Effect of Public Transport SACCO Management on Financial Performance of Matatu Investors in Kenya: A Case of Matatu SACCOS in Kajiado North Sub-County, Kenya

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Abstract: Matatu business plays two very vital roles to the public, one in provision of transport services and two, a source of economic income to the many in the country. Despite the glaring evidence of the immense challenges facing this lucrative business, there is little attention on the public transport SACCO management and financial performance of Matatu investors in Kenya with a special focus on Matatu SACCOs in Kajiado North Sub-County. The main purpose of this study was to examine the effect of public transport SACCO management on financial performance of matatu investors in Kenya. The specific objectives of this study were: to assess the influence of savings on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County; to determine the role of customer care on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County; to establish the influence of discipline and professionalism on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County; and to explore the influence of management of assets on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County. The study adopted a descriptive research design. The target population was drawn from investors registered in the 17 SACCOs operating within the Sub-County of Kajiado North comprising of 700 investors (matatu owners). This study used a research questionnaire for data collection. Results from the study revealed that there was a positive and significant relationship between the independent variables – savings, customer care, discipline and professionalism and management of assets. Savings was ranked as the first and highest significant variable predicting financial performance, followed by customer care. Discipline and professionalism were ranked as the third significant variable predicting financial performance while management of assets was ranked as the fourth and least significant variable predicting financial performance. The study recommends that the management of matatu SACCOs should come up with diverse products to entice the investors to save more with them. Another recommendation is that the management of the matatu SACCOs should improve its customer care to eliminate customer complaints. It is also recommended that the matatu SACCO management should promote professionalism among its employees as this will eliminate cases of indiscipline. It is further recommended that the matatu SACCO management should organize for regular servicing of the matatus.

Keywords: Sacco Management, Savings, Customer care, Discipline and Professionalism, Management of Assets, Financial Performance

I. INTRODUCTION

Transport is critical for economic development and it is one of the industries that has significant effect on the economic growth and development of a nation (Todd, 2013). Many countries in the world face challenges in the management of transport services. According to Bajracharya (2014), with rapid growing economies and population typically seen in developing countries, there is an increasing trend of expansion of urban transport and auto mobilization. The Kenyan transport sector contributes between 5 to 15% of the Gross Domestic Product (GDP) of the country. However, the impact of the transport sector is not limited to the economic growth of the country but is of great importance that the sector provides the society with adequate, effective and efficient services (Hall & Pally, 2018).

Globally, Monzon, Alonso and Lopez-Lambas (2013) sought to establish key factors affecting the efficiency of transport interchanges through a meta-analysis of long/short distance passenger interconnectivity within the European context. The study identified a number of barriers to efficiency such as lack of internal coordination among operators, poor decision making by managers and decision makers and poor signage especially among connecting services. Singh (2013) examined urban transport in India by looking at the issues, challenges, and the way forward. The study identified a number of factors affecting performance of the Public Service Vehicles (PSVs) industry as including: increase in commercial and industrial activities, increase in...
household income, constrained public transport system, and availability of motorized transport. There were long waiting periods especially during peak hours as passengers were overcrowded. Rajeshwari and Tamicheli (2014) study on factors influencing the passengers to prefer rail transport identified growth in infrastructure as an important factor in the performance of PSVs.

Regionally, a number of studies have examined the factors affecting performance of PSVs, Onatere (2014) in Nigeria identified cost of maintenance, organization structure and high urban population as factors affecting the government owned transport sector. Renata, Paulo and Marcio (2013) studied crisis of public transport by bus in developing countries, and identified a significant relationship inverse between prohibitive prices of petroleum products and spare-parts and PSVs vehicle performance. Agunloye and Oduwaye (2014) study identified key factors of concern to the public in Nigeria as management, arrival time of trains at stations, smoothness of rides, level of cleanliness in the trains and weekly trip frequency. Bickford (2013) study on public transport and mobility in municipalities in South African Cities pointed that South African metropolitan municipalities created sustainable transport solutions and argued that neither the political focus nor the required capability was evident for them to do so. Further, Luke and Heyns (2013) in their study also on public transport policy and performance in South Africa, established that the current public transport policy was relatively strongly aligned with the public transport needs of the South African population, however, concerns regarding public transport such as mobility, accessibility, affordability and safety were not addressed satisfactorily.

Mensah (2015) conducted a study in Ghana on the financial challenges of state mass transport companies and established that performance of Metro Mass Transit (MMT) was abysmal over the years and most of the financial management practices or decisions had a negative impact on the profitability of the company. Msigwa (2013) studied the challenges facing urban transportation in Tanzania and established that urban transport in the city was mainly dominated by private individuals who own second-hand mini buses and that the provision of urban transport was mainly dominated by bus owners who lacked knowledge, skills and experience in transport management.

Kenya's transport system integrates the various production and population centres and facilitates mobility in both rural and urban areas. The sector facilitates the export of goods, promotes trade with the neighboring countries and provides these countries with transit facilities. Kenya's transport sector comprises of five major modes, namely railway, marine, air, pipeline and roads (Republic of Kenya, 2012). Road transport is the predominant mode of transport and carries about 93% of all cargo and passenger traffic in the country. The transport sector in Kenya comprises a road network with 160,886 km long and over 500,000 vehicles on the Kenyan roads most of which are Matatus. The PSVs commonly referred to as “matatu” is the commonly used form of public transport in Kenya, estimated to be used by 80% of the commuting public (Mwaura, 2014).

In the early 1960s, the total number of Matatus operating in the country was less than 400 and did so in the form of taxis. In 1973, President Jomo Kenyatta, responding to lobbying from Matatu operