite this, many SACCOs have weaknesses in credit control, as evidenced by high loan defaults and non-performing loans. The outcome is poor liquidity and diminished members' confidence. Effective credit control is essential for ensuring efficient loan recovery and the sustainable financial health of SACCOs. It is against this background that this study examined the determinants of credit control in SACCOs within Nyandarua County. It focused on four key factors: credit risk management strategies, loan recovery strategies, staff competence, and credit policies. It was anchored on Credit Risk Theory, Loan Recovery Model, Information Asymmetry Theory, and Institutional Theory. These theories collectively explain how risk assessment, recovery mechanisms, information structures, and institutional norms shape credit outcomes. It was a descriptive cross-sectional research study that targeted a population of 416 officials from the 104 active SACCOs in Nyandarua County. A stratified random sample of 204 respondents was drawn, made up of Credit Officers and Credit Committee Members. Both quantitative and qualitative data was gathered using semi-structured questionnaires. Content validity was ensured through expert review, while reliability was assessed using a test-retest pre-test. A Cronbach's Alpha, with a preset threshold of 0.7, was attained on all variables. Descriptive statistics, correlation, and multiple regression analysis techniques were used for quantitative data, supported by the Statistical Package for the Social Sciences (SPSS) Version 24. Qualitative thematic analysis complemented the interpretation. Correlation analysis revealed that institutional determinants significantly influence credit control outcomes. Loan recovery strategies demonstrated the strongest positive relationship, while credit risk frameworks and policies showed moderate effects, underscoring their importance. Staff competencies, however, showed a weak, non-significant association, suggesting an indirect impact that depends on complementary institutional mechanisms. Regression analysis revealed that institutional determinants collectively shape SACCO credit control, with loan recovery strategies and staff competencies exerting the strongest positive influence, credit risk frameworks contributing significantly, and rigid credit policies constraining effectiveness, underscoring the need for flexible governance and robust recovery mechanisms. The findings provide context-specific insights to strengthen credit control practices in rural SACCOs. The results could inform policymakers, regulators, and SACCO managers on strategies to enhance credit governance, improve portfolio quality, reinforce financial sustainability, and promote inclusive rural economic development in Nyandarua County and similar contexts.

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

SACCOs are member-owned financial institutions where individuals pool savings to form a common fund for affordable loans (Marango, 2023). Moreover, they foster community development and economic empowerment (Mbunda, 2024). Additionally, SACCOs operate under cooperative principles, with members as owners and beneficiaries who participate in governance and earn dividends (Sugiyanto, Nur'aeni, & Dewi, 2023). Furthermore, they mobilize savings, provide loans for diverse needs, and enhance financial inclusion (Marango, 2023). In Kenya, SACCOs have evolved into significant intermediaries regulated by SASRA and contribute substantially to national savings and credit provision (Muriithi, 2024).

1.1.1 Role of Credit Control

Credit control, encompassing loan appraisal, approval, disbursement, monitoring, and recovery, is central to SACCO operations (Mwaura, 2025). Moreover, effective credit control ensures liquidity, reduces non-performing loans, enhances sustainability, and safeguards portfolio quality (Brik, 2024). Conversely, poor credit control, marked by weak repayment enforcement, leads to defaults, instability, and diminished member confidence. Credit control is also shaped by institutional determinants, including governance frameworks, human resource capacity, policy systems, and regulatory compliance (Boufounou, Eriotis, Kounadeas, Argyropoulos, & Poulopoulos, 2024). Specifically, credit policies, risk management, staff competency, supervisory structures, and recovery processes dictate lending effectiveness and transparency. Additionally, research shows Kenyan SACCOs benefit from robust credit risk management, efficient debt recovery, and skilled staff, which strengthen sustainability and oversight. Likewise, enforceable regulations balance risk with growth, guiding lending practices (Obondy et al., 2025). Institutional factors that include credit risk management, debt recovery, staff competence, and policies are therefore critical. Recent studies confirm these determinants improve SACCO resilience, reduce defaults, protect sustainability, and boost member confidence (Maina, 2020).

This study was anchored in Institutional Theory, which posits that organizational performance is influenced by structural, normative, and regulatory constraints (Galleli &

ST. PAUL'S UNIVERSITY

Amaral, 2026). Moreover, regulatory frameworks and socio-cultural factors shape SACCOs' credit governance (Fayemi, 2023). Credit Risk Theory also emphasizes borrower screening, monitoring, and portfolio management to reduce default risk. Together, these perspectives suggest institutional elements drive credit control effectiveness. Globally, SACCOs and credit unions expand access to financial services, serving millions excluded from traditional banking. Furthermore, the World Council of Credit Unions highlights their role in community-based financial development (Carrera-Silva et al., 2024). Therefore, effective credit control is essential to maintain portfolio quality, ensure loan sustainability, and safeguard members' assets.

SACCOs and credit unions in advanced economies demonstrate stronger credit control practices. For instance, in the United States, Navy Federal Credit Union employs digital underwriting, data-driven scoring, and risk management frameworks to enhance appraisal accuracy and portfolio monitoring (Yun, 2025). Similarly, Canada's Desjardins Group illustrates how governance structures, integrated risk systems, and skilled personnel foster efficient credit control and institutional growth (Tortia & Sacchetti, 2023). Moreover, Germany's cooperative sector enforces strict compliance and advanced monitoring to stabilize loan portfolios (Hussain, 2025). Likewise, India's cooperatives increasingly adopt digital loan platforms and policy enforcement tools to strengthen credit control (Kaurav, 2025). Collectively, these global experiences underscore the importance of institutional factors—risk management, staff competency, technology adoption, and governance—in shaping credit control effectiveness. However, even developed systems occasionally face delinquency and portfolio degradation due to flaws in enforcement, risk assessment, or regulatory monitoring. Consequently, building institutional capacity remains crucial worldwide to ensure sustainable credit control within SACCOs, thereby safeguarding financial stability and member confidence.

In Africa, SACCOs are vital financial institutions promoting empowerment in rural areas (Umeaduma, 2023). Moreover, they provide affordable credit to farmers, micro-entrepreneurs, and low-income households excluded from commercial banking. Additionally, organizations such as the African Confederation of Cooperative Savings and Credit Associations recognize SACCOs as grassroots economic drivers (Kisaakye, 2025). Furthermore, Ethiopia has rapidly expanded cooperative finance for rural populations (Dirba, 2024), while Ghana's credit unions support small businesses and community development

ST. PAUL'S UNIVERSITY

(Fieve & Chrysostome, 2024). Nevertheless, many SACCOs face credit control challenges, including weak governance, limited technology, and inadequate staff training. Credit control challenges are evident in South Africa and Nigeria, where rising non-performing loans stem from poor appraisal and weak monitoring (Tesfaye, 2023). Moreover, informal income structures, limited documentation, and inadequate credit information systems heighten asymmetry between lenders and borrowers (Obuobie, 2023). Consequently, risk assessment becomes difficult, leading to loan delinquency. Therefore, SACCO sustainability requires strengthened institutional capacity through improved lending regulations, enhanced staff competence, and better preparedness in recovery procedures.

In East Africa, SACCOs are among the most vibrant cooperative financial institutions, supporting local economic development (Kisaakye, 2025). Moreover, Uganda and Tanzania have experienced significant membership growth as SACCOs expand credit access to rural populations and informal workers. Additionally, Uganda's SACCOs, supported by government programs such as the Parish Development Model, provide credit to farmers and entrepreneurs, fostering rural transformation (Kayizzi-Mugerwa, 2024). Similarly, Tanzania's SACCOS have rapidly expanded, particularly among agricultural communities and small-scale traders. This notwithstanding, SACCOs within the region face persistent credit control challenges despite growth. Specifically, weak appraisal systems, poor policy enforcement, and inadequate monitoring contribute to rising loan delinquency (Mefereh, Forgha, Nkwati, Nso, & Nsoh, 2025). Moreover, dependence on agriculture and seasonal incomes creates repayment uncertainties complicating credit control (Kasule & Kyeyune, 2026). Consequently, many SACCOs adopt context-specific recovery approaches such as group guarantees, social collateral, and flexible repayment schedules aligned with agricultural cycles (Moshi, 2023). Although these mechanisms improve repayment rates, numerous SACCOs still lack comprehensive risk management frameworks and robust safeguards essential for sustainable credit control.

Kenya has one of Africa's most advanced SACCO sectors and is recognized globally in cooperative finance (Nakayiso & Andrew, 2023). Moreover, SACCOs mobilize savings and extend credit to millions, particularly in agriculture, transport, education, and trade. Additionally, SASRA reports billions in deposits managed and substantial household and business credit provision (Marango, 2023; Mbabu, 2025). Furthermore, successful models such as Stima SACCO and Mwalimu National SACCO demonstrate how strong governance,

ST. PAUL'S UNIVERSITY

digital loan systems, and professional training enhance credit control. Consequently, effective policies, risk frameworks, and skilled personnel improve portfolio performance and institutional stability. Nonetheless, smaller and rural SACCOs still struggle with effective credit control. Specifically, weak loan appraisal, inadequate monitoring, limited staff capacity, and poor recovery strategies have increased non-performing loans (Moya, Kurere, & Ngacho, 2025). Moreover, reliance on seasonal agricultural income makes repayment unpredictable. Consequently, strengthening institutional determinants such as credit risk management, recovery mechanisms, staff competence, and policy enforcement remains essential for improving credit control and sustaining SACCO operations in Kenya.

Nyandarua County presents a distinct socio-economic context, with an economy dominated by rain-fed agriculture and seasonal incomes (Kirui, 2024). Moreover, income volatility, climate variability, and fluctuating market prices heighten repayment risks. Additionally, SACCOs serve as financial lifelines for farmers and traders to a great extent, and to a lesser extent, salaried employees working in mainly rural contexts. However, seasonal income patterns complicate loan appraisal and repayment scheduling. Consequently, inadequate staff training, weak recovery systems, and poor enforcement of credit standards increase default risk and undermine effective credit control. Nyandarua SACCOs are influenced by both internal organizational capabilities and external economic realities (Chesigor, 2024). Moreover, credit risk management must integrate agricultural cycles, and flexible restructuring may be necessary for recovery. Accurate appraisal also depends on staff competence, and regulations must balance caution with contextual sensitivity. Nevertheless, little county-specific research exists on institutional determinants of credit control. Consequently, strengthening loan governance, improving portfolio quality, preserving liquidity, and sustaining member trust requires deeper understanding of these factors.

ST. PAUL'S UNIVERSITY

1.1.2 Credit Control and Sustainability of SACCOs

It is clear from the discussion above those institutional factors are crucial in determining lending results and that efficient credit control is essential to SACCO sustainability. However, empirical data is still mostly found in urban settings, which means that rural SACCOs have not received enough attention. Nyandarua County's distinct credit control dynamics require localized research because of its socioeconomic features and reliance on agriculture. Therefore, this study examined the institutional determinants that shape credit control in

SACCOs in Nyandarua County. Those examined included credit risk management strategies and loan recovery mechanisms. It also examined staff competence and credit policies.

The study's background centers on the functions and working conditions of Savings and Credit Cooperative Organizations (SACCOs) in relation to credit control. SACCOs are essential in providing members, especially those who may not have easy access to traditional banking services, opportunities for affordable credit and savings. In Kenya, SACCOs are among the most significant financial intermediaries, serving millions of members across industries such as agriculture, education, small businesses, and the public service. They mobilize member savings and offer loans to assist household development, community investments, and income-generating initiatives. Effective credit management is necessary to guarantee sustainability, safeguard members' deposits, and preserve institutional liquidity because of their member-based structure.

In recent years, SACCO membership and loan portfolios have grown rapidly, making it harder to manage credit risk, enforce repayment, and maintain strong credit practices. Credit management in some SACCOs has been impacted by increase in loan defaults and poor borrower evaluation. Other issues include poor debt recovery procedures and disparities in staff competency. As a result, a monitoring report from the Sacco Societies Regulatory Authority (SASRA) has underscored a need for better credit risk management procedures, more robust governance frameworks, and increased professionalism among SACCO employees.

Within Nyandarua County, SACCOs serve a large number of people engaged mostly in agriculture, dairy farming, and small-scale industries, making access to credit crucial for economic operations. However, loan evaluation and recovery procedures might be complicated by changes in agricultural revenue, borrowers' unofficial financial records, and institutional capacity limitations. Within this institutional and operational environment, the current study examined the influence of the variables spelt out in the specific objectives on credit control in SACCOs operating in Nyandarua County. The study intends to improve institutional practice, theory, and policy formation in Kenya's cooperative banking sector by producing context-specific evidence.

In reference to the above discussions, institutional determinants of credit control in Nyandarua County SACCOs require examination, because they intertwine organizational

ST. PAUL'S UNIVERSITY

capacity with contextual economic realities. Conceptually, credit control effectiveness is not merely operational but is shaped by governance frameworks, staff competence, policy enforcement, and risk management strategies. Moreover, agricultural dependence, seasonal incomes, and volatile markets intensify repayment risks, thereby requiring flexible restructuring mechanisms and robust monitoring systems. Inadequate training, weak recovery procedures, and limited technology adoption also exacerbate default vulnerabilities. Consequently, examining how institutional structures interact with socio-economic conditions offered critical insights into sustaining liquidity, safeguarding member trust, and enhancing SACCO resilience.

1.2 **Statement of the Problem**

Savings and Credit Co-operative Societies (SACCOs) in Nyandarua County are vital financial intermediaries, yet they face distinct institutional challenges that undermine effective credit control. They provide affordable credit mainly to farmers and traders, and to a lesser extent to salaried workers. In this context, reliance on rain-fed agriculture and seasonal incomes exposes borrowers to repayment uncertainties, while income volatility and fluctuating market prices exacerbate default risks (Kirui, 2024). In practice, this means that Nyandarua SACCOs operate in fragile socio-economic contexts where informal income structures and unpredictable agricultural cycles complicate risk assessment and repayment scheduling (Bargoge, 2024). Against this background, weak loan appraisal systems, inadequate monitoring, and poor enforcement of credit policies contributed to rising non-performing loans (Moya, Kurere, & Ngacho, 2025). This scenario is made worse when institutional determinants such as credit risk management, debt recovery strategies, staff competence, and policy enforcement remain underdeveloped, weakening liquidity and eroding member confidence. Additionally, limited staff training, weak recovery mechanisms, and insufficient technological adoption further compromise credit governance. Despite SACCOs' importance to the financial inclusion development goal, limited county-specific research examines how these institutional factors interact with local economic realities. Therefore, a focused inquiry was necessary to generate evidence-based insights that strengthen credit governance, improve portfolio quality, and enhance SACCO sustainability in Nyandarua County.

ST. PAUL'S UNIVERSITY

1.3 Objectives of the Study

1.3.1 Main Objective

The main objective of the study was to investigate the determinants of credit control in Savings and Credit Co-operative Societies (SACCOs) within Nyandarua County, Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives

i. To establish the effect of credit risk management frameworks on credit control in SACCOs within Nyandarua County, Kenya
ii. To determine the effect of loan recovery strategies on credit control in SACCOs within Nyandarua County, Kenya
iii. To establish the effect of staff competence on credit control in SACCOs within Nyandarua County, Kenya
iv. To examine the effect of credit policies on credit control in SACCOs within Nyandarua County, Kenya

1.4 Research Hypothesis

The following null hypotheses were tested:

H_{o1}: There is no statistically significant effect of credit risk management frameworks on credit control in Savings and Credit Co-operative Societies (SACCOs) within Nyandarua County, Kenya

H_{o2}: There is no statistically significant effect of loan recovery strategies on credit control in Savings and Credit Co-operative Societies (SACCOs) within Nyandarua County, Kenya

H_{o3}: There is no statistically significant effect of staff competence on credit control in Savings and Credit Co-operative Societies (SACCOs) within Nyandarua County, Kenya

H_{o4}: There is no statistically significant effect of credit policies on credit control in Savings and Credit Co-operative Societies (SACCOs) within Nyandarua County, Kenya

ST. PAUL'S UNIVERSITY

1.5 Significance of the Study

This study is significant both theoretically and practically, as it deepens understanding of institutional determinants shaping credit control in SACCOs within Nyandarua County. Theoretically, it advances Institutional Theory and Credit Risk Theory by demonstrating how governance frameworks, organizational structures, and regulatory processes influence performance (Galleli & Amaral, 2026). Moreover, it empirically shows how credit risk management, loan recovery, staff competence, and policy enforcement affect credit control. Additionally, by providing evidence from an agriculturally dependent county, the study addresses a contextual gap, since most literature emphasizes commercial banks or urban SACCOs. Consequently, it has enriched the discourse on cooperative finance in developing economies by offering localized insights into institutional resilience.

On the policy level, the Sacco Societies Regulatory Authority (SASRA) has recently strengthened compliance requirements, emphasizing governance, risk management, and credit monitoring in regulated SACCOs (SASRA, 2023; SASRA, 2024). These reforms demand robust loan appraisal systems, effective recovery mechanisms, and enhanced staff competence to reduce non-performing loans and safeguard liquidity. However, SACCOs in Nyandarua County face persistent challenges, including seasonal income volatility, weak enforcement of credit policies, and limited technological adoption, which complicate adherence. Consequently, this study has contributed to SASRA's regulatory agenda by providing county-specific evidence on institutional determinants of credit control. Moreover, it informs policy by highlighting localized risk management strategies, governance frameworks, and staff training needs essential for compliance.

Methodologically, this study has advanced cooperative finance research by employing quantitative techniques, particularly regression and correlation, to evaluate institutional determinants of credit control at the county level. Moreover, its reproducible analytical framework has provided future scholars with a rigorous tool for examining SACCO performance in diverse contexts. Additionally, at the community level, improved credit management could enhance socioeconomic outcomes by expanding access to affordable credit for farmers, traders, and salaried workers excluded from commercial banking. Consequently, strengthening institutional drivers could reduce default rates, safeguard liquidity and foster member trust. Ultimately, this could promote household stability,

ST. PAUL'S UNIVERSITY

stimulate local economic activities, and support local development, thereby enhancing SACCOs' catalytic role in economic empowerment.

1.6 Scope of the Study

This study focused on SACCOs in Nyandarua County, Kenya, where the predominantly agricultural economy depends on these institutions to a large extent to provide affordable financial services to farmers, traders, salaried workers, and small-scale entrepreneurs. The study narrowed its scope to four key determinants: credit risk management frameworks, loan recovery strategies, staff competence, and credit policies, since these are critical to loan performance, institutional sustainability, and member trust. The study adopted a descriptive cross-sectional mixed-methods research design. The target population was officials working in registered and active SACCOs within Nyandarua County who are directly involved in credit control practices. Data collection was conducted in April and May 2026. While geographically limited to Nyandarua, the findings are expected to provide insights applicable to rural and semi-urban SACCOs across Kenya.

1.7 Limitations and Delimitations

The study encountered several limitations that could influence the accuracy and generalizability of the findings. First, the study relied partly on self-reported data from SACCO credit officers and credit committee members. Such responses may be affected by response bias, exaggeration, or reluctance to disclose sensitive financial information, which could affect the reliability of the data collected. To overcome this, the data were collected anonymously. Second, the study was conducted only among SACCOs operating in Nyandarua County, which may limit the ability to generalize the findings to SACCOs in other counties or regions of Kenya with different operational environments or regulatory influences. Thus, the data can only be generalized to other regions with caution.

To address the identified limitations, the study adopted several delimitations. The researcher first used a variety of data collection techniques, such as structured surveys and document analysis, to lessen the impact of response bias. This allowed triangulation and comparison of data from multiple sources. Second, although the study's geographic scope was limited to Nyandarua County, it focused on SACCOs that had operated there for at least five years, ensuring the organizations under investigation had sufficient operating experience and established credit control procedures. Third, the study focused on four institutional

ST. PAUL'S UNIVERSITY

determinants of credit control: credit risk management frameworks, loan recovery strategies, staff competence, and credit policies because these factors were thought to be the most important and observable drivers of credit control within SACCOs. Lastly, to capture recent advancements in SACCO credit control procedures while ensuring adequate and relevant data for analysis, the study focused on a three-year reference period (2023–2025).

ST. PAUL'S UNIVERSITY

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The following section covers theoretical and empirical literature reviewed through the lens of this study. The anchoring theories include Credit Risk Theory, Loan Recovery Model, Information Asymmetry Theory, and Institutional Theory, which explain how risk assessment, recovery mechanisms, information flow, and institutional structures shape credit control in SACCOs. It then examines the empirical review, highlighting findings from relevant previous studies. After identifying existing research gaps, it presents the conceptual framework.

2.2 Theoretical framework

Four theories with a strong capacity to explain why and how different determinants influenced credit control are discussed below

2.2.1 Credit Risk Theory

Credit Risk Theory is mostly credited to David Durand (1941), who developed statistical credit scoring models to assess the probability of borrower failure. The Basel Committee on Banking Supervision (2011), which formalized contemporary credit risk measurement techniques like Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), further reinforced the theory after Edward Altman (1968) developed the Z-Score model (Nobanee, Shanti, Aldhanhani, Alblooshi, & Alali, 2022). Credit Risk Theory outlines how financial institutions evaluate, measure, and control the risk of borrower default to maintain institutional stability and portfolio quality (Venkataraman & Padmanaban, 2024). The theory's main idea is that, to reduce financial losses, lenders must systematically assess borrower risk before and after loan disbursement. It stresses on utilization of credit risk management framework as crucial strategy for mitigating default. The theory's applicability has increased with recent advancements such as risk-based pricing models and behavioral scoring algorithms, especially in situations where borrowers have erratic income streams and scant official documentation.

ST. PAUL'S UNIVERSITY

Credit Risk Theory anchors the institutional determinants as independent variables (credit risk management frameworks, loan recovery strategies, staff competence, credit policies), providing justification for SACCOs' adoption of credit risk management frameworks. It validates the relationship between credit risk management and credit control by linking institutional determinants to loan performance outcomes, reinforcing the study's theoretical foundation. Although it frames institutional determinants as independent variables and justifies SACCOs' adoption of credit risk management frameworks, the theory has notable limitations. Specifically, it assumes access to reliable borrower data, which is often scarce in rural contexts with informal incomes and weak documentation. Moreover, its reliance on quantitative scoring models may overlook socio-cultural dynamics influencing repayment behaviour. Nevertheless, by explicitly linking credit risk management strategies to credit control outcomes, the theory validates the relationship between institutional determinants and loan performance, thereby reinforcing the theoretical foundation of this study (Venkataraman & Padmanaban, 2024).

2.2.2 Loan Recovery Model

The loan recovery model is conceptually grounded in the work of Jain and Mansuri (2003) on microcredit recovery mechanisms. The model posits that successful lending depends not only on prudent loan origination but also on effective recovery systems that ensure timely repayment and liquidity sustainability. It frames recovery as a structured, multi-layered process involving early contact with defaulters, restructuring arrangements, use of social collateral, graduated sanctions, and, where necessary, legal enforcement (Abdikheir, 2025).

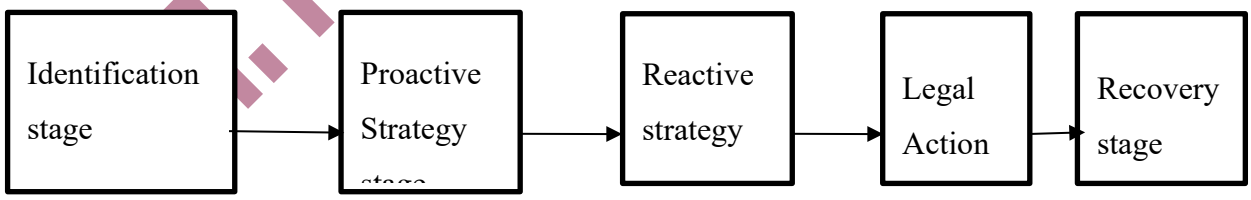


Figure 2.1 . A Flowchart Diagram Showing the Process Followed by a Financial Institution When Recovering a Loan

The model emphasizes that proactive and systematic recovery mechanisms reduce moral hazard, improve cash flow stability, and sustain lending capacity.

In this study, the Loan Recovery model explicitly anchors the independent variable, the institutional determinants of credit control. The model provides the conceptual foundation for

ST. PAUL'S UNIVERSITY

examining how structured recovery mechanisms affect overall credit control. It explains how recovery practices influence liquidity, reduce provisioning costs, and improve portfolio quality, thereby strengthening the dependent variable, credit control.

The theory explicitly anchors the independent variable, loan recovery mechanisms, within institutional determinants of credit control, thereby linking recovery practices to liquidity, portfolio quality, and credit governance. Nevertheless, the model has clear limitations. Specifically, it assumes uniform borrower behavior and overlooks socio-economic diversity, particularly in rural contexts, where seasonal incomes and informal structures complicate repayment predictability. Moreover, reliance on sanctions or legal enforcement may erode member trust and increase operational costs. Despite these weaknesses, the model remains conceptually valuable by demonstrating how structured recovery systems influence the dependent variable through reduced defaults and enhanced sustainability.

2.2.3 Information Asymmetry Theory

George Akerlof (1970) advanced Information Asymmetry Theory in his seminal work The Market for Lemons, which showed how markets deteriorate when one party has more or better information than the other. The theory explains two central problems in credit markets: adverse selection, where high-risk borrowers are more likely to seek loans, and moral hazard, where borrowers engage in risky behavior after loan disbursement because lenders cannot perfectly monitor them. Subsequent contributions by scholars such as Stiglitz and Weiss (1981) further strengthened the theory within credit market analysis by demonstrating how imperfect information leads to credit rationing (Acquah, 2026).

In cooperative financial institutions such as SACCOs, information asymmetry is particularly pronounced due to limited borrower documentation, informal income streams, weak credit bureau coverage, and relationship-based lending. These conditions increase default risk if financial intermediaries do not implement proper screening and monitoring mechanisms. Financial intermediaries respond to information gaps through risk management practices to mitigate asymmetric information costs (Tung, 2021).

Inadequate borrower data, poor evaluation methods, and weak monitoring frameworks could worsen information gaps in SACCOs in Nyandarua County, raising default risk and undermining credit control outcomes. Empirical evidence from Kenyan SACCOs (Nyambati

ST. PAUL'S UNIVERSITY

& Otwoko, 2024) shows that strong client appraisal systems, efficient loan monitoring, and enhanced information-sharing procedures significantly reduce non-performing loans.

In this study, Information Asymmetry Theory anchors two independent variables: Credit Policies (X_1) and Credit risk management frameworks (X_2). Credit policies close information gaps by formalizing appraisal standards, paperwork requirements, and approval thresholds. In contrast, credit risk management systems operationalize screening, risk profiling, and monitoring techniques intended to reduce moral hazard and adverse selection. As a result, the theory offers a solid conceptual basis for investigating how structured regulations and risk assessment procedures affect the dependent variable, credit control. Credit policies formalize appraisal standards and approval thresholds, while risk management systems operationalize screening and monitoring to mitigate asymmetric costs.

However, the theory assumes that monitoring can fully resolve information gaps, which is unrealistic in rural contexts where seasonal incomes and socio-cultural dynamics persistently limit data completeness. It makes the assumption that information issues can be completely fixed by screening and monitoring; however, in the context of Nyandarua County, seasonal income patterns, trust-based lending, and sociocultural factors may continuously restrict the completeness of information. Despite this limitation, empirical evidence shows that strong appraisal and monitoring systems significantly reduce non-performing loans (Nyambati & Otwoko, 2024), thereby reinforcing the theory's relevance to credit control. Information Asymmetry Theory is nevertheless very useful in explaining why organized monitoring and assessment systems are essential components of efficient credit regulation. Information Asymmetry Theory, advanced by Akerlof (1970) and strengthened by Stiglitz and Weiss (1981), highlights adverse selection and moral hazard as central problems in credit markets (Acquah, 2026). In SACCOs, particularly in rural Nyandarua, limited borrower documentation, informal incomes, and weak credit bureau coverage exacerbate these asymmetries (Tung, 2021). The theory explicitly anchors two independent variables: credit policies and credit risk management frameworks.

ST. PAUL'S UNIVERSITY

2.2.4 Institutional Theory

DiMaggio and Powell (1983) developed and popularized Institutional Theory, arguing that the institutional environment's normative, cultural, and regulatory forces influence organizational practices and structures. According to this idea, there are three types of

institutional pressure: normative pressures from professional norms and expectations, coercive pressures from regulations and legal frameworks, and mimetic pressures from copying successful organizations (Marculetiu & Hilliard, 2025).

Regulatory compliance and governance standards heavily shape internal control systems, risk management procedures, and policy implementation in the financial industry. Cooperative governance norms, member expectations, and SASRA prudential criteria shape credit control in Kenyan SACCOs (Kamau & Muturi, 2025). Institutional Theory emphasizes legitimacy through structured credit standards, internal controls, and staff competency, ensuring regulatory approval and sustaining member trust while strengthening institutional resilience.

Institutional Theory anchors two independent variables: Credit Policies (X_1) and Staff Competence (X_4). Credit policies guide loan approval and enforcement, while staff competency reflects professionalism, training, and adherence to best practices, ensuring effective credit control through structured governance and skilled personnel. Both institutionalized credit control and investments in human capital (Y) influence the efficacy of credit control. Empirical research in Kenya supports this connection, showing that SACCOs with robust governance frameworks, efficient policy enforcement, and skilled staff exhibit better loan performance and fewer agency issues (Mwangi & Kiai, 2020; Mwirigi & Kirimi, 2023).

Nonetheless, Institutional Theory has limitations. It may undervalue organizational innovation and strategic distinction and overemphasize obedience to outside influences. To gain legitimacy, smaller SACCOs could implement compliance procedures superficially without enhancing their operational capabilities. Additionally, SACCOs may imitate larger organizations' methods because of mimetic pressures, which may not align with their available resources. Despite these flaws, institutional theory remains useful for explaining how professional standards, governance norms, and regulatory compliance influence the creation, implementation, and staff competency in credit policies in SACCOs.

2.3 Empirical Review

This section reviews recent literature, identifies gaps, and explains how the study addresses them to strengthen SACCO sustainability and operational effectiveness.

ST. PAUL'S UNIVERSITY

2.3.1 Credit Risk Management Frameworks and Credit Control

Woor (2024) examined the effect of credit risk management frameworks on loan recovery in SACCOs in Mukono District. Using a descriptive survey and standardized questionnaires, the study used loan recovery as the dependent variable and risk avoidance, transfer, reduction, and retention as independent factors. The results showed that all four approaches greatly enhanced loan recovery. However, a conceptual gap remains because the study examined recovery outcomes rather than broader credit control strategies. By placing credit risk management techniques within broader credit control frameworks, the current study aimed to address this gap.

Chisale et al. (2025) investigated the relationship between credit risk management and SACCO profitability in Malawi. Profitability was the dependent variable, whereas loan monitoring, recovery, and liquidity management were independent variables. Using regression and correlation analysis, the findings showed that while descriptive statistics emphasized the importance of recovery and monitoring, inferential analysis found no meaningful connection between profitability and credit risk management. This focus on profitability results rather than operational procedures created a knowledge gap. The current study extended this prior work by examining how credit risk management techniques affect credit control outcomes beyond profitability. It also filled a contextual gap by looking at the situation within SACCOs in Nyandarua County. Etenyi, Nelima, and Maingi (2024) demonstrated that risk management significantly improved SACCO financial performance, thereby reinforcing the importance of institutional safeguards. However, their study focused narrowly on financial outcomes and did not explicitly link risk management strategies to credit control processes such as loan monitoring, appraisal, and recovery. This omission limits its applicability to SACCOs in a context like Nyandarua County, where credit control mechanisms are central to sustainability. Moreover, by focusing on aggregate performance indicators, the study overlooked how specific institutional determinants, such as staff competence, policy enforcement, and recovery systems, directly shape loan portfolio quality. Consequently, the research leaves a conceptual gap regarding the operational pathways through which risk management influences credit control. To address this gap, the current study examined how structured risk management frameworks interact with credit control practices, generating evidence linking institutional determinants to credit governance outcomes in Nyandarua County SACCOs.

ST. PAUL'S UNIVERSITY

Nyambati and Otwoko (2024) examined credit risk analysis and monitoring but did not integrate appraisal or recovery mechanisms into their framework. Consequently, both studies emphasized isolated determinants without connecting them to comprehensive institutional processes. This leaves a research gap in understanding how integrated credit risk management, staff competence, and policy enforcement collectively shape credit control outcomes in rural SACCOs. The current study addresses this gap by situating its analysis in Nyandarua County, generating context-specific evidence linking institutional determinants to credit governance and portfolio sustainability.

Muriuki, Kariuki, and Njeru (2025) investigated client appraisal, debt, and lending management, finding mixed effects on SACCO loan performance. However, their study did not isolate specific credit risk management strategies, thereby limiting its explanatory power for credit control processes. While efficient analysis and monitoring were shown to enhance loan portfolio quality, excluding broader tactics such as risk retention or transfer left a conceptual gap. Moreover, their focus on general credit management overlooked contextual realities in predominantly agricultural SACCOs, where seasonal incomes and agricultural dependence complicate repayment. The current study filled these gaps by examining comprehensive risk management strategies, including appraisal, monitoring, recovery, and retention, within Nyandarua County, thereby addressing both conceptual and contextual limitations and generating evidence on how institutional determinants directly shape credit control outcomes.

Shariff Hashim, Ali, and Bana (2023) established that credit risk supervision strategies significantly influenced SACCO financial performance in Mombasa. However, their study focused mainly on financial outcomes while overlooking credit administration tasks such as loan approval, monitoring, and delinquency management. This narrow focus created a conceptual gap by overlooking how risk management strategies directly shape credit control processes. Furthermore, the geographic limitation to Mombasa restricted contextual applicability to SACCOs, especially within Nyandarua County, where agricultural dependence and seasonal incomes complicate repayment. This study addresses these gaps by examining diverse strategies—risk avoidance, transfer, reduction, and retention—within Nyandarua County, linking institutional determinants to credit governance outcomes and enhancing portfolio sustainability.

ST. PAUL'S UNIVERSITY

2.3.2 Loan Recovery Strategies and Credit Control

Wambele and Ssenyange (2022) investigated the relationship between loan recovery rates, monitoring practices, and SACCO performance in Mbale District, Uganda. Using a descriptive correlational survey design and questionnaires administered to SACCO employees, they found that both loan recovery rates and monitoring practices significantly influenced SACCO performance. The study emphasized the importance of structured follow-up and recovery systems. However, its scope was limited to a single district in Uganda, restricting generalizability to other institutional and regulatory contexts such as Kenya. This contextual gap is addressed by the current study, which examines debt recovery strategies within SACCOs in Nyandarua County to provide context-specific evidence for Kenya's cooperative financial sector.

Maina, Muturi, and Oluoch (2020) examined management practices influencing non-performing loans in Kenyan deposit-taking SACCOs, focusing on loan restructuring, guarantor practices, monitoring mechanisms, and recovery strategies as independent variables, with non-performing loans serving as the dependent variable. Using regression analysis and targeting senior credit managers, the study found that all predictor variables significantly influenced non-performing loan performance. While it offers valuable insights into recovery practices, the study predates 2022, so its findings may not reflect recent regulatory and operational developments. This knowledge gap motivates the current study to provide updated empirical evidence on debt recovery strategies and their influence on credit control in SACCOs in Nyandarua County.

Cheruiyot, Kibati, and Cheruiyot (2024) assessed the effect of guarantor type on recovery of non-performing loans in Nakuru County SACCOs. Using a descriptive survey and a census of SACCO officers, they found that guarantor strength significantly improved repayment performance. However, the study did not include other recovery strategies such as restructuring, reminders, legal enforcement, or field follow-ups because it focused only on guarantor features. The necessity for more comprehensive investigation is highlighted by this conceptual gap. To address this, the current study examines a wide range of debt recovery techniques and how they affect credit control in SACCOs in Nyandarua County.

Nkonge (2022) examined loan repayment management practices in Tharaka Nithi SACCOs and found that repayment strategies significantly affected financial performance. Regression

ST. PAUL'S UNIVERSITY

analysis underscored organized collection mechanisms as vital for sustainability and institutional resilience. However, this thesis's methodological rigor was limited because it lacked peer-reviewed validation and broader academic scrutiny. Consequently, its findings, though useful, remain contextually narrow and insufficiently generalizable. The current study addresses this methodological and contextual gap by using robust statistical tools, validated instruments, and structured empirical analysis. Moreover, it extends inquiry beyond repayment strategies to include comprehensive institutional determinants, such as credit risk management, policy enforcement, and staff competence. It thereby strengthens the theoretical and practical understanding of credit control in rural SACCOs.

Onongo, Miroga, and Otinga (2025) studied credit management practices and financial performance of deposit-taking SACCOs. Financial performance was the dependent variable, whereas repayment conditions and collection effort were independent variables. The results showed that collection effort strongly affected financial success, highlighting the importance of reliable follow-up procedures. However, rather than examining debt recovery tactics as factors influencing credit control, the study focused on financial outcomes. The current study fills this conceptual gap by examining how debt recovery techniques affect credit control procedures like monitoring, delinquency management, and recovery mechanisms.

2.3.3 Staff Competence and Credit Control

Nguyen and Tran (2023) conducted a global study titled Human Capital and Credit Risk Management Effectiveness in Cooperative Financial Institutions, focusing on Asia. The authors evaluated credit management effectiveness using default rates and portfolio quality, while assessing staff competency through educational background and work experience. The study found that organizations with highly skilled credit officers have better loan screening and monitoring systems, based on panel regression analysis. However, because the study was conducted in Asian cooperative banking systems rather than African SACCO frameworks, it leaves a contextual gap. By analyzing staff competency in SACCOs in rural Kenya.

Banda and Phiri (2024) examined staff capacity and credit risk management in Zambia's cooperative institutions. Using regression analysis, they found that higher staff competency, measured by education, financial proficiency, and risk knowledge, enhanced monitoring and reduced delinquency. They evaluated credit outcomes through loan defaults and monitoring effectiveness. However, contextual differences between Kenyan SACCOs and Zambia's

ST. PAUL'S UNIVERSITY

cooperatives limit generalization, leaving a gap this study addresses. To address this, the current study focuses on SACCOs in Nyandarua County, Kenya, producing results pertinent to the cooperative sector in Kenya.

Abate and Desta (2023) investigated human capital capacity and loan portfolio quality in Ethiopian SACCOs. They evaluated loan portfolio quality using default rates and repayment efficiency, and assessed staff competency through training programs, professional skills, and understanding of credit management. The study found that skilled credit officers reduced non-performing loans through better evaluation and monitoring, using explanatory research and regression analysis. However, these conclusions may not generalize to Kenya because Ethiopia's cooperative organizations and legal frameworks differ. This study addresses this by examining staff competency in Kenyan SACCOs and providing evidence specific to the context.

Mutesi and Baale (2023) studied the effect of staff skills on financial sustainability of SACCOs in Uganda. The study used professional qualifications, financial management expertise, and credit risk awareness to gauge staff competency, and profitability and repayment indicators to gauge sustainability. Results indicated that highly qualified personnel decreased defaults and enhanced monitoring. However, rather than credit control procedures, including evaluation, policy enforcement, and monitoring frameworks, the study concentrated on financial sustainability. The current study filled this conceptual gap.

Njoroge and Kimani (2024) examined human resource competence and how it predicts loan management effectiveness in SACCOs in Kiambu County, Kenya. The study used qualifications, experience, and training to gauge staff competency, and monitoring, payback success, and approval efficiency to gauge loan management effectiveness. The results showed that employees with professional training improved the monitoring and approval processes. However, the study's methodology was restricted to quantitative surveys and a single county. To close this knowledge gap, the current study uses a hybrid methodology that combines quantitative and qualitative insights to enhance staff competency in credit control.

Olang and Odhiambo (2022) examined the influence of human resource competence on loan portfolio performance of Kenyan SACCOs. They measured competence through qualifications, experience, and training, while assessing portfolio performance through non-performing loans and repayment rates. The results showed that skilled and knowledgeable

ST. PAUL'S UNIVERSITY

employees enhanced monitoring and evaluation and decreased delinquency. However, rather than focusing on broader credit control procedures, the study examined only loan portfolio performance. To close this conceptual gap, the current study examines staff competency as a factor in comprehensive credit control.

Muriithi and Kamau (2025) investigated the influence of employee training on credit management effectiveness in cooperative financial institutions. They evaluated effectiveness through loan approval quality and recovery performance, while assessing staff competency through training frequency, policy knowledge, and risk-assessment skills. The results showed that ongoing training increased compliance and appraisal accuracy. However, the study focused only on training and ignored other aspects of competence, such as certification and experience. The current study addresses this knowledge gap by examining multiple indicators of staff competence, providing a holistic understanding of its role in SACCO credit control.

2.3.4 Credit Policies and Credit Control

Adebisi and Olatunji (2025) conducted a global study titled Credit Governance Structures and Lending Performance in Cooperative Financial Institutions, examining how credit governance policies influence lending outcomes. They measured credit governance through policy enforcement systems and loan approval frameworks, and assessed lending performance through portfolio indicators. Using comparative institutional research and regression analysis, the study found that strong governance policies significantly improved loan monitoring and recovery. However, it relied solely on institutional financial data and neglected staff perceptions and operational practices. This methodological gap is addressed by the current study, which collects primary data from SACCO officials directly involved in credit control.

Adeyemi and Adebayo (2024) investigated credit policy and loan performance in Nigerian cooperatives. Variables included policy design, collateral, and lending limits, with loan performance measured by defaults. Regression analysis showed that strict policy enforcement reduced delinquency, underscoring the importance of structured credit policies for sustainable loan management and institutional resilience in cooperative financial institutions. Yet, contextual differences in Nigeria's regulatory frameworks limit applicability to Kenyan SACCOs. The present study addresses this contextual gap by focusing on SACCOs under Kenya's regulatory framework.

ST. PAUL'S UNIVERSITY

Mugisha and Businge (2024) examined credit policy implementation and loan portfolio quality in Rwandan SACCOs. They used loan screening and compliance to gauge policy execution and default rates to gauge portfolio quality. Regression analysis and a cross-sectional survey revealed that recovery rates were enhanced by successful policy implementation. However, the study leaves a knowledge gap because it examined execution rather than policy formulation or appropriateness. In order to address this, the current study examines how policy design and enforcement affect credit control.

Turyakira and Kato (2023) studied loan policy frameworks and financial performance of SACCOs in Western Uganda. They used lending requirements and approval processes to assess loan policy frameworks and profitability metrics to assess financial performance. The results showed that clear loan policy frameworks improved monitoring and repayment. The prior study emphasized financial performance, leaving a conceptual gap in credit control mechanisms. The current study addresses this by examining how credit rules influence credit control beyond financial outcomes, strengthening understanding of SACCO sustainability and operational resilience.

In Kenya, Oucho (2022) studied the effect of credit policy on the financial performance of deposit-taking SACCOs. The study found that structured rules such as lending criteria, monitoring systems, and collection methods reduced defaults and enhanced financial stability, using regression analysis and descriptive research. However, the emphasis was on financial performance rather than internal credit control procedures such as evaluation and disbursement. The current study fills this gap by examining how credit regulations affect credit control procedures.

Karanja and Wambui (2022) examined the influence of credit policy on loan portfolio performance of Kenyan SACCOs. While they used non-performing loans and repayment rates to gauge portfolio performance, the independent variables included assessment processes, collateral restrictions, and lending limits. The results showed that well-defined policies reduced defaults and improved portfolio performance. However, the study had a conceptual gap because it focused only on financial performance. To address this, the current study examines credit policies as factors influencing credit control actions.

Githinji and Mutuku (2023) studied credit policy and loan management in Nairobi SACCOs. They evaluated loan management using monitoring and recovery efficiency, while they

ST. PAUL'S UNIVERSITY

evaluated credit policy using appraisal rules and repayment conditions. The findings showed that strong policies reduced delinquency and increased approval consistency. The earlier study was restricted to metropolitan SACCOs, leaving a contextual gap. The current study addresses this by focusing on rural SACCOs in Nyandarua County, where distinct economic conditions, such as reliance on agriculture and seasonal incomes, create unique credit control challenges requiring localized analysis and tailored risk management strategies.

Otieno and Oduor (2024) studied lending policies in Kisumu SACCOs, measuring collateral enforcement, loan limits, and repayment structures against loan performance. Regression results showed strict enforcement improved repayment behavior. However, their focus was limited to loan performance, leaving broader credit control frameworks unexplored. The current study addresses this gap by examining lending policies' wider impact on credit control processes, including appraisal, monitoring, and recovery mechanisms.

2.4 Research Gaps

Existing studies show that credit risk management frameworks such as risk analysis, monitoring, and supervision enhance financial performance and loan recovery in SACCOs (Woor, 2024; Chisale et al., 2025; Etenyi, Nelima, & Maingi, 2024). However, most studies focus narrowly on financial outcomes rather than the broader credit control processes of appraisal, approval, monitoring, and collection, and many are limited to urban or non-Kenyan contexts. Similarly, research highlights the importance of recovery mechanisms, guarantor enforcement, and collection efforts in loan performance (Wambele & Ssenyange, 2022; Cheruiyot, Kibati, & Cheruiyot, 2024; Onongo, Miroga, & Otinga, 2025), yet these studies emphasize financial outcomes and are often outdated or geographically restricted. Staff competence—education, training, and experience- has been shown to improve monitoring, appraisal, and portfolio quality (Nguyen & Tran, 2023; Njoroge & Kimani, 2024; Muriithi & Kamau, 2025), though evidence is largely non-Kenyan or methodologically narrow. Well-structured credit policies also reduce defaults (Adebisi & Olatunji, 2025; Karanja & Wambui, 2022; Githinji & Mutuku, 2023), but most studies assess financial performance rather than operational credit control. The present study addresses these conceptual, contextual, and methodological gaps by examining credit risk strategies, debt recovery, staff competence, and credit policies comprehensively within rural SACCOs in Nyandarua County.Table 2.1 summarizes the gaps.

ST. PAUL'S UNIVERSITY

Table 2.1 Summary of Research Gaps

Author & Year	Study Title	Objective	Variables	Methodology	Key Findings	Research Gap
Abate & Desta (2023)	Human Capital Capacity and Loan Portfolio Quality in Savings and Credit Cooperatives in Ethiopia	To examine the influence of staff competence on loan portfolio quality	IV: Staff competence; DV: Loan portfolio quality	Quantitative explanatory design using regression	Trained credit officers reduced non-performing loans	Conducted in Ethiopia with different regulatory structures (Contextual gap)
Adebisi & Olatunji (2025)	Credit Governance Structures and Lending Performance in Cooperative Financial Institutions	To determine the influence of credit policy frameworks on lending performance	IV: Credit governance policies; DV: Lending performance	Comparative institutional design using regression	Strong credit governance improved loan monitoring and recovery	Relied only on institutional financial data without staff perspectives (Methodological gap)

ST. PAUL'S UNIVERSITY

Adeyemi & Adebayo (2024)	Credit Policy and Loan Performance in Cooperative Financial Institutions in Nigeria	To determine the influence of credit policy on loan performance	IV: Credit policy design; DV: Loan performance	Explanatory research design using regression	Strict enforcement of credit policies reduced loan delinquency	Conducted under a Nigerian regulatory framework different from Kenya (Contextual gap)
Banda & Phiri (2024)	Staff Capacity and Credit Risk Management in Cooperative Financial Institutions in Zambia	To determine the effect of staff competence on credit risk management	IV: Staff competence; DV: Credit risk management outcomes	Quantitative regression design	Staff competency improved monitoring and reduced loan default	Focused on Zambian cooperative institutions rather than Kenyan SACCOs (Contextual gap)
Cheruiyot, K.K. & Cheruiyot (2024)	Effect of Type of Guarantor on Recovery of Non-Performing Loans among SACCOs in	To assess the influence of guarantor type on loan recovery	IV: Type of guarantor; DV: Recovery of non-performing loans	Descriptive survey design	Guarantor strength improved loan recovery	Focused only on guarantors instead of broader debt recovery strategies (Conceptual gap)

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

	Nakuru County					
Chisale et al. (2025)	Effects of Credit Risk Management on the Profitability of SACCOs in Malawi	To investigate the relationship between credit risk management and profitability	IV: Monitoring, recovery, liquidity management; DV: Profitability	Quantitative correlation and regression analysis	No significant relationship between credit risk management and profitability	Focused on profitability rather than credit control processes (Knowledge gap)
Etenyi, N. & Maingi (2024)	Effect of Credit Risk Management Techniques on Financial Performance of DT-SACCOs in Kenya	To determine influence of credit risk management on financial performance	IV: Credit risk management techniques; DV: Financial performance	Descriptive survey with regression	Credit risk management significantly improved financial performance	Did not examine direct influence on credit control processes (Conceptual gap)
Githinji & Mutuku (2023).	Influence of Credit Policy on Loan Management in	To determine the role of credit policies in loan	IV: Credit policy; DV: Loan management	Descriptive survey with regression	Strong policies improved loan monitoring and	Focused on urban SACCOs only (Contextual gap)

ST. PAUL'S UNIVERSITY

	SACCOs in Nairobi County	management			approval systems	
Karanja & Wambui (2022)	Influence of Credit Policy on Loan Portfolio Performance of DT-SACCOs in Kenya	To determine the influence of credit policy on loan portfolio performance	IV: Credit policies; DV: Loan portfolio performance	Descriptive survey design	Strong policies reduced loan default rates	Focused on financial performance rather than credit control (Conceptual gap)
Nkonge (2022)	Loan Repayment Management Practices and Financial Performance of DT-SACCOs in Tharaka Nithi County	To investigate the effect of repayment practices on financial performance	IV: Repayment management practices; DV: Financial performance	Quantitative regression analysis	Repayment practices improved financial performance	MBA thesis not peer-reviewed (Methodological gap)
Maina, M.	Management	To explore the	IV: Monitoring,	Quantitative	Management	Conducted before

ST. PAUL'S UNIVERSITY

& Oluoch (2020)	Practices and Non-Performing Loans in DT-SACCOs in Kenya	influence of management practices on non-performing loans	restructuring, recovery; DV: Non-performing loans	regression analysis	practices significantly influenced NPLs	recent SACCO regulatory changes (Knowledge gap)
Mugisha & Businge (2024)	Credit Policy Implementation and Loan Portfolio Quality of SACCOs in Rwanda	To determine the influence of policy implementation on loan portfolio quality	IV: Policy implementation; DV: Portfolio quality	Quantitative cross-sectional survey	Effective policy implementation improved loan recovery	Did not evaluate adequacy of policy design (Knowledge gap)
Muriithi & Kamau (2025)	Influence of Employee Training on Credit Management Effectiveness	To examine the impact of employee training on credit management	IV: Staff training; DV: Credit management effectiveness	Explanatory research design	Staff training improved appraisal accuracy and compliance	Focused only on training instead of broader competence indicators (Knowledge gap)
Muriuki,	Effect of Credit	To investigate the	IV: Client	Causal design	Mixed results	Did not isolate credit

ST. PAUL'S UNIVERSITY

Kariuki & Njeru (2025)	Management on Loan Performance in SACCOs	influence of credit management practices on loan performance	appraisal, lending management; DV: Loan performance	using panel regression	across credit management practices	risk management frameworks affecting control (Conceptual gap)
Mutesi & Bbaale (2023)	Effect of Staff Skills on Financial Sustainability of SACCOs in Uganda	To determine influence of staff skills on financial sustainability	IV: Staff competence; DV: Financial sustainability	Quantitative correlational design	Skilled staff improved monitoring and reduced loan defaults	Focused on sustainability rather than credit control practices (Conceptual gap)
Nabiba & Miroga (2024)	Credit Management Practices and Loan Portfolio Performance of DT-SACCOs in Nairobi County	To determine the influence of credit management practices on portfolio performance	IV: Collection effort, collateral, credit appraisal; DV: Portfolio performance	Descriptive survey design	Credit appraisal and collection improved loan performance	Study limited to Nairobi SACCOs (Contextual gap)

ST. PAUL'S UNIVERSITY

Nguyen & Tran (2023)	Human Capital and Credit Risk Management Effectiveness in Cooperative Financial Institutions	To evaluate the relationship between staff qualifications and credit management	IV: Staff education and experience; DV: Credit management effectiveness	Panel regression analysis	Qualified staff improved loan screening and monitoring	Conducted in Asia cooperative institutions (Contextual gap)
Njoroge & Kimani (2024)	Human Resource Competence and Loan Management Effectiveness in SACCOs in Kiambu County	To determine the relationship between staff competence and loan management	IV: Staff competence; DV: Loan management effectiveness	Descriptive survey design	Professional staff improved monitoring systems	Used only quantitative methods limiting deeper insights (Methodological gap)
Nyambati & Otwoko (2024)	Credit Risk Management Process and Quality of Loan Portfolio of DT-	To examine the influence of risk analysis and monitoring on loan	IV: Risk analysis, monitoring; DV: Loan portfolio quality	Descriptive survey design	Risk monitoring improved loan portfolio quality	Did not consider other risk strategies such as transfer or retention

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

	SACCOs in Nairobi Metropolitan	portfolio quality				(Conceptual gap)
Olang & Odhiambo (2022)	Influence of Human Resource Competence on Loan Portfolio Performance of DT-SACCOs in Kenya	To determine the effect of staff competence on loan portfolio performance	IV: Staff competence; DV: Loan portfolio performance	Cross-sectional survey design	Competent staff improved loan appraisal and monitoring	Focused on performance rather than full credit control practices (Conceptual gap)
Onongo, Miroga & Otinga (2025)	Credit Management Practices and Financial Performance of DT-SACCOs	To determine the influence of collection effort on financial performance	IV: Collection effort, repayment period; DV: Financial performance	Descriptive survey design	Collection effort significantly improved financial performance	Focused on performance rather than debt recovery strategies (Conceptual gap)
Oucho (2022)	Effect of Credit Policy on Financial	To examine the effect of credit	IV: Credit policy; DV: Financial	Descriptive research design	Credit policies improved SACCO	Focused on performance rather

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

	Performance of DT-SACCOs in Kenya	policy on financial performance	performance		financial stability	than credit control (Conceptual gap)
Otieno & Oduor (2024)	Effect of Lending Policies on Loan Performance in SACCOs in Kisumu County	To determine the effect of lending policies on loan performance	IV: Lending policies; DV: Loan performance	Descriptive survey design	Strict lending policies improved loan repayment	Focused on loan performance instead of credit control practices (Conceptual gap)
Shariff, H., Ali & Bana (2023)	Influence of Credit Risk Supervision Strategies on Financial Performance of DT-SACCOs in Mombasa County	To assess the influence of risk supervision strategies on financial performance	IV: Risk supervision strategies; DV: Financial performance	Descriptive regression design	Risk supervision improved SACCO performance	Focused on financial outcomes rather than credit control practices (Conceptual gap)
Wambele &	Loan Portfolio and	To determine the	IV: Loan	Descriptive	Recovery rate	Conducted in

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

Ssenyange (2022).	Performance of SACCOs in Mbale District, Uganda	relationship between loan recovery rate and SACCO performance	monitoring, recovery rate; DV: SACCO performance	correlational survey	improved SACCO performance	Uganda limiting generalization to Kenya (Contextual gap)
Woor (2024)	Effect of Credit Risk Management Strategies on Loan Recovery in SACCOs in Mukono District	To examine the effect of risk strategies on loan recovery	IV: Risk avoidance, transfer, reduction, retention; DV: Loan recovery	Descriptive survey design	Risk strategies significantly improved loan recovery	Focused only on recovery rather than full credit control practices (Conceptual gap)

ST. PAUL'S UNIVERSITY

2.5 Conceptual framework

This study's conceptual framework is based on the understanding that interconnected institutional and human elements influence how well SACCOs implement credit control practices. This study examined the institutional determinants influencing credit control measures within SACCOs in Nyandarua County, Kenya. It conceptualizes that robust credit risk management frameworks and proactive loan recovery strategies provide the structural framework for financial stability. Furthermore, it posits that high levels of staff competence and adherence to standardized credit policies are critical drivers that optimize recovery rates and minimize default, collectively enhancing the effectiveness of institutional credit control.

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

Independent Variables

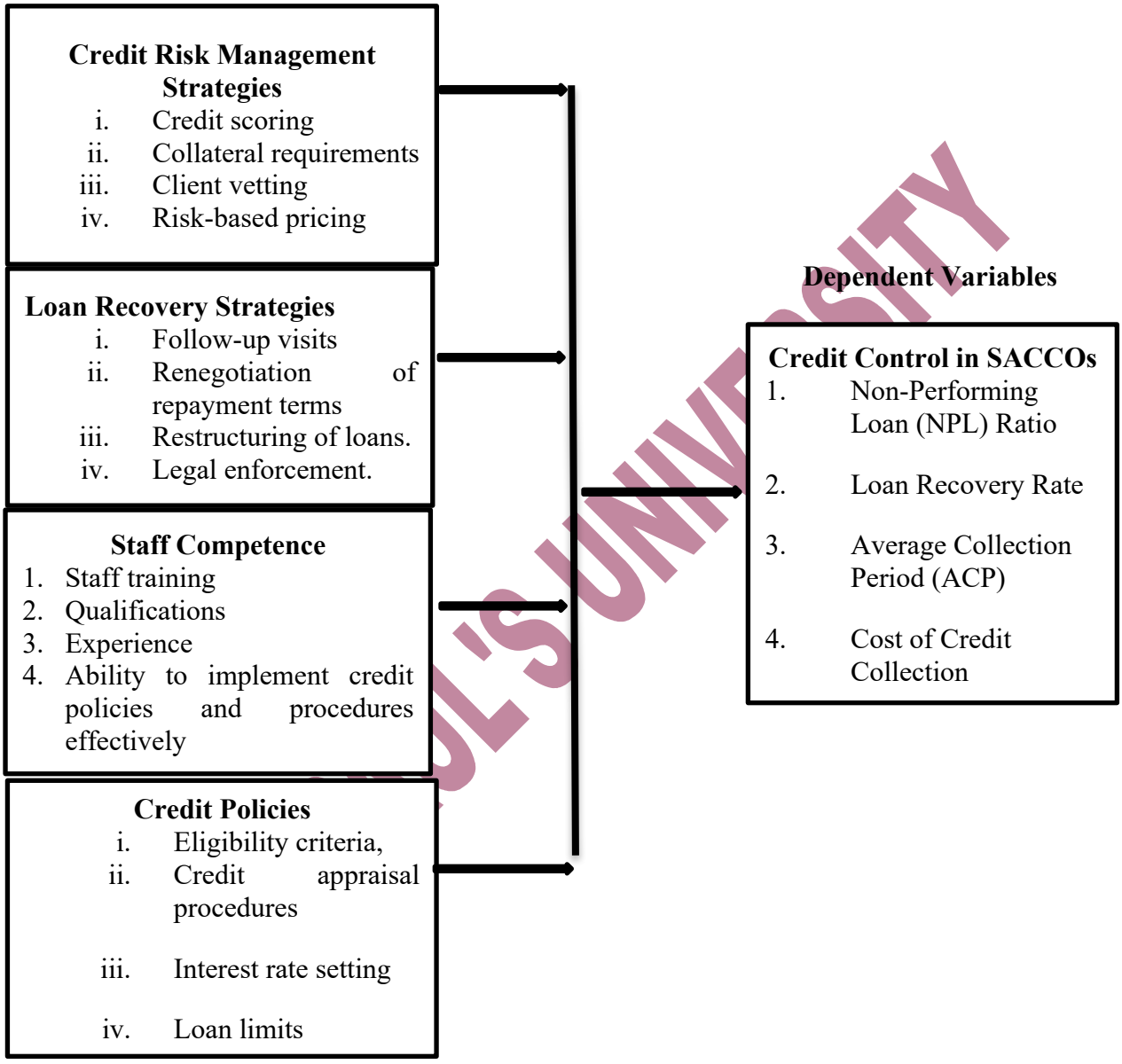


Figure 2.2 Conceptual Framework between Determinants and Credit Control

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research approach used for the study on factors influencing credit control in Savings and Credit Co-operative Societies (SACCOs) in Nyandarua County, Kenya. It details comprehensively the methods adopted in the study.The selected methodologies ensured the validity, reliability, and applicability of the results in the context of rural SACCO activities.

3.2 Research Design

This study employed a convergent parallel mixed-methods design to examine institutional determinants (credit risk management frameworks, loan recovery, staff competence, and credit policies) on SACCO credit control in Nyandarua County. The convergent parallel mixed-methods design is justified because it enabled simultaneous collection of quantitative and qualitative data, allowing for comprehensive analysis of institutional determinants of credit control. Quantitative techniques, such as regression and correlation, provided measurable evidence of relationships, while qualitative questions captured contextual insights from SACCO stakeholders. This design also facilitated triangulation, enhancing validity and reliability by integrating numerical trends with lived experiences. Recent scholarship emphasizes that convergent designs are particularly effective in organizational and financial studies, as they balance statistical rigor with contextual depth (Creswell & Creswell, 2018; Fetters & Molina-Azorin, 2020).

3.3 Target Population

The study's target population consists of employees directly involved in credit control procedures who work for registered, active SACCOs in Nyandarua County. These included credit Managers and Credit Committee Members. According to the Nyandarua County Director of Cooperatives (2025), there are 104 registered and active SACCOs in the county, which served as the study's unit of analysis. Because they manage loan assessment, monitoring, recovery, financial reporting, and internal credit control functions, credit managers affect credit

ST. PAUL'S UNIVERSITY

control outcomes. The study targeted these specific categories of officials due to their direct involvement in credit control.

They are distributed as below:

Table 3.2 Target Population

Category/Designation	Target Population (N_i)
SACCO credit Managers	104
Credit Committee Members	312
Total	**416**

Source: Nyandarua County's Ministry of Trade, Co-operative, Industrialization and Partnership (2026).

3.4 Sampling Technique and Sample Size

This study employed stratified random and purposive sampling. Stratification ensured proportional representation of heterogeneous subgroups:-credit managers and committee members—reducing bias and improving estimate precision (Kumar, 2022). Simple random sampling selected respondents within each stratum. The County Director of Cooperative, with supervisory duties, provided insights into SACCO credit management practices and overall county-level oversight.

The sample size was determined using Yamane's (1967) formula for finite populations:

$$n = \frac{N}{1 + N(e^2)}$$

Where:

(n) = sample size

ST.PAUL'S UNIVERSITY

(N) = population size (416)

(e) = margin of error (0.05)

$$n = \frac{416}{1 + 1.04\frac{416}{0.05^2)}} \qquad n = \frac{416}{2.04} = 203.92 \approx 204$$

Sample =204

The 204 respondents were selected proportionately from the staff categories. Simple random sampling was employed to select specific respondents from each stratum. This approach ensured that every individual within a stratum had an equal chance of being included, thereby minimizing selection bias and enhancing the representativeness of the sample (Kumar, 2022). The sampled credit managers were 51 and Credit Committee members was 153. They were selected through random sampling, using the County Director of Cooperatives' register as the sampling frame.

They were distributed as per Table 3.2.

Table 3.3 Distribution of the Sample

Category/Designation	Target Population (N)	Proportion Sample
SACCO Credit Managers	104	**51**
Credit Committee Members	312	**153**
Total	**416**	**204**

ST. PAUL'S UNIVERSITY

3.5 Research Instruments

Data were collected using a semi-structured questionnaire consisting primarily of closed-ended Likert-scale items and open-ended questions. A questionnaire was chosen because they

enhance consistency, reduces interviewer bias, and facilitates quantitative analysis (Kothari & Garg, 2020). The structured questionnaire had six sections: demographic information, credit risk management frameworks, loan recovery strategies, staff competence, credit policy, and the dependent variable, credit control. The Likert scale ranged from 1-5:- (Scale: 1 = Strongly Disagree, 2= Disagree 3= Not sure, 4= Agree, 5= Strongly Agree), enabling quantitative measurement of attitudes and perceptions. The instrument was administered physically and via Google Forms to maximize reach among SACCO credit managers and credit committees.

3.6 Data Collection Procedures

Data collection followed a structured, ethically guided process to ensure credibility, feasibility, and high response rates. First, the researcher obtained an introductory letter from the University and presented it to the Office of the County Director of Cooperatives, Nyandarua County, to seek formal authorization to conduct the study within registered SACCOs. After receiving approval, official permission letters were issued to the management of the sampled SACCOs, explaining the purpose of the study, the categories of staff targeted, and assurances of confidentiality and voluntary participation. A sampling frame of eligible respondents, credit managers and credit committee members, was compiled with the assistance of SACCO management to facilitate random selection within each stratum.

The questionnaires were administered in both physical and electronic formats to improve accessibility and response rates. Hard-copy questionnaires were delivered to SACCO offices for respondents who prefer manual completion, while an online version was distributed through Google Forms to those with reliable internet access. Each questionnaire included an informed consent statement outlining the voluntary nature of participation, anonymity of responses, and use of data strictly for academic purposes. Respondents had approximately two weeks to complete the instrument, and follow-up reminders were sent to improve response rates. The researcher collected completed physical questionnaires on agreed dates, while online submissions were automatically recorded and securely stored. All returned questionnaires were checked for completeness, coded appropriately, and stored securely to maintain confidentiality before analysis using SPSS.

ST. PAUL'S UNIVERSITY

3.7 Pilot study

A pilot study tested the effectiveness, clarity, validity, and reliability of the research instrument before the main data collection (Khanal & Chhetri, 2024). The pilot involved 22 respondents drawn from SACCOs in Laikipia County, which shares similar socio-economic characteristics with Nyandarua but is not part of the main study population, thus preventing respondent contamination. The pilot study aimed to evaluate the questionnaire's clarity, relevance, and ability to capture the targeted constructs of staff competency, loan recovery procedures, credit risk management frameworks, and credit policies. Feedback from pilot respondents helped identify ambiguous items, improve question structure, and refine the questionnaire's sequencing and wording to enhance the tool's accuracy and usability.

The pilot study assessed questionnaire reliability using Cronbach's Alpha (≥0.70 acceptable) and ensured content validity through expert review by Cooperative Management and Finance specialists at St. Paul's University. The pilot further determined the average time required to complete the questionnaire and test the feasibility of administering both physical and online (Google Forms) versions of the instrument. The pilot findings guided modifications to ensure the final instrument is robust, reliable, and suitable for assessing determinants of credit control among SACCOs in Nyandarua County.

3.8 Diagnostic Tests

To enhance study credibility, the following tests were done.

3.8.1 Validity

Validity was ensured to ensure that the research instrument accurately measures what it purports to measure. Content validity was established through expert review by professionals in cooperative management and finance at St Paul's University. Their feedback ensured that the questionnaire items adequately cover the study constructs. Construct validity was ensured by aligning questionnaire items with conceptual definitions derived from literature on credit control. Pilot testing was conducted with 30 respondents from SACCOs in neighboring Laikipia County, who were not part of the main sample, to refine clarity and structure.

ST. PAUL'S UNIVERSITY

3.8.2 Reliability

Reliability, the consistency of a research instrument in measuring a construct across its items, was tested using a split-half method. Data were obtained from 22 respondents, who are equal to about 10% of the total sample size. Cronbach's alpha was applied after splitting the data to assess internal consistency in Likert-scale surveys measuring latent variables: staff competency, credit policies, credit control, loan recovery, and risk management approaches, ensuring reliability. The Spearman-Brown prophecy formula was used for reliability analysis using the Statistical Package for the Social Sciences (SPSS). This aligns with established methodological recommendations. To regard a test as reliable, a Spearman-Brown prophecy coefficient of 0.70 or higher was required. Items were reviewed or removed to improve scale reliability. Ensuring adequate internal consistency would enhance confidence in the instrument, minimize measurement error, and produce dependable results for subsequent statistical analysis.

3.8.3 Normality Tests

To enhance study credibility, the following tests were done.

Multicollinearity test

Multicollinearity testing was done to ensure the independent variables (credit risk management frameworks, loan recovery strategies, staff competence, and credit policies) in the study were not highly correlated with each other. Detecting multicollinearity helps keep regression results reliable by preventing inflated errors and misinterpretation of the study's findings.

Normality Test

The normality test was conducted to verify whether the study variables followed a normal distribution, a key assumption for parametric statistical analyses. Ensuring normality supports the validity of regression, correlation, and hypothesis testing results.

3.9 Data Analysis Approaches

Data analysis was as per the section below.

ST. PAUL'S UNIVERSITY

3.9.1 Quantitative Data

Quantitative Data collected were coded, entered, and analyzed using SPSS version 24. The study used both inferential and descriptive statistics. The responses were summarized using frequencies and percentages. Multiple regression and correlation analysis were used to examine each study question. Pearson correlation analysis determined the intensity and direction of the association between the study variables and credit control. Multiple regression analysis assessed the significance of credit risk strategies, loan recovery, staff competence, and credit policies on SACCO credit control in Nyandarua County, as summarized in Table 3.10.

The regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

(Y) = Credit Control

(X_1) = Credit Policies

(X_2) = Credit Risk Management

(X_3) = Loan Recovery Strategies

(X_4) = Staff Competence

(β_0) = Constant term

(β_1 - β_4) = Regression coefficients

(ε) = Error term

Statistical significance was tested at the 5% ($p \leq 0.05$) level.

3.9.2 Qualitative Data

Qualitative insights complemented quantitative findings through thematic analysis of government officers' interview transcripts, which were coded and grouped into recurrent

ST. PAUL'S UNIVERSITY

themes aligned with study objectives for contextual interpretation. The analysis identified patterns related to credit risk management, loan recovery, staff competence, and policy enforcement. Emerging insights will be grouped into broader thematic areas to interpret regulatory perspectives. This process ensured rich, context-specific understanding of institutional determinants shaping credit control in SACCOs within Nyandarua County.

3.10 Ethical Considerations

The researcher upheld ethical integrity throughout the research process. After receiving an authorization letter from St. Paul's University (SPU), the researcher applied to the National Commission for Science, Technology, and Innovation (NACOSTI) for study permission and acquired consent letters from participating SACCOs. Participants were informed of the study's objectives, the voluntary nature of participation, and their right to withdraw at any time. Throughout the process, confidentiality was maintained by anonymizing responses and securely storing data. No identifying information will be published. Ethical standards conformed to the American Psychological Association (APA) ethics code (2020) and the Kenya National Research Ethics Guidelines (2022) to protect participants' rights and welfare.

3.11 Measurement of variables

The variables were measured as shown in the table below

ST. PAUL'S UNIVERSITY

Table 3.4 Summary of Research Questions and Data Analysis Techniques

Variable Type	Variable Operational Definition	Measurement Items	Scale of Measurement	Applicable Statistical Tests
Independent Variable	**Credit risk management frameworks** – techniques used to identify, assess, and mitigate loan default risks	Borrower evaluation, credit scoring, loan portfolio diversification, monitoring repayment capacity	Ordinal (Likert 1–5)	Descriptive statistics, Correlation, Regression
Independent Variable	**Debt Recovery Strategies** – structured processes adopted to collect overdue loans	Use of guarantors, reminders, loan restructuring, legal action, engagement with debt collectors	Ordinal (Likert 1–5)	Descriptive statistics, Correlation, Regression
Independent Variable	**Staff Competence** – knowledge, skills, and professional capacity of SACCO personnel in credit administration	Staff qualifications, experience, training programs, ability to appraise and monitor loans	Ordinal (Likert 1–5)	Descriptive statistics, Correlation, Regression

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

Dependent Variable	**Credit Control** – systematic management of loan appraisal, approval, disbursement, monitoring, and recovery	Loan appraisal accuracy, repayment enforcement, portfolio quality, reduction of non-performing loans	Ordinal (Likert 1 –5)	Descriptive statistics, Correlation, Regression

ST. PAUL'S UNIVERSITY

CHAPTER FOUR

FINDINGS PRESENTATION, DATA ANALYSIS, AND DISCUSSION

4.1 Introduction

This chapter focuses on analyzing the data collected from the field, presenting the results, and interpreting them.

4.2 Preliminary Tests Results

The following captures data on preliminary issues.

4.2.1 Response Rate

As shown in Table 4.1, the study achieved a 92.2% overall response rate, with 84.3% among SACCO Credit Managers and 94.7% among Credit Committee Members. This far exceeded the standard practice, where surveys proceed with analysis after reaching a 50% response rate. This will ensure highly reliable, representative findings that strengthen the validity of conclusions (Survey Futures, 2025).

Table 4.5 . Response Rate

Category/Designation	Target Population (N)	Sample	Responded	Rate
SACCO Credit Managers	104	**51**	43	84.3
Credit Committee Members	312	**153**	145	94.7
Total	**416**	**204**	**188**	**92.2**

4.2.2 Multicollinearity test

The results of normality tests are presented in the section that follows.

ST. PAUL'S UNIVERSITY

Table 4.6 Multicollinearity test Results

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	credit risk management frameworks	, loan recovery strategies,	staff competence	credit policies
1	1	4.559	1.000	.00	.00	.00	.00	.00
	2	.024	13.246	.00	.08	.14	.05	.00
	3	.016	12.467	.05	.17	.01	.20	.00
	4	.007	15.8	.85	.01	.06	.42	.00
	5	.003	12.48	.10	.14	.20	.16	.15
a. Dependent Variable: Credit control								

According to the table, the study evaluated potential multicollinearity among predictors of Credit control. The highest Condition Index of 15.8 on dimension 4, coupled with an Eigenvalue of 0.007, indicates mild to moderate collinearity within the model. However, because no condition index exceeds the critical threshold of 30, and the variance proportions for the independent variables, such as credit risk management frameworks and credit policies, do not simultaneously dominate any single high-index dimension, the structural integrity of the regression coefficients remains acceptable for academic inference.

4.2.3 Test of Normality

Normality test results are presented in Table 4.3.

Table 4.7 Test of Normality

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
credit risk management frameworks,	.178	188	.052	.641	188	.060
loan recovery strategies,	.156	188	.067	.938	188	.079
Staff competence	.272	186	.048	.856	188	.057
credit policies	.276	188	.050	.830	188	.057
Credit Control	.204	188	.058	.947	188	.059
a. Lilliefors Significance Correction						

The normality test results show that the data generally adheres to parametric assumptions. For the Shapiro-Wilk test, all variables satisfy the normality assumption because their significance values remain above the critical alpha level of 0.05 (\(p > .05\)), ranging from .057 to .079. Conversely, the Kolmogorov-Smirnov test reveals borderline outcomes. While most variables

technically pass, staff competence (\(p = .048\)) significantly deviates from normality, and credit policies (\(p = .050\)) sits exactly on the threshold.

4.3 Demographic Information

The study obtained the demographic data of respondents and presented the findings Table 4.4 and in the section that follow.

Table 4.8 Demographic Information

Variable	Parameter	Frequency (F)	Percent (%)
Position	Credit managers	43	22.9
	Credit Committee Member	145	77.1
Years in current Sacco	1 year and below	41	21.8
	1-3 years	47	25.0
	4-6 years	70	37.2
	6 years and above	30	16.0
Highest education level	Diploma	79	42.0
	Bachelors	79	42.0
	Other(specify)	30	16.0

ST. PAUL'S UNIVERSITY

Gender	Male	101	53.7
	Female	87	46.3

Table 6 reveals the positions held in the SACCO and shows that the majority of the respondents were Credit Committee Members, accounting for 77.1% of the total respondents, followed by other SACCO officials at 22.9. This distribution showed that many respondents were actively involved in credit-related decision-making, making them appropriate sources of knowledge about SACCO credit management procedures. Their participation in loan evaluation, approval, monitoring, and recovery gave them important insights into the institutional factors affecting credit control. These findings were consistent with Njoroge and Kimani (2024), who observed that credit committee members and loan officers possess critical knowledge of SACCO credit management systems due to their direct participation in lending decisions, and Maina et al. (2020), who noted that officials engaged in credit governance are best positioned to evaluate the effectiveness of credit control mechanisms.

Results showed most respondents (37.2%) had worked in SACCOs for 4–6 years, followed by 25.0% for 1–3 years, 21.8% for under one year, and 16.0% for over six years. The findings suggested that most respondents had accumulated adequate experience and familiarity with SACCO operations and credit management practices, enabling them to provide informed responses on the factors influencing credit control. Longer-tenured employees were more likely to have faced difficulties with loan assessment, monitoring, and recovery, which increased the accuracy of the data gathered. These results aligned with Olang and Odhiambo (2022), who found employee experience crucial for loan management, and Banda and Phiri (2024), who showed experienced SACCO staff enhance credit control and recovery strategies.

Findings revealed that 42.0% of respondents held diplomas, 42.0% bachelor's degrees, and 16.0% other qualifications, indicating respondents were generally well educated and had the expertise to understand SACCO operations and credit control procedures. The high percentage of respondents with diplomas and degrees indicated that they could understand and appropriately address questions about credit risk management, loan recovery, employee

ST. PAUL'S UNIVERSITY

competency, and the application of credit policies. The findings aligned with Nguyen and Tran (2023), who showed that higher education improves credit management, and Muriithi and Kamau (2025), who found that professional training enhances cooperative institutions' credit management and compliance.

Regarding gender distribution, the findings further indicated that 101 (53.7%) of the respondents were male while 87 (46.3%) were female, reflecting a relatively balanced gender distribution with a slight male majority. This balanced representation helped ensure that diverse perspectives on credit control practices were captured, improving the objectivity and representativeness of the study findings. The participation of both male and female respondents suggested that the views collected adequately reflected the composition of personnel involved in SACCO credit management activities. These findings were consistent with Githinji and Mutuku (2023), who showed gender diversity strengthens SACCO governance, and Mugisha and Businge (2024), who emphasized that inclusive involvement enhances institutional management and operational success.

4.4 Credit Risk Management Frameworks

The first study objective examined how credit risk management frameworks affect SACCO credit control in Nyandarua County, Kenya; results are analyzed and presented in Table 4.5.

Table 4.9 Credit Risk Management Frameworks

Variable	Parameter	Frequency (F)	Percent (%)
Conducts thorough borrower appraisals	Disagree	79	42.0
	Agree	109	58.0
Use credit scoring tools or appraisal checklists	Strongly Disagree	47	25.0
	Disagree	68	36.2
	Agree	73	38.8
Requirements and valuation procedures are consistently applied	Disagree	115	61.2
	Not sure	41	21.8
	Agree	32	17.0
SACCO regularly monitors outstanding loans and flags at-risk accounts early.	Disagree	41	21.8
	Agree	147	78.2
Uses portfolio diversification to spread credit risk	Disagree	77	41.0
	Agree	111	59.0

ST. PAUL'S UNIVERSITY

Indicators used to detect potential defaults	Disagree	117	62.2
	Not sure	41	21.8
	Agree	30	16.0

Conducting thorough borrower appraisals, the findings in Table 7 revealed that 58.0% of respondents agreed that their SACCO conducted thorough borrower appraisals before loan approval, while 42.0% disagreed. The results suggest that although most SACCOs conduct borrower assessments as part of their credit risk management process, a substantial proportion do not consistently perform comprehensive appraisals. Effective borrower appraisal reduces default risk by allowing SACCOs to assess a member's creditworthiness, ability to repay loans, and potential risks before disbursing loans. These results support Nguyen and Tran (2023), who found that thorough appraisal systems improve credit risk management and lower delinquency rates in cooperative financial institutions, and Nyambati and Otwoko (2024), who showed that efficient borrower analysis greatly enhances loan portfolio quality.

Findings revealed that 38.8% agreed that SACCOs used credit scoring tools, while 61.2% disagreed. This limited adoption reflected dissatisfaction, exposing SACCOs to subjective lending decisions and a higher risk of approving loans with poor repayment potential. The findings supported Information Asymmetry Theory, which emphasizes the importance of structured screening mechanisms in minimizing lending risks. Muriithi and Kamau (2025) reported similar findings, observing that institutions using structured credit assessment tools achieve better loan approval quality and lower default rates.

On the consistency of applying requirements and valuation procedures, the results showed that 61.2% of respondents disagreed that loan requirements and valuation procedures were consistently applied, while 21.8% were unsure and only 17.0% agreed. This suggested that there were notable inconsistencies in the implementation of lending requirements and collateral valuation procedures across SACCOs. Inconsistent application of credit requirements may have compromised fairness, increased credit risk exposure, and weakened overall credit control effectiveness. The findings suggested that some SACCOs may have deviated from established credit policies during loan appraisal and approval. These findings align with Githinji and Mutuku (2023), who found that weak enforcement of credit policies contributes to increased loan delinquency and inconsistencies in lending decisions, ultimately affecting portfolio quality.

ST. PAUL'S UNIVERSITY

Regarding monitoring outstanding loans and early identification of at-risk accounts, the findings indicated that 78.2% of respondents agreed that their SACCO regularly monitored outstanding loans and flagged at-risk accounts early, while 21.8% disagreed. This demonstrated that loan monitoring was one of the most widely practiced credit risk management frameworks among the SACCOs studied. Regular monitoring enabled institutions to identify repayment challenges early and implement corrective measures before loans became non-performing. Effective monitoring also enhanced portfolio quality and strengthened overall credit control. These findings concurred with Woor (2024), who established that continuous loan monitoring significantly improves loan recovery outcomes, and Etenyi, Nelima and Maingi (2024), who found that monitoring mechanisms positively influence SACCO financial performance and credit management effectiveness.

Regarding portfolio diversification to spread credit risk, the study found that 59.0% of respondents agreed that their SACCO used portfolio diversification to spread credit risk, while 41.0% disagreed. The findings suggested that most SACCOs recognized the importance of diversifying their loan portfolios across different borrower categories and economic activities to minimize concentration risk. Portfolio diversification reduced the likelihood that defaults within a single sector or borrower group would significantly affect the institution's financial stability. The findings supported Credit Risk Theory, which advocates diversification as a key risk mitigation strategy. Chisale et al. (2025) reported similar findings, noting that diversification improves portfolio performance and institutional resilience by reducing exposure to sector-specific risks.

On the use of indicators to detect potential defaults, the findings showed that 117 (62.2%) respondents disagreed that their SACCO used indicators to detect potential defaults, 41 (21.8%) were not sure, while only 30 (16.0%) agreed. These results suggested that most SACCOs lacked effective early warning systems for identifying borrowers who may have been at risk of defaulting on their loans. SACCOs' inability to take preventive action before repayment issues worsened may have increased the likelihood of non-performing loans. The results suggested that the SACCOs' proactive credit risk management procedures were lacking. These findings aligned with Nyambati and Otwoko's (2024) emphasis on the value of risk monitoring indicators in improving portfolio quality and Woor (2024), who found that institutions with

ST. PAUL'S UNIVERSITY

strong early warning systems are better able to prevent loan defaults and improve credit control outcomes.

Qualitative responses revealed diverse views regarding challenges affecting credit management for SACCOs in Nyandarua County. A large majority (70%) cited reliance on rain-fed agriculture and seasonal incomes as contributors to late repayment of loans. This made loan appraisal and scheduling difficult. Fewer (56%) thought that weak borrower profiling and limited use of credit scoring tools undermined risk detection. Among the respondents, about 30% thought that inconsistent application of lending requirements and poor enforcement of credit policies led to a spike in default risks. According to 17% of the respondents, staff competence gaps, particularly in loan monitoring and appraisal, reduced the effectiveness of risk management frameworks. Other issues cited included inadequate training, weak early warning systems, and limited technology adoption, which were shown to hinder proactive identification of potential defaults. According to qualitative responses, these institutional weaknesses collectively could compromise liquidity, increase non-performing loans, and erode member confidence. Addressing these challenges requires strengthening governance structures, enhancing staff capacity, and adopting flexible, technology-driven risk management practices tailored to rural economic realities.

4.5 Loan Recovery Strategies

The second study objective aimed at determining the effect of loan recovery strategies on credit control in SACCOs within Nyandarua County, Kenya. Obtained data was analyzed and presented in the Table 4.6 and then discussions are added.

Table 4.10 Loan Recovery Strategies

Variable	Parameter	Frequency (F)	Percent (%)
Timely payment reminders to delinquent borrowers	Strongly Disagree	41	21.8
	Disagree	30	16.0
	Not sure	32	17.0

ST. PAUL'S UNIVERSITY

	Agree	85	45.2
Routine visits carried out for overdue loans	Strongly Disagree	14	7.4
	Disagree	127	67.6
	Agree	47	25.0
Loan restructuring options for borrowers facing genuine hardship	Disagree	41	21.8
	Not sure	32	17.0
	Agree	77	41.0
	Strongly Agree	38	20.2
Social collateral is effectively used in recovery	Disagree	79	42.0
	Agree	109	58.0
Legal action used as a last resort when necessary	Disagree	100	53.2
	Agree	88	46.8
Recovery procedures documented and consistently followed	Disagree	79	42.0
	Agree	68	36.2
	Strongly Agree	41	21.8

ST. PAUL'S UNIVERSITY

According to Table 8, on timely payment reminders to delinquent borrowers, the findings revealed that 45.2% of respondents agreed that their SACCO issued timely payment reminders to delinquent borrowers, 21.8% strongly disagreed, 16.0% disagreed (37.8% cumulatively disagreed), and 17.0% were not sure. These results suggest that although a considerable proportion of SACCOs used timely reminders as a loan recovery strategy, implementation was not uniform across institutions. Payment reminders play a critical role in encouraging borrowers to honor their repayment obligations and reducing the likelihood of loan delinquency. This is supported by Mugambi and Kinyua (2024), who found that regular communication with borrowers significantly improves repayment behavior, and Woor (2024),

who found that timely follow-up mechanisms contribute positively to loan recovery performance and credit control effectiveness.

Regarding routine visits for overdue loans, the study established that 67.6% of respondents disagreed that routine visits were carried out for overdue loans, 25.0% agreed, and 7.4% strongly disagreed. These findings indicated that physical follow-up visits to borrowers with overdue loans were not commonly practiced in most SACCOs. The limited use of routine visits may have reduced opportunities for institutions to understand borrowers' challenges and negotiate repayment arrangements before defaults escalated. This suggested that SACCOs relied more on other recovery mechanisms than direct borrower engagement. The findings aligned with Otieno and Oduor (2023), who observed that inadequate borrower follow-up contributes to higher default rates, and Kariuki and Maina (2024), who emphasized that direct engagement with delinquent borrowers improves loan recovery outcomes and reduces loan losses.

Concerning loan restructuring for borrowers facing genuine hardship, the findings revealed that 41.0% respondents agreed and 20.2% strongly agreed that their SACCO offered loan restructuring options to borrowers facing genuine financial hardship, while 21.8% disagreed and 17.0% were not sure. This suggests that most SACCOs recognized loan restructuring as an important recovery strategy for supporting borrowers facing temporary repayment difficulties. Loan restructuring allowed institutions to recover loans while maintaining positive relationships with members and reducing default risk. The findings supported the Loan Recovery Model, which emphasizes structured repayment mechanisms such as early defaulter contact, restructuring, social collateral, graduated sanctions, and legal enforcement (Abdikheir, 2025). Mwangi and Wanjiru (2024) reported similar findings, finding that loan restructuring improves repayment rates among distressed borrowers, and Banda and Phiri (2024) established that flexible repayment arrangements contribute to improved loan recovery performance.

On the use of social collateral in loan recovery, the study found that 58.0% of respondents agreed that social collateral was effectively used in loan recovery, while 42.0% disagreed. These findings suggest that SACCOs relied heavily on member relationships, peer pressure, group guarantees, and social ties to promote loan repayment. The cooperative character of SACCOs, where members were connected and shared collective responsibility for financial

ST. PAUL'S UNIVERSITY

commitments, was seen in the success of social collateral. Without relying on the legal system, these techniques improved recovery rates and reduced moral hazard. The results were in line with those of Munyua and Kihoro (2023), who reported that group-based recovery strategies greatly improve loan repayment performance among cooperative financial institutions, and Karlan (2014), who discovered that social collateral improves borrower accountability and repayment discipline.

Regarding the use of legal action as a last resort, 53.2% of respondents disagreed that legal action was used as a last resort when necessary, and 46.8% agreed. The findings indicated that SACCOs either underutilized legal enforcement tools or implemented them inconsistently. While legal action can deter deliberate default, many SACCOs may have avoided it because of the associated costs, lengthy procedures, and potential damage to member relationships. The findings implied that institutions preferred alternative recovery approaches before considering litigation. These findings aligned with Muriuki and Kamau (2024), who observed that SACCOs often prioritize negotiation and restructuring over legal action due to cost considerations, and Mutua and Njeru (2023), who found that legal recovery processes are generally reserved for persistent defaulters after all other options have failed.

On documentation and consistent application of recovery procedures, 42.0% of respondents disagreed that recovery procedures were documented and consistently followed, while 36.2% agreed and 21.8% strongly agreed. These findings indicated mixed perceptions regarding the existence and implementation of formal loan recovery procedures within SACCOs. Although more than half of respondents acknowledged documented recovery procedures, a substantial proportion believed these procedures were either lacking or inconsistently applied. Inconsistent implementation of recovery guidelines may have undermined the effectiveness of loan recovery efforts and increased credit risk exposure. The findings align with Githinji and Mutuku (2023), who found that adherence to documented recovery policies enhances credit control effectiveness, and Ngugi and Mwangi (2024), who found that standardized recovery procedures improve accountability, consistency, and loan portfolio performance within SACCOs.

Qualitative responses showed SACCOs should strengthen borrower engagement through consistent follow-ups, including routine visits and personalized communication, as reported by 76% of respondents. In addition, 66% cited a need to build accountability and trust. In addition,

ST. PAUL'S UNIVERSITY

45% of respondents said recovery processes must be standardized and well-documented to ensure transparency and consistency across cases. About 15% of respondents believed timely reminders via SMS and digital platforms should be expanded to encourage prompt repayments. Others argued that SACCOs should adopt flexible restructuring options while balancing enforcement with borrower realities in agriculture-dependent contexts. A few thought staff capacity should be enhanced through continuous training in negotiation, monitoring, and ethical recovery practices. Others thought that legal enforcement should be applied consistently but as a last resort, complemented by social collateral mechanisms. Collectively, these measures were thought to improve recovery efficiency, safeguard liquidity, and strengthen member confidence in SACCO governance.

4.6 Effect of Staff Competence on Credit Control

The third study objective focused on determining how staff competence influences SACCO credit control. Data are presented in Table 4.7, with subsequent data analysis and discussions presented immediately afterwards.

ST. PAUL'S UNIVERSITY

Table 4.11 Staff Competence

Variable	Parameter	Frequency (F)	Percent (%)
Regular training on	Disagree	79	42.0

appraisal monitoring and recovery	Not sure	30	16.0
	Agree	79	42.0
Staff have skills to use loan tracking systems effectively	Disagree	109	58.0
	Agree	79	42.0
Staff understand application of credit policy consistently	Disagree	77	41.0
	Not sure	32	17.0
	Agree	79	42.0
Staff demonstrate professional ethics and avoid favoritism	Disagree	79	42.0
	Agree	68	36.2
	Strongly Agree	41	21.8
Sacco provides job mentoring and performance feedback to staff	Disagree	73	38.8
	Not sure	38	20.2
	Agree	77	41.0

ST. PAUL'S UNIVERSITY

On regular training on appraisal, monitoring, and recovery, the findings in Table 9 show that 42.0% of respondents agreed that their SACCO provided regular training on loan appraisal, monitoring, and recovery, while an equal proportion, 42.0%, disagreed and 16.0% were not sure. These results revealed divided opinions regarding the adequacy of staff training within SACCOs. While some institutions appeared to invest in continuous capacity building, others did not provide sufficient training opportunities to enhance employees' competencies in credit management. Regular training was essential to equip staff with the knowledge and skills needed to assess borrowers effectively, monitor loan performance, and implement appropriate recovery strategies. The findings were consistent with Muriithi and Kamau (2025), who found that continuous professional training improved employee competence and credit management

effectiveness, and Etenyi, Nelima and Maingi (2024), who established that staff development programs contributed positively to SACCO operational performance and loan portfolio quality.

Regarding staff skills in using loan tracking systems, the study found that 58.0% of respondents disagreed that staff possessed adequate skills to use loan tracking systems effectively, and 42.0% agreed. These results showed that a sizable percentage of SACCO workers lacked the technical skills needed to use loan monitoring tools effectively. A lack of proficiency with loan tracking tools hampered the institution's ability to track repayment patterns, identify past-due accounts, and respond quickly to new credit concerns. The results suggested that SACCO employees needed more technical training and capacity building. Mwangi and Kinyua (2024) found similar results, noting that employees' lack of technological proficiency negatively affected loan management performance and credit monitoring effectiveness.

Regarding understanding and consistent application of credit policy, the findings revealed that 42.0% of respondents agreed that staff understood and consistently applied the SACCO's credit policy, while 41.0% disagreed and 17.0% were not sure. The almost equal percentages of agreement and disagreement showed that different SACCOs had different levels of comprehension and compliance with credit standards. For the loan appraisal, approval, monitoring, and recovery processes to be consistent, equitable, and accountable, credit policies had to be implemented effectively. The results indicated that while some SACCOs had successfully raised staff understanding of policies, others still struggled to ensure consistent application. These findings concurred with Githinji and Mutuku (2023), who established that employee understanding of credit policies enhances compliance and improves credit control outcomes, and Ngugi and Mwangi (2024), who found that consistent policy implementation reduces lending errors and credit risk exposure.

On professional ethics and avoidance of favoritism, the results indicated that 36.2% of respondents agreed and 21.8% strongly agreed that staff demonstrated professional ethics and avoided favoritism in executing their duties, while 42.0% disagreed. This implied that although a majority of respondents perceived staff as acting professionally, a substantial proportion remained concerned about ethical practices and possible favoritism in credit-related decisions. Professional ethics were essential in ensuring objectivity, transparency, and fairness in loan appraisal and recovery processes. Weak ethical standards could result in biased lending

ST. PAUL'S UNIVERSITY

decisions, increased credit risk, and reduced institutional credibility. The findings were consistent with Munyua and Kihoro (2023), who found that ethical conduct among SACCO staff positively influenced credit management effectiveness, and Kariuki and Maina (2024), who emphasized that integrity and professionalism were critical determinants of successful credit control systems.

Job mentoring and performance feedback responses established that 41.0% of respondents agreed that their SACCO provided job mentoring and performance feedback to staff, while 38.8% disagreed and 20.2% were not sure. These findings suggested that mentoring and performance evaluation programs existed in some SACCOs but were not consistently implemented across all institutions. Mentoring and feedback mechanisms played an important role in enhancing employee performance, identifying skill gaps, and promoting continuous professional development. Findings showed SACCOs with structured mentoring programs improved staff competence and credit management effectiveness, consistent with Banda and Phiri (2024), who found mentoring positively influenced employee performance and institutional effectiveness.

Qualitative responses showed that SACCO credit staff in Nyandarua County face notable capacity gaps that weaken effective credit control. Among 36% of the respondents, many staff lack advanced technical skills in loan appraisal, monitoring systems, and the use of credit scoring tools. Fewer (27%) thought that inconsistent understanding and application of credit policies undermined uniform decision-making. Some of the views showed that structured mentoring and performance review programs are often absent, reducing opportunities for professional growth. Training initiatives were reported to be irregular to a small extent, leaving gaps in recovery procedures and borrower profiling. Additionally, limited exposure to modern financial technologies constrained efficiency in tracking and managing loans. These qualitative responses revealed deficiencies that would collectively hinder proactive risk management, weaken recovery mechanisms, and compromise overall credit governance. The views underscored the need for continuous training, mentoring, and technological capacity building.

4.7 Effect of Credit Policies on Credit Control

The fourth study objective examined how credit policies affect SACCO credit control; the following section presents the data analysis and findings. Data is presented in Table 4.8

ST. PAUL'S UNIVERSITY

Table 4.12 Effect of Credit Policies on Credit Control

Variable	Parameter	Frequency (F)	Percent (%)
Do we have a documented policy that is accessible	Strongly Agree	41	21.8
	Disagree	85	45.2
	Not sure	14	7.4
	Agree	48	25.5
Credit policy clearly defines borrowers' eligibility criteria	Strongly Disagree	79	42.0
	Disagree	47	25.0
	Agree	32	17.0
	Strongly Agree	30	16.0
Loan limits and interest rates are specified in the credit policy	Disagree	100	53.2
	Not sure	41	21.8
	Agree	47	25.0
Policy gives guidelines for loan approval and disbursement	Disagree	85	45.2
	Agree	62	33.0
	Strongly Agree	41	21.8
Policy outlines escalation steps for	Disagree	109	58.0

ST. PAUL'S UNIVERSITY

delinquent accounts	Not sure	32	17.0
	Agree	47	25.0
Policy is reviewed and updated regularly to reflect changes	Strongly Disagree	41	21.8
	Disagree	70	37.2
	Agree	77	41.0

Table 10 reveals that 45.2% of respondents disagreed that their SACCO had a documented and accessible credit policy, 25.5% agreed, 21.8% strongly agreed, and 7.4% were not sure. These results suggested that although some SACCOs had documented credit policies available to staff, a considerable proportion of respondents perceived such policies as either inaccessible or unavailable. The absence of accessible policy documents hindered consistent decision-making and weakened compliance with established credit management procedures. A well-documented, accessible credit policy guided staff and enhanced transparency and accountability in lending operations. The findings were consistent with Ngugi and Mwangi (2024), who found that accessible policy documents improved adherence to lending guidelines and enhanced credit control effectiveness, and Githinji and Mutuku (2023), who established that policy accessibility contributed to uniformity in credit-related decision-making.

On clarity of borrower eligibility criteria in the credit policy, the study found that 42.0% of respondents strongly disagreed and 25.0% disagreed that the SACCO's credit policy clearly defined borrower eligibility criteria, while only 17.0% agreed and 16.0% strongly agreed. These findings indicated that most respondents perceived weaknesses in the clarity of borrower qualification requirements within existing credit policies. Unclear eligibility criteria led to inconsistent loan appraisal practices, subjective decision-making, and increased exposure to credit risk. Clearly defined borrower requirements were essential in ensuring that only qualified members accessed credit facilities. The findings supported Information Asymmetry Theory, which emphasized the importance of clear screening criteria in reducing lending risks. Nyambati and Otwoko (2024) reported similar findings, finding that clearly defined borrower assessment standards significantly improved loan portfolio quality and reduced default rates.

ST. PAUL'S UNIVERSITY

On the specification of loan limits and interest rates in the credit policy, 53.2% of respondents disagreed that loan limits and interest rates were clearly specified, 21.8% were unsure, and only 25.0% agreed. This suggested that many SACCOs did not adequately communicate or document loan ceilings and applicable interest rates within their credit policies. The lack of clearly specified lending parameters created uncertainty among staff and borrowers and increased the risk of inconsistent lending practices. Clearly documented loan limits and interest rates promoted transparency, fairness, and effective credit management. These findings aligned with Muriuki and Kamau (2024), who observed that clearly stipulated lending terms improved policy compliance and reduced operational disputes, and Kariuki and Maina (2024), who found that transparent credit guidelines contributed to effective credit control and portfolio performance.

Results showed that 45.2% disagreed that the credit policy offered clear loan approval guidelines, while 33.0% agreed and 21.8% strongly agreed, indicating mixed perceptions of policy clarity. Although more than half of the respondents acknowledged the existence of such guidelines, a substantial proportion expressed concerns regarding their adequacy or implementation. Clear approval and disbursement procedures were critical in ensuring consistency, accountability, and compliance with lending standards. The findings suggested that some SACCOs struggled to enforce standardized approval processes. These results align with Nguyen and Tran (2023), who found that well-defined approval procedures strengthened credit risk management, and Githinji and Mutuku (2023), who found that standardized lending processes enhanced the effectiveness of credit control systems.

"On escalation procedures for delinquent accounts, the study established that 58.0% of respondents disagreed that the credit policy outlined escalation steps for delinquent accounts, while 17.0% were not sure and only 25.0% agreed. These findings suggest that many SACCOs lacked clear policy provisions outlining actions to take when borrowers failed to meet repayment obligations. The absence of structured escalation procedures delayed intervention measures and increased the likelihood of loans becoming non-performing. Effective escalation guidelines provided a framework for timely follow-up, recovery action, and risk mitigation. The findings concurred with Woor (2024), who found that clearly documented delinquency management procedures enhanced loan recovery effectiveness, and Otieno and Oduor (2023),

ST. PAUL'S UNIVERSITY

who reported that institutions with formal recovery escalation frameworks experienced lower levels of loan default.

Data on regular review and updating of credit policy findings revealed that 41.0% of respondents agreed that the credit policy was reviewed and updated regularly to reflect changes in the operating environment, while 37.2% disagreed and 21.8% strongly disagreed. These results indicated mixed perceptions regarding policy review practices across SACCOs. Although a significant proportion of respondents acknowledged periodic policy reviews, most expressed concern that credit policies were not updated frequently enough. Regular policy reviews are important to ensure lending guidelines remain relevant to changing regulatory requirements, market conditions, and emerging credit risks. The findings were consistent with Muriithi and Kamau (2025), who showed periodic credit policy reviews improved responsiveness and risk management, and Banda and Phiri (2024), who found updated policies strengthened credit control and loan portfolio performance.

4.8 Credit Control

The study obtained data on the dependent variable, credit control, that was subsequently presented and discussed as in Table 4.9.

ST. PAUL'S UNIVERSITY

Table 4.13 Credit Control

Variable	Parameter	Frequency (F)	Percent (%)
Sacco maintains its NPL within SASRA recommended limit	Strongly Disagree	41	21.8
	Disagree	70	37.2
	Agree	77	41.0
Institution achieves set recovery rate on all monthly	Strongly Disagree	41	21.8
	Agree	109	58.0
	Not sure	41	21.8

payments	Agree	38	20.2
The collection period of loans is maintained at 30 days or less	Strongly Disagree	30	16.0
	Disagree	120	63.8
	Agree	38	20.2
Debt recovery expenditure is within the approved annual budget	Strongly Disagree	28	14.9
	Disagree	2	1.1
	Not sure	79	42.0
	Agree	79	42.0
Actions executed within the specified timeline	Strongly Disagree	41	21.8
	Disagree	70	37.2
	Not sure	30	16.0
	Agree	47	25.0

SACCO maintains Non-Performing Loans (NPLs) within SASRA-recommended limits, as per Table 11, which revealed that 41.0% of respondents agreed that their SACCO maintained NPLs within the limits recommended by SASRA, while 37.2% disagreed and 21.8% strongly disagreed. Although the largest proportion of respondents believed NPLs were maintained within acceptable regulatory thresholds, the combined proportion of disagreement suggested that many SACCOs still struggled to control loan defaults. The findings implied that while some SACCOs had implemented effective credit control measures, others struggled to maintain loan portfolio quality within regulatory requirements. High NPL levels were attributed to weaknesses in credit appraisal, loan monitoring, and recovery processes. These results aligned with Woor (2024), who found strong monitoring systems improved regulatory compliance, and Nyambati and Otwoko (2024), who showed effective credit risk management reduced non-performing loans and enhanced portfolio quality.

ST. PAUL'S UNIVERSITY

On whether the institution achieves the set recovery rate on monthly payments, the results revealed that 58.0% of the respondents agreed, while 21.8% were not sure and 20.2% indicated agreement at varying levels. These findings suggested that most SACCOs recovered a substantial proportion of expected loan repayments within the required periods. Achieving recovery targets was an important indicator of effective credit control because it improved liquidity, reduced arrears accumulation, and strengthened financial sustainability. The findings implied that the loan recovery mechanisms employed by many SACCOs contributed positively to repayment performance. These findings supported Mugambi and Kinyua (2024), who showed proactive recovery strategies improved repayment, and Banda and Phiri (2024), who found effective mechanisms strengthened financial stability and portfolio performance.

On whether the collection period of loans was maintained at 30 days or less, the findings showed that 63.8% of respondents disagreed and 16.0% strongly disagreed that the collection period of loans was maintained at 30 days or less, while only 20.2% agreed. This indicated that most SACCOs experienced delays in recovering outstanding loans, suggesting inefficiencies in collection and follow-up procedures. Extended collection periods exposed institutions to higher credit risk, reduced cash flow, and a greater likelihood of loans becoming non-performing. The findings implied that although recovery targets may have been achieved in some cases, the time taken to realize these recoveries remained a challenge. These findings aligned with Otieno and Oduor (2023), who showed loan collection delays increased defaults, and Mutua and Njeru (2023), who found shorter collection periods strengthened credit control and improved institutional performance.

Responses to a question on whether debt recovery expenditure was within the approved annual budget: 42.0% agreed, an equal proportion (42.0%) were not sure, and 14.9% strongly disagreed. These findings indicated uncertainty among respondents about managing recovery-related costs, although a significant proportion believed expenditure was controlled within budgetary limits. Effective management of debt recovery expenditure mattered because excessive recovery costs could erode the financial gains from recovered loans. The findings suggested that SACCOs generally attempted to balance recovery effectiveness with cost efficiency. These results concurred with Ngugi and Mwangi (2024), who found that prudent management of recovery costs enhanced operational efficiency and sustainability, and Muriuki

ST. PAUL'S UNIVERSITY

and Kamau (2024), who established that cost-effective recovery strategies contributed positively to credit control performance and financial stability.

Findings showed 37.2% disagreed, 21.8% strongly disagreed, 16.0% were unsure, and 25.0% agreed that actions met timelines, indicating SACCOs faced delays in loan monitoring, arrears follow-up, restructuring, and recovery enforcement, worsening repayment problems and increasing default risks. The findings implied that timeliness remained a significant challenge in managing credit control processes. These findings were consistent with Etenyi, Nelima and Maingi (2024), who found that prompt implementation of credit management activities improved loan performance and organizational effectiveness, and Woor (2024), who found that timely intervention was essential to preventing loan delinquency and improving recovery outcomes.

Strengthening SACCO credit management in Nyandarua County requires targeted policy and institutional reforms based on qualitative responses from 28% of the individuals. To 18% of the respondents, borrower profiling should be standardized through clear Know-Your-Customer (KYC) procedures and expanded use of credit scoring tools. Other views showed that credit policy enforcement must be consistent, transparent, and regularly updated to reflect changing economic realities. Other views were that institutional reforms should prioritize continuous staff training, structured mentoring, and performance reviews to close competence gaps. Fina

ST PAUL'S UNIVERSITY

4.9 Inferential Statistics

The study did correlation and regression and presented the data in the section that follows.

4.9.1 Correlations

The study did a correlation analysis and presented the findings in Table 4.10.

Table 4.14 Correlation Analysis

Correlations

		Credit Risk Management Frameworks	Loan Recovery Strategies	Staff Competencies	Credit Policies	Credit Control
Credit Risk Management Frameworks	Pearson Correlation	1	.254**	.219**	.307**	.314**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	188	188	188	188	188
Loan Recovery Strategies	Pearson Correlation	.354**	1	.246**	.223**	.263**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	188	188	188	188	188
Staff Competencies	Pearson Correlation	.279**	.206**	1	.211**	.122
	Sig. (2-tailed)	.000	.000		.000	.094
	N	188	188	188	188	188
Credit Policies	Pearson Correlation	.207**	-.523**	.211**	1	.274**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	188	188	188	188	188
Credit Control	Pearson Correlation	.194**	.463**	.122	.194**	1
	Sig. (2-tailed)	.000	.000	.094	.000	
	N	188	188	188	188	188

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

ST. PAUL

The correlation results reveal significant positive associations among most institutional determinants of credit control. Credit risk management frameworks correlate moderately with credit control ($r=.314, p<.01$), suggesting that structured risk practices enhance regulation outcomes. Loan recovery strategies show the strongest positive correlation with credit control ($r=.463, p<.01$), highlighting their central role in sustaining portfolio quality. Staff competencies, though positively related to other variables, show a weak, non-significant correlation with credit control ($r=.122$, $p>.05$), implying limited direct influence. Credit policies demonstrate moderate positive correlations with credit control ($r=.274, p<.01$), underscoring their importance in guiding loan approval and enforcement.

4.9.2 Regression Analysis

Model Summary

The regression model summary is presented in Table 4.11

Table FINDINGS PRESENTATION, DATA ANALYSIS, AND DISCUSSION.15 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.663[a]	.44	.412	.14462

a. Predictors: (Constant), Credit Policies, Credit recovery frameworks, Staff Competencies, Loan Recovery Strategies

The model summary shows a moderate relationship between the predictors and credit control, with R=.663. The coefficient of determination (R2=.44) indicates that credit policies, credit recovery frameworks, staff competencies, and loan recovery strategies explain 44% of the variation in credit control. The adjusted R2=.412 confirms the model's reliability after accounting for the number of predictors, reducing the risk of overestimation. The standard error of the estimate (.14462) suggests reasonable accuracy in predicting credit control outcomes. Overall, the results show that institutional determinants significantly explain SACCO credit control performance.

ANOVA

The ANOVA is presented in the table 4.12.

Table 4.16 ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.285	4	10.571	505.432	.000[b]
	Residual	3.828	183	.021		
	Total	46.113	187			

a. Dependent Variable: Credit Control

ST. PAUL'S UNIV

b. Predictors: (Constant), Credit Policies, Credit Recovery Management Frameworks, Staff Competencies, Loan Recovery Strategies

The regression sum of squares (42.285) compared with the residual sum of squares (3.828) shows that the predictors explain most of the variation in credit control. The F-statistic (505.432) is very high, with a p-value of .000, indicating that the combined effect of credit policies, credit recovery management strategies, staff competencies, and loan recovery strategies on credit control is highly significant. The predictors jointly account for a substantial proportion of variance in credit control, meaning institutional determinants strongly influence SACCO credit management effectiveness in Nyandarua County.

Regression Coefficients

Regression Coefficients are presented in Table 4.13.

Table 4.17 Regression Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	27.866	3.694		7.54	.041
	Credit Recovery Management Frameworks	3.112	1.186	0.469	2.62	.044
	Loan Recovery Strategies	3.364	.180	0.453	7.689	.045
	Staff Competencies	1.909	.249	0.384	7.67	.039
	Credit Policies	2.296	1.131	0.357	2.03	.043

a. Dependent Variable: CC

A multiple linear regression analysis was conducted to evaluate the extent to which Credit Recovery Management Frameworks, recovery strategies, staff competencies, and credit

policies predict credit control (CC). The linear combination of the four predictors was statistically significant, with all variables uniquely contributing to the model at the 95% confidence level.

Credit Recovery Management Frameworks emerged as the strongest relative predictor of CC (B = .47, t = 2.62, p = .044), closely followed by Loan Recovery Strategies (B = .45, t = 7.69, p = .045). Staff Competencies (B = .38, t = 7.67, p = .039) and Credit Policies (B = .36, t = 2.03, p = .043) also significantly and positively predicted the outcome variable.

The final predictive model is expressed as:

$$Y\ (CC) = 27.87 + 3.11(CCMF) + 3.36(LRC) + 1.91(SC) + 2.30(CP) + \varepsilon$$

These findings indicate that while all dimensions are critical, structural frameworks and tactical recovery strategies yield the highest statistical impact on institutional CC optimization.

Where Y represents **Credit Control**,

CCMF= Credit Risk Management Frameworks (X1)

LRC= Loan Recovery Strategies (X2)

SC= Staff Competence (X_3)

CP= Credit Policies (X_4)

$\beta 0$ is the constant term

ε=Error term

ST. PAUL'S UNIVERSITY

4.9.3 Conclusion Hypotheses Testing

H_{01} (Credit Risk Management Frameworks): The coefficient (B=3.112, t=7.54,p<.05) meaning significant positive effect; that is risk management strategies strongly enhance credit control:-null hypothesis is rejected

H_{02} (Loan Recovery Strategies): Rejected. Loan recovery has a significant positive effect (B=3.364, t=2.62, p<.05): that is, it has a critical role in strengthening credit control. Therefore, the null hypothesis is not accepted.

H_{03} (Staff Competence): Not accepted: Staff competencies significantly influence credit control (B=1.909,t=7.67, p<.05); thus, skilled personnel are important.

H_{04} (Credit Policies): Not accepted. Credit policies have a significant negative effect (B=2.296, t=2.03, p<.05).

The hypothesis testing results showed that institutional determinants collectively shape SACCO credit control, with loan recovery strategies and staff competencies exerting the strongest positive influence, credit risk frameworks contributing significantly, and credit policies relatively constraining effectiveness. Overall, the findings underscore the necessity of robust recovery mechanisms, skilled personnel, and flexible governance structures to optimize credit management outcomes.

ST. PAUL'S UNIVERSITY

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter has the summary and conclusions, and it then outlines the recommendations derived from the findings.

5.2 Summary of Findings

The results showed that different SACCOs used different credit risk management techniques. Most of the time, SACCOs carried out thorough borrower appraisals, but rarely used credit rating instruments. Consistency in applying loan requirements and valuation procedures was weak, but in contrast, loan monitoring was strongly practiced, with the majority agreeing that loans were regularly tracked and at-risk accounts identified early, while portfolio diversification was moderately adopted. Nevertheless, most respondents disagreed that SACCOs used indicators for detecting potential defaults, indicating weak early warning systems.

The findings on loan recovery strategies also showed mixed practices. Timely payment reminders were used in some SACCOs. Routine visits for overdue loans were largely uncommon. Despite the relative strength of social collateral, loan modification was fairly common. However, documentation of recovery processes remained unreliable, and legal action was applied inconsistently and only as a last resort.

The findings on staff competence showed mixed capacity levels. Training on recovery, monitoring, and appraisal was divided equally. Although loan tracking systems showed a skills shortage, most people argued that staff members had the necessary skills. Agreement and disagreement were almost equal on understanding and implementing credit policy. Although professional ethics among employees were acknowledged by many respondents, some SACCOs had mentoring and performance reviews; however, these were not consistently applied.

The findings on credit control showed inconsistent performance among SACCOs. Non-performing loan maintenance was inconsistent with SASRA guidelines. Although loan

ST. PAUL'S UNIVERSITY

collection timeframes were mostly not kept within 30 days, recovery rates were generally positive. The cost of debt recovery was unclear. Credit control measures were likewise slow.

The qualitative findings further demonstrated how institutional, technological, and environmental elements influenced credit control in SACCOs. Respondents highlighted stronger borrower profiling, stricter enforcement of credit standards, better technology systems, increased staff capacity, higher regulatory compliance, and better service accessibility. By emphasizing the opportunities and practical difficulties affecting credit control in SACCOs in Nyandarua County, these insights supplemented the quantitative findings.

5.3 Conclusions

Credit risk management frameworks

According to the study's findings, SACCOs used credit risk management techniques only partially. While the study noted drawbacks such as limited use of credit scoring systems, inconsistent application of loan rules, and a lack of early warning indicators, borrower assessment and loan monitoring were clearly strong points. Despite moderate portfolio diversification, overall effectiveness was limited by a lack of proactive risk detection methods and poor use of structured evaluation instruments.

Loan recovery strategies

The study found that SACCOs did not consistently use loan recovery tactics. While SACCOs used timely payment reminders sparingly, they noted loan restructuring and the use of social collateral as strengths. However, regular borrower follow-ups, inconsistent recovery-method paperwork, and limited use of legal action were clearly flawed. Overall, poor enforcement procedures and uneven implementation of formal recovery methods hampered recovery efficacy.

ST. PAUL'S UNIVERSITY

Staff competence

The study found variation in staff competency in SACCOs. While there were notable shortcomings in technical capabilities for loan monitoring systems, consistent application of credit policies, and organized mentoring programs, the study noted strengths in ethical behavior and some training initiatives. These gaps in policy knowledge and capacity building hindered the use of credit control procedures and reduced overall credit management effectiveness.

Credit control

The study found that SACCOs' credit control performance was inconsistent. Major challenges persisted in meeting loan collection deadlines, promptly executing credit control procedures, and consistently adhering to cost and procedural controls, even as some institutions kept non-performing loans within regulatory limits and achieved acceptable recovery rates. Overall, poor credit control performance was still hampered by implementation inefficiencies and postponed interventions.

The qualitative findings showed that institutional, technological, and contextual factors influenced credit control in SACCOs, including weak borrower profiling, policy enforcement gaps, limited technology use, and staff capacity challenges. In addition to the quantitative results, the studies emphasized the need for better service accessibility and regulation.

The correlation analysis demonstrated that institutional determinants significantly shape credit control outcomes. Credit risk management frameworks and credit policies showed moderate positive associations, underscoring their role in guiding regulation and loan approval. Loan recovery strategies exhibited the strongest correlation, highlighting their centrality in sustaining portfolio quality. Staff competencies, though positively related, reveal a weaker link, suggesting limited direct influence. Overall, the findings confirm that effective recovery mechanisms, structured risk practices, and sound policies collectively enhance SACCO credit control, while staff competence requires complementary institutional support to exert meaningful impact.

This study has contributed to knowledge by empirically demonstrating how institutional determinants, particularly credit risk frameworks, loan recovery strategies, staff competence,

ST. PAUL'S UNIVERSITY

and credit policies, collectively shape SACCO credit control in Kenya. It has advanced understanding by highlighting recovery strategies and staff competence as critical drivers, while exposing rigid policies as constraints. The findings bridge conceptual and contextual gaps in cooperative finance literature, offering evidence-based insights to strengthen governance, regulatory compliance, and operational adaptability in SACCOs in Nyandarua County and comparable rural contexts.

5.4 Recommendations

Based on the findings of the study, the following recommendations are made:

1. Credit risk management frameworks: SACCOs should strengthen borrower profiling through standardized KYC procedures, expand use of credit scoring tools, ensure consistent application of lending requirements, and adopt early warning systems to improve risk detection.
2. Loan recovery strategies: SACCOs should enhance borrower follow-ups, standardize recovery procedures, strengthen documentation, and apply legal action more consistently while maintaining appropriate use of restructuring and social collateral.
3. Staff competence: SACCOs should invest in continuous staff training on credit management and loan tracking systems, strengthen mentoring and feedback mechanisms, and reinforce adherence to professional ethics to improve decision-making.
4. Credit control: SACCOs should improve timeliness of credit control actions, enhance compliance with SASRA requirements, strengthen internal controls, and improve cost efficiency in recovery processes.
5. Credit policies and institutional strengthening: SACCOs should ensure credit policies are clear, accessible, and regularly updated, while improving enforcement, technological systems, and service accessibility to strengthen overall credit governance.
6. SACCOs in Nyandarua County should prioritize strengthening loan recovery systems and staff competencies, since both showed strong positive effects on credit control. At the same time, they should reform rigid credit policies, as these significantly undermine credit management effectiveness.

ST. PAUL'S UNIVERSITY

5.5 Suggested Areas for Further Studies

Based on the regression findings, the study suggests several important directions for further study. It proposes examining how credit policies influence the long-term sustainability of SACCOs and the ultimate effect on balancing regulatory compliance with operational adaptability. It also proposes a study exploring the mediating role of staff competencies in loan recovery and risk management. The study also proposes investigating the interaction between credit risk management and loan recovery strategies. These areas would strengthen evidence on how to optimize SACCO credit control systems.

A comparative study across Kenyan counties could test Nyandarua's findings by examining economic factors such as inflation, interest rates, unemployment, and income. Replication in agricultural, housing, transport, and consumer cooperatives would assess whether similar determinants influence credit control outcomes.

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

REFERENCES

Abdikheir, A. H. (2025). *Loan Restructuring and Performance of Small and Medium Enterprises Post COVID 19 pandemic in Nairobi City County, Kenya.* Nairobi: Kenyatta University.

Aben, T. A., van der Valk, W., Roehrich, J. K., & Selviaridis, K. (2021). Managing Information Asymmetry in Public–Private Relationships Undergoing A Digital Transformation: The Role of Contractual and Relational Governance. *International Journal of Operations & Production Management, 41*(7), 1145-1191.

Acquah, E. N. (2026). Adverse Selection and Moral Hazards: Information Asymmetry as A Source of Market Failures in Insurance and Finance. American . *Journal of Applied Statistics and Economics, 5*(1), 1–7. doi:https://doi.org/10.54536/ajase.v5i1.6099

African Development Bank. (2022). *Annual Report 2022. African Development Bank Group.* Abidjan, Côte d'Ivoire,: AfDB.

Andeyo, L., Kadima, M. J., & Miroga, J. (2022). Influence of credit terms on financial performance of SACCOs in Kakamega County; Kenya. *Strategic Journal of Business & Change Management, 9*(`), 1030-1039.

Asian Development Bank. (2023). *Annual Portfolio Performance Report 2023.* Manila, Philippines: ADB.

Atuheire, D. (2024). *Credit Policy and Loan Recovery Among SACCOs In Kabale Municipality: A Case Study of Lyamujungu SACCO.* Kampala UG: Kabale University.

Bargoge, C. J. (2024). *Effect of Non-Performing Loans on The Technical Efficiency of SACCOs.* Nairobi: University of Nairobi.

Boachie, C., & Adu-Darko, E. A. (2022). Ghana: Susu, Village Savings and Loans, Credit Union, Rotating Savings System. *Transforming Africa*, 135-149.

Boufounou, P., Eriotis, N., Kounadeas, T., Argyropoulos, P., & Poulopoulos, J. (2024). Enhancing Internal Control Mechanisms in Local Government Organizations: A Crucial Step towards Mitigating Corruption and Ensuring Economic Development. *Economies, 12*(4), 78.

Brik, H. (2024). Climate Risk and Financial Stability: Assessing Non-performing Loans in Chinese Banks. *Journal of Risk Management in Financial Institutions, 17*(3), 303-315.

Carrera-Silva, K., Rodríguez Ulcuango, O. M., Abdo-Peralta, P., Castelo Salazar, Á. G., Samaniego Erazo, C. A., & Haro Ávalos, D. (2024). Beyond the Financial Horizon: A critical Review of Social Responsibility in Latin American Credit Unions. *Sustainability, 16*(18), 7908.

CBK. (2023). *Kenya Financial Sector Stability Report 2023.* Nairobi: Central Bank of Kenya.

ST. PAUL'S UNIVERSITY

Central Bank of Nigeria. (2022). *Microfinance Sustainability in A Digitalized Economy.* Abuja, Nigeria: CBN.

Céu, M. S., & Gaspar, R. M. (2024). A Review on Climate Change, Credit Risk and Agriculture. *Rural Sustainability Research, 51*(346), 38-49.

Chebet, M. (2025). *Internal Factors Strategically Influencing Growth of Savings and Credit Cooperatives in Uasin Gishu County.* Doctoral dissertation, Kisii University.

Chesigor, F. K. (2024). *Corporate Entrepreneurship Strategy and Competitive Financial Performance of Deposit Taking Saccos in Kenya.* Doctoral dissertation, KeMU.

Chumakova, E., Korneev, D., Gasparian, M., Titov, V., & Makhov, I. (2024). Developing a Neural Network to Assess Staff Competence and Minimize Operational Risks in Credit Organizations. *International Research Journal of Multidisciplinary Scope, 5*(2), 461-471.

Creswell, J. W., & Creswell, J. D. (2023). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches (6th Ed.).* Thousand Oaks, CA: SAGE Publications.

DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review, 48*(2), pp. 147–160.

Dirba, G. (2024, April). Revamping Agricultural and Rural Credit and Insurance Services to Transform Ethiopian Food Systems. *A Contribution to Agricultural Finance Policymaking. An MOA Seminar Series, 1*.

Durand, D. (1941). *Risk Elements in Consumer Installment Financing.* New York City: National Bureau of Economic Research.

ECB. (2023). *Annual report 2023.* Brussels: European Central Bank.

Etenyi, P. H., Nelima, M., & Maingi, M. (2024). Effect of Credit Risk Management Techniques on Financial Performance of Deposit Taking SACCOs in Kenya. *African Journal of Empirical Research, 5*(4), 317-331.

European Investment Bank . (2021). *Finance in Africa: For Green, Smart and Inclusive Private Sector Development.* Luxembourg: EIB.

Fayemi, S. (2023). *Socio-Political Context as a Driver of Corporate Governance Practices in a Society: A Case Study of the Nigerian Banks.* Queen Mary University of London. Queen Mary University of London.

Fieve, J. K., & Chrysostome, E. V. (2024). Credit Cooperative Lending Loans as Challenges and Opportunities for Women Entrepreneurship in Africa: Evidence from Ghana. *Journal of African Business, 25*(1), 94-114.

ST. PAUL'S UNIVERSITY

Frosinini, A., & Borra, V. (2025). Shaping Tomorrow's Markets: The Future of Trade Finance through Innovations. *Quantum Leap: Innovative Strategies for Trade Finance in the 21st Century and Beyond*, pp. 499-567.

Galleli, B., & Amaral, L. (2026). Bridging Institutional Theory and Social and Environmental Efforts in Management: A Review and Research Agenda. *Journal of Management, 52*(1), 42-93.

Gatu, K. A. (2024). *Sacco Societies Regulatory Authority Prudential Regulations and Financial Perfromance of Deposit Taking Saving and Credit Co-Operative Societies in Kenya.* Doctoral dissertation, Kenyatta University.

Gazu, S. J. (2024). *The Role of Fintech in Improving Savings and Credit Institutions' Service Offering.* South Africa: University of Johannesburg.

Haile, M. A., Jayamohan, M. K., & Mulugeta, W. (2025). Does Regulatory Convergence Shape Banking Resilience in Africa? *Heliyon, 11*(1).

Hemed, H. R. (2022). *The Effects of Financial Inclusion Strategies on Financial Performance of Deposit Taking Savings and Credit Co-operatives Societies (Saccos) in Kenya.* Doctoral dissertation, University of Nairobi.

Hussain, S. (2025). Sustainable Finance in Germany: Trends and Opportunities. *Sustainable Finance Regulation in the European Union: Pathways, Practices and National Perspectives*, pp. 79–90.

Jain, S., & Mansuri, G. (2003). A little at a time: The Use of Regularly Scheduled Repayments in Microfinance Programs. *Journal of Development Economics, 72*(1), 253–279.

Kamau, A. G., & Muturi, W. (2025). Prudential SASRA Regulatory Standards and Financial Performance of Deposit-Taking SACCOs in Nyanza Region, Kenya. *The Strategic Journal of Business & Change Management, 12*(2), 522–539.

Kangangi, L., & Mang'ana, R. (2024). Technology Adoption Strategies and Performance of Deposit Taking Saccos In Nairobi City County, Kenya. *International Journal of Social Sciences Management and Entrepreneurship (IJSSME), 8*(4).

Kasule, G., & Kyeyune, G. N. (2026). Loan Stacking and Debt Stress: How Household Characteristics Shape Repayment Behavior in Uganda. *African Journal of Emerging Issues, 8*(1), 71–92.

Kaurav, P. (2025). Driving Innovation in Cooperative Societies: A Pathway to Sustainable Development. *General Academic Journals-P-ISSN 3050-8711 and E-ISSN 3050-872X, 1*(2), 01-09.

Kayizzi-Mugerwa, S. (2024). Uganda's Parish Development Model in Practice: Rationale, Impact and Relevance for Bottom-Up Economic Development in Africa. *Southern African Journal of Policy and Development, 7*(2), 4.

ST. PAUL'S UNIVERSITY

Khanal, B., & Chhetri, D. B. (2024). A Pilot Study Approach to Assessing the Reliability and Validity of Relevancy and Efficacy Survey Scale. *Janabhawana Research Journal, 3*(1), 35–49.

Kibue, V. M., & Mang'ana, R. (2022). Influence of Corporate Governance Practices on Performance of Savings and Credit Cooperative Societies in the Central Region of Kenya. *International Academic Journal of Human Resource and Business Administration, 4*(1), 268–273.

Kipchirchir, H. (2024). *Credit Risk Management Practice, Technological Innovation and Financial Performance of Deposit-Taking SACCOs in Kenya.* Cuk. Cuk.

Kirui, L. C. (2024). *Environmental Factors and Sustainability of Pastoral Field Schools Projects Income Generating Activities in Arid and Semi-Arid Counties in Kenya.* Doctoral dissertation, ANU.

Kisaakye, A. (2025). Exploring the Role of Financial Cooperatives in Enhancing Financial Inclusion in Uganda: A Literature Review. *Sustainability through Cooperatives (ICSC): Experiences in Africa South of the Sahara.*

Kothari, C. R., & Garg, G. (2020). *Research Methodology: Methods And Techniques (5th Ed.).* New Delhi IN: New Age International Publishers.

Kowa, J. B., Turinawe, J., & Mukokoma, M. N. (2023). A Critical Analysis of Loan Policies and Loan Recovery at a Savings and Credit Cooperative Organisation (SACCO) in Uganda: A Case of Y-Save SACCO. *Journal of Research in Engineering and Computer Sciences, 2*(1), 55–76.

Kumar, R. (2022). *Research Methodology: A Step-By-Step Guide for Beginners (6th Ed.).* Thousand Oaks, CA: SAGE Publications.

Kumar, S., & Saha, S. (2025). Transforming the Rural Banking System into A Digital Village Bank Model: A Global Analysis of Opportunities, Challenges and Governance. *EDPACS*, pp. 1–33.

Magale, E. G. (2024). *Towards Financial Inclusion? A Study of the Co-Operative and Digital Lending Models in Kenya.* University of Pretoria. University of Pretoria.

Maina, E. M., & Njeru, A. (2023). Influence of Credit Risk Management Practices on Loan Recovery Performance of The Registered Digital Credit Providers in Kenya. *The Strategic Journal of Business & Change Management, 10*(4), 682-695.

Maina, J. (2020). Credit Management Practice, SACCO Size and Financial Sustainability of Deposit-Taking Savings and Credit Co-Operatives in Kenya. *Journal of Accounting, Finance and Auditing Studies, 6*(2), 23–40. doi:https://doi.org/10.3 2602/ JAFAS.2020.023

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

Marango, J. (2023). *Saving and Credit Co-Operative Organizations (Saccos) Services and Income Poverty Reduction among Members.* Doctoral dissertation, Moshi Co-operative University.

Marculetiu, A. M., & Hilliard, R. (2025). Norms Over Threats and Trends: Professional Associations and the Adoption of Environmental Practices. *Business Ethics, the Environment & Responsibility, 34*(1).

Masidza, L. S. (2023). *Credit Administration and Financial Performance af Institutional Based Savings and Credit Cooperative Societies Ltd in Nairobi City County, Kenya.* Nairobi: Kenyatta University.

Mbabu, J. (2025). *Effect of Liquidity Management On Financial Performance of Tier One Deposit Taking SACCOs in Kenya.* Doctoral dissertation, KeMU.

Mbegu, S., Magali, J., & Kara, N. (2024). The Influence of Innovations on SACCOs' Financial Performance in Mbeya Region, Tanzania. *African Development & Finance Journal, 7*(1), 165-184. Retrieved from https://uonjournals.uonbi.ac.ke/ojs/index.php/adfj/article/view/2051.

Mbodj, A., & Laye, S. (2025). Reducing Poverty through Financial Growth: The Impact of Financial Inclusion and Development in Emerging Economies. *Journal of Business and Economic Options, 8*(1), 61-76.

Mbunda, K. A. (2024). Saving and Credit Cooperatives Services and Socio-economic Empowerment of Women in Temeke Municipality, Tanzania. *East African Journal of Interdisciplinary Studies, 7*(1), 53-63.

Mefereh, M. R., Forgha, N. G., Nkwati, N. D., Nso, M. A., & Nsoh, N. C. (2025). Loan Management Strategies: A Lever for Loan Delinquency Reduction in the Microfinance Sector of Bamenda, Cameroon. *Journal of Entrepreneurship, Management, Economics, and Business Administration, 3*(1), 12–22.

Min, O. (2025). *Credit Assessment Practices and Loan Performance at Myanmar Citizens Bank.* MERAL. MERAL Portal.

Mohamed, M. O. (2024). *Factors Influencing Group Loan Repayment Performance in Lgas at Kinondoni Municipal.* Dodoma, TZ: University of Dodoma.

Morgan, H. M. (2024). An Integrative Institutional Framework of the Canada–US Business Performance Gap. *Canadian Public Policy, 50*(2), 171–201.

Moshi, E. (2023). *The Effect of credit Risk Management on financial Sustainability of Savings and Credit Cooperative Societies (SACCOs).* Doctoral dissertation, IAA.

Moya, L. O., Kurere, C., & Ngacho, C. (2025). Effect of Non-Performing Loan Determinants on Financial Performance of Mwalimu SACCO's in Migori County, Kenya. *International Academic Journal of Economics and Finance (IAJEF)| ISSN 2518-2366, 5*(2), 80-104.

ST. PAUL'S UNIVERSITY

Mugilwa, N. (2024). *Corporate Governance, Funding Structure, Regulatory Framework and Financial Performance of Deposit Taking Savings and Credit Cooperative Societies in Kenya.* University of Nairobi. University of Nairobi.

Muriithi, D. I. (2023). *Analysis of the Effect of Climate Variability and Socio-economic Factors on Adaptation Strategies Among Small-Scale Farmers. A Case Study of Nyandarua County, Kenya.* Doctoral dissertation, University of Nairobi.

Muriithi, P. K. (2024). *Regulatory Framework and Financial Intermediation Efficiency of Deposit Taking Savings and Credit Cooperative Societies in Kenya.* Doctoral dissertation, JKUAT-COHRED.

Musyoka, M. (2024). Credit Administration Practices and Financial Sustainability of SACCOs in rural Kenya. *Journal of Cooperative Finance and Development, 6*(1), 22–34.

Mutai, J. K. (2025). *Management Practices and Financial Performance of Selected Deposit-Taking Saccos in Kericho and Bomet Counties, Kenya.* Nairobi: Kenyatta University.

Muthoni, D. K. (2025). Credit Management Practices and Financial Performance of Deposit-Taking Saccos In Nairobi City County. *The Strategic Journal of Business & Change Management, 12*(1), 7-781.

Mutiso, L., & Njoroge, J. (2022). Credit Risk Management Practices and Financial Performance of SACCOs in Kenya. *International Journal of Finance and Accounting Studies, 5*(2), 45–58.

Mutunga, A., Wamitu, S., & Wahome, M. (2025). Evaluating the Role of Risk Management Strategies in Shaping Financial Performance of Deposit Taking SACCOS in Kenya's Eastern Region. *Journal of Strategic Management, 9*(3), 1–18.

Mwalozi, P. M. (2023). *A Loan Default Prediction and Loan Amount Recommendation Tool for SACCOs in Nairobi: A Case of Okoa Management SACCO.* Doctoral dissertation, Strathmore University.

Mwangi, J. W., & Kiai, ,. R. (2020). Governance Practices and Loan Performance of SACCOs in Kenya. *African Journal of Co-operative Development, 6*(2), 31–44.

Mwaura, S. N. (2025). *Loan Management Strategies and Asset Quality Performance in Deposit Taking Savings and Credit Co-Operative Societies in Murang'a County, Kenya.* Kenyatta University. Kenyatta University.

Mwirigi, K., & Kirimi, J. (2023). Regulatory Compliance and Sustainability of Deposit-Taking SACCOs in Kenya. *International Journal of Finance and Banking Studies, 12*(1), 55–68.

Nabiba, M., & Miroga, J. (2024). Credit Management Practices and Loan Portfolio Performance of Deposit Taking SACCOs in Nairobi City County, Kenya. *Strategic Journal of Business & Change Management, 11*(3), 410–446.

ST. PAUL'S UNIVERSITY

Nakayiso, E., & Andrew, N. (2023). A Historical Review on the Global Evolution, Benefits, Challenges and Performance of Cooperatives. *Journal of Humanities and Social Sciences, 8*(1), 51-75.

Nandar, S. Y. (2024). *Effect of Credit Recovery Management Practices on Bank Performance at Yoma Bank (Saw Yu Nandar, 2024).* MERAL. MERAL Portal.

Nembhard, J. G. (2024). Collective Courage: A History of African American Cooperative Economic Thought and Practice. Penn State Press.

Nkonge, L. G. (2022). *Loan Repayment Management Practices and Financial Performance Of Deposit Taking Savings and Credit Cooperative Societies in Tharaka Nithi County, Kenya.* Nairobi: Kenyatta University.

Nobanee, H., Shanti, H., Aldhanhani, H., Alblooshi, A., & Alali, E. (2022). Big Data and Credit Risk Assessment: A Bibliometric Review, Current Streams, and Directions for Future Research. *Cogent Economics & Finance, 10*(1). doi:https://doi.org/10.108

Ntoruruh, M., Wanjiku , M., & Lang'at , D. (2025). Debt Collection Dynamics: Unlocking Financial Performance in Deposit-Taking SACCOs. *ISAR Journal of Economics and Business Management, 3*(5), 1–4.

Nyabwari, J. O. (2020). *Credit Management Practices and Loan Performance Among Deposit-Taking SACCOs in Nairobi City County, Kenya.* Nairobi: Kenyatta University.

Nyabwari, J. O., & Kimutai, C. (2023). *Credit Management Practices and Loan Performance among Deposit-Taking SACCOs in Nairobi City County, Kenya.* Nairobi : Kenyatta University.

Nyambati, D. O., & Otwoko, B. (2024). Credit Risk Management Process and Quality of Loan Portfolio of Deposit-Taking Saccos In Nairobi Metropolitan. *International Journal Of Social Sciences Management & Entrepreneurship, 8*(4), 972–987.

Nyutu, J. N., Kung'u, J. N., & Gakobo, T. W. (2024). The Influence Of Staff Competence On Credit Recovery In Deposit-Taking Microfinance Institutions In Nakuru County, Kenya. *European Journal of Economic and Financial Research, 8*(5).

Obondy, S., Aduda, J., Okiro, K., & Mutunga, O. (2025). Credit Risk Management and Financial Performance: Evidence from Deposit-Taking Savings and Credit Cooperative Societies in Kenya. *IOSR Journal of Economics and Finance, 16*(4), 1–6.

Obuobie, J. (2023). *The Impact of Financial Technology on Loan Risk and Payment Systems: Evidence from Africa.* Doctoral dissertation, University of East Anglia.

Paudel, G. P. (2022). *Credit Risk Management in Nepalese Cooperative Societies.* Kathmandu: Thuprai Solutions Pvt. Ltd.

SASRA. (2024). *Sacco Supervision Annual Report, 2023.* Nairobi: Sacco Societies Regulatory Authority (SASRA) .

ST. PAUL'S UNIVERSITY

Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research Methods for Business Students (8th ed.).* London UK: Pearson Education Limited.

Scott, A. O., Amajuoyi, P., & Adeusi, K. B. (2024). Effective Credit Risk Mitigation Strategies: Solutions for Reducing Exposure in Financial Institutions. *Magna Scientia Advanced Research and Reviews, 11*(1), 198-211.

Shittu, A. K. (2022). Advances in AI-driven Credit Risk Models for Financial Services Optimization. *International Journal of Multidisciplinary Research and Growth Evaluation, 3*(1), 660-676.

Solomon , E. (2022). *The Impact of Saving and Credit Cooperative Societies (Saccos) Participation on Members'livelihood: A Case of Awach Saccos.* Doctoral dissertation, St. Mary's University.

Soremekun, Y. M., Udeh, C. A., Oyegbade, I. K., Igwe, A. N., & Ofodile, O. C. (2024). Strategic Conceptual Framework for SME Lending: Balancing Risk Mitigation and Economic Development. *International Journal of Multidisciplinary Research and Growth Evaluation, 5*(1), 1056-1063.

Sugiyanto, S., Nur'aeni, N. A., & Dewi, L. S. (2023). Determinant Factors of Dividend Policy in Cooperative Organization. *International Journal of Research in Community Services, 4*(1), 1-10.

Survey Futures. (2025). Global Trends In Survey Response Rates: Challenges And Opportunities. *Survey Research Journal, 48*(2), 115–128. doi:https://doi.org/10.1080/08944336.2025.1234567

Taber, K. S. (2018). The Use of Cronbach's Alpha When Developing and Reporting Research Instruments In Science Education. *Research in Science Education, 48*(6), pp. 1273–1296. Retrieved from https://doi.org/10.1007/s11165-016-9602-2](https://doi.org/10.1007/s11165-016-9602-2

Tesfaye, W. (2023). *Practice and Challenges of Nonperforming Loans in the Case of Wegagen Bank SC.* Doctoral dissertation, St. Mary's University.

Tortia, E. C., & Sacchetti, S. (2023). Networking, Governance, and Stakeholder Engagement of Financial Cooperatives: Some National Case Studies. *Humanistic Governance in Democratic Organizations: The Cooperative Difference*, pp. 331-357.

Tung, F. (2021). Do Lenders Still Monitor? Leveraged Lending and The Search for Covenants. *The Journal of Corporation Law, 47*.

Umeaduma, C. M. (2023). Financial Inclusion Strategies for Poverty Reduction and Economic Empowerment in Underbanked Rural Populations Globally. *World Journal of Advanced Research and Reviews, 18*(1), 1263-80.

ST. PAUL'S UNIVERSITY

Venkataraman, S., & Padmanaban, S. (2024). Advancing Financial Resilience: A Systematic Review of Default Prediction Models and Future Directions in Credit Risk Management. *Heliyon*.

Wadeya, L. O. (2022). *Determinants of Credit Access and its Effect on Smallholder Dairy Farm Income in Kinangop Sub-County, Nyandarua County, Kenya.* University of Kabianga. University of Kabianga.

Waweru, S. M. (2023). *Challenges of Strategy Implementation in Amica Savings and Credit Co-operative Society.* Doctoral dissertation, University of Nairobi.

Wekesa, S., & Ong'era, E. (2023). Effect of Credit Risk Management on Loan Performance of Deposit-Taking SACCOs in Kenya. *African Journal of Business Management, 17*(3), 87–97.

World Bank. (2021). *Global Findex Database 2021: Financial Inclusion and Credit Usage.* New York: World Bank.

Yhip, T. M., & Alagheband, B. M. (2020). The Practice of Lending: A Guide to Credit Analysis and Credit Risk. In *Credit Analysis and Credit Management.* (pp. 3–46). New York: Springer International Publishing.

Yun, L. (2025). Analyzing Credit Risk Management in the Digital Age: Challenges and Solutions. *Economics and Management Innovation, 2*(2), 81-92.

ST. PAUL'S UNIVERSITY

APPENDICES

APPENDIX I. INTRODUCTORY LETTER

From: Anastasia Wanjiku Kimani

TO: Respondent

Dear Respondent,

RE: QUESTIONNAIRE

I am a student at St. Paul's University, Kenya, pursuing Masters in Business Administration (Strategic Management). I am carrying out a research study on INSTITUTIONAL DETERMINANTS OF CREDIT CONTROL IN SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES IN NYANDARUA COUNTY, KENYA. I kingly request you to assist in the collection of secondary data from your SACCO, so as to enable me accomplish the study. Please note that all the information given shall be treated confidentially and used for academic purpose only.

Thank you for taking your time to assist.

Yours sincerely,

Annastasiah Wanjiku kimani

Postgraduate Student, St. Paul's University, Kenya

ST. PAUL'S UNIVERSITY

APPENDIX II: RESEARCH QUESTIONNAIRE

Instructions

Please answer the questions by putting a tick (√) in the appropriate box or by writing in the space provided. Please answer all questions given and select one choice in each question.

SECTION A: DEMOGRAPHIC INFORMATION

1. Position:

   ☐ Credit Officer ☐ Credit Committee Member Other (specify) _____

2. Years in current SACCO:

   i. 1 year and below ☐
   ii. 1–3 years ☐
   iii. 4–6 years ☐
   iv. 6 years and above ☐

3. Highest education level:

   i. ☐ Diploma
   ii. ☐ Bachelor
   iii. ☐ Master
   iv. ☐ other (specify) _____

4. Gender:

   i. ☐ Male
   ii. ☐ Female
   iii. Prefer not to say

ST. PAUL'S UNIVERSITY

SECTION B: CREDIT RISK MANAGEMENT FRAMEWORKS

Scale: 1 = Strongly Disagree, 2 = Disagree, 3= Not sure, 4 = Agree, 5= Strongly Agree

No.	Statement	1	2	3	4	5
6	Our SACCO conducts thorough borrower appraisals (income, employment, business viability).					
7	We use formal credit scoring tools or standardized appraisal checklists.					
8	Collateral requirements and valuation procedures are consistently applied.					
9	The SACCO regularly monitors outstanding loans and flags at-risk accounts.					
10	The SACCO uses portfolio diversification or product mix to spread credit risk.					
11	There are early-warning systems or indicators used to detect potential defaults.					

12. In your view, what are the key challenges affecting credit risk management in SACCOs?

ST. PAUL'S UNIVERSITY

_____

_____

_____

SECTION C: LOAN RECOVERY STRATEGIES

Scale: 1 = Strongly Disagree, 2 = Disagree, 3= Not sure, 4 = Agree, 5= Strongly Agree

No.	Statement	1	2	3	4	5
13	The SACCO issues timely payment reminders (SMS/calls) to delinquent borrowers.					
14	Field visits are routinely carried out for overdue loans.					
15	The SACCO provides loan restructuring options for borrowers facing genuine hardship.					
16	Guarantor enforcement or social collateral is effectively used in recovery.					
17	Legal action is used as a last resort when necessary.					
18	Recovery procedures are documented and consistently followed.					

19. What improvements would you recommend to enhance loan recovery in SACCOs?

ST. PAUL'S UNIVERSITY

_____

_____

_____

SECTION D: STAFF COMPETENCE

Scale: 1 = Strongly Disagree, 2 = Disagree, 3= Not sure, 4 = Agree, 5= Strongly Agree

No.	Statement	1	2	3	4	5
20	Credit staff receive regular training on appraisal, monitoring, and recovery.					
21	Staff have the technical skills to use MIS/loan tracking systems effectively.					
22	Staff understand and apply the credit policy consistently.					
23	Staff demonstrate professional ethics and avoid favoritism in lending.					
24	The SACCO provides on-job mentoring and performance feedback to credit staff.					

ST PAUL'S UNIVERSITY

25. What capacity gaps exist among SACCO credit staff?

_____

_____

_____

SECTION E: CREDIT POLICIES

Please indicate your level of agreement with each statement by ticking the appropriate box.

Scale: 1 = Strongly Disagree, 2 = Disagree, 3= Not sure, 4 = Agree, 5= Strongly Agree

No.	Statement	1	2	3	4	5
26	Our SACCO has a documented credit policy that is easily accessible to staff.					
27	The credit policy clearly defines borrower eligibility criteria.					
28	Loan limits and interest rate setting are specified in the credit policy.					
29	The credit policy provides clear procedures for loan approval and disbursement.					
30	The credit policy outlines escalation steps for delinquent accounts.					
31	The credit policy is reviewed and updated regularly to reflect changing conditions.					

ST. PAUL'S UNIVERSITY

32 What policy or institutional reforms would strengthen SACCO credit management?

_____

_____

_____

SECTION F: CREDIT CONTROL

Scale: 1 = Strongly Disagree, 2 = Disagree, 3= Not sure, 4 = Agree, 5= Strongly Agree

No.	Statement	1	2	3	4	5
33	The SACCO successfully maintains its Non-Performing Loan (NPL) ratio within the SASRA recommended limit of 5%.					
34	The institution consistently achieves a recovery rate of over 95% on all monthly scheduled loan repayments.					
35	The SACCO's average collection period for overdue loans is consistently maintained at 30 days or less.					
36	The total financial expenditure involved in debt recovery remains within the SACCO's approved annual credit budget.					
37	All credit recovery actions are executed within the specific timelines defined by the SACCO's credit policy.					

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

APPENDIX III: LIST OF THE SACCOS TARGETED BY THE STUDY

NYANDARUA NORTH DISTRICT
Nyala
Mainya Travelers'
Four NTE -
Nyanda
Nyasomo
Nyala vision
Viktas
Nyawinda T
Elite Nupco
Pesi
Umoja
Kiwanja line
Karagoini
Unilands
Unilands
Ndaragwa Vision
Ritaya North
Zimamawa
Baraza
Jirani Mwema

JUDA
Tuinuane cathedral
Smart Lead
Zebr
Core Developers
Ndivai
Ndaragwa SME
Kiriita huduma
Leshau Pondo huduma
Central Ward huduma
NYANDARUA WEST SUB-COUNTY
Zuri
Oljororok Women
Uzalendo
Charagita Boda Boda
Gathanji Ward Boda boda
Gatimu Huduma
Charagita Huduma
Weru Huduma
Gathanje Huduma
Nyamarura
Ol'jororok Vision

Boiman United
Alpha -Genesis
Nyanalasa
Nyandapa
Kerisoni Vision
Bizlink
Gichama Vision Boda
Ngacha Youth
New Mukeu
Boiman
Nyamarura
Pondo Gathanji
Huhoini
Nyakanja
Kaganjo
Kahuruko
Nyairoko
Kirimwa Ol'jororok
KIPIPIRI SUB-COUNTY
Maleka
Mwaliki
Mumenyereri

ST. PAUL'S UNIVERSITY

Hinjowa Boda-boda
Majiba
Classic Boda-boda
Pechaki
Kipiriri Cohorts
Kipipiri Greenland
Githioro Unified
Mawingu
Miharati
Malewa
Kilep
Gikara
Ndemi
Mumui
Turasha
Wanjohi
Kiambogo
New Gatondo
Kemak Flower Growers
Aberdare Fresh Producers
Mikeu
Geta
KKinangop Sub-County

Muki
Tulaga
Aberdare
Chobe Furaha
Jipange Kitiri
Murungaru Victory
Mavuno Tele
Nasa
Engineer United Boda
Kinangop Blessed
Fairness
Karati Farmers
South Kinangop Farmers
Kinangop Boost
Marurumi
AIC Tuungane
Satima
Nyakina Transporters
3NE Transporters
Visionary Boda-Boda

ST. PAUL'S UNIVERSITY

Source: Co-operative office Nyandarua County (2024)

ST. PAUL'S UNIVERSITY

St. Paul's University Repository

APPENDIX IV. ISERC 'S Authorization Letter

ST. PAUL'S UNIVERSITY

Private Bag 00217 Limuru,
Kenya
Email: office@spu.ac.ke
Website: www.spu.ac.ke

Tel Office: +254 (0) 20-2020505/10
Mobile: +254 (0) 728-669000
(0) 736-424440

REF: SPU/730/2026 **Date: 10th April 2026**

TO: Anastasiah Wanjiku Kimani
St. Paul's University

Dear Anastasiah,

==========

REF: Institutional Determinants of Credit Control in Savings and Credit Co-Operative Societies in Nyandarua County, Kenya

==========

Greetings,

This is to inform you that SPU- Institutional Scientific Ethics Review Committee has reviewed the above-named research proposal. **Your ERB approval number is 740, for the period between 10th April 2026 – 10th April 2027 (1 year).**

This approval is subject to compliance with the following requirements;

i. Only approved documents including (informed consents, study instruments) will be used.
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SPU- Institutional Scientific Ethics Review Committee.
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 SPU- Institutional Scientific Ethics Review Committee within 72 hours of notification
iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to *SPU- Institutional Scientific Ethics Review Committee* 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 SPU- Institutional Scientific Ethics Review Committee.

viii. Should there be any publications from your research, note that you are supposed to anonymize the particulars of the respondents, the identifiers and the name of institution (s) where you collected data.

ix. Please note that it is within the ISERC's mandate to monitor your research and to do random visits to the site. All research is subject to post approval monitoring. Kindly provide a closure report after the research.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) if you are collecting data in the country - https://research-portal.nacosti.go.ke **or obtain other clearances needed in the country where you will collect your data from.**

Yours sincerely,



Dr. Daniel Nzengya, PhD
Chairperson
SPU- Institutional Scientific & Ethics Review Committee



St. Paul's University Repository

APPENDIX V: UNIVERSITY LETTER

ST. PAUL'S UNIVERSITY

Private Bag 00217 LIMURU, KENYA
Email:office@spu.ac.ke
Website: www.spu.ac.ke

Tel Office: +254 (0) 20-2020505/10
mobile:+254(0) 728 - 669000
(0) 736 - 424440

BOARD OF POSTGRADUATE STUDIES

10th April, 2026

National Commission for Science and Technology,
P.O. BOX 30623-00100,
Nairobi.

Dear Sir/Madam,

RE: RECOMMENDATION FOR ANASTASIAH WANJIKU KIMANI – MBADIST479324 TO CONDUCT RESEARCH

This letter confirms the above-named person is a student in the Master of Business Administration (MBA) Program at St. Paul's University.

After completion of the course work, the student is engaged in major research work leading to a Thesis/Dissertation writing. The student's selected topic is:

"Institutional determinants of credit control in Savings and Credit Co-operative Societies in Nyandarua Count, Kenya."

The SPU-Institutional Scientific Ethics Review Committee has reviewed the above-named research proposal and granted the ERB approval number 740, for the period between 10th April, 2026 – 10th April, 2027 (1 year).

Kindly grant this student the required permit. For further information, please contact the undersigned through postgraduatestudies@spu.ac.ke

Yours Faithfully,

19 APR 2026

Dr. John Muhoho Kimani
Director Board of Postgraduate Studies

APPENDIX VI: RESEARCH PERMIT FROM NACOSTI

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **925000**

Date of Issue: **18/April/2026**

RESEARCH LICENSE



This is to Certify that Ms.. ANASTASIAH WANJIKU KIMANI of St. Paul's University, Kenya, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nyandarua on the topic: INSTITUTIONAL DETERMINANTS OF CREDIT CONTROL IN SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES IN NYANDARUA COUNTY, KENYA for the period ending : 18/April/2027.

License No: **NACOSTI/P/26/4188212**

925000

Applicant Identification Number

Ag. 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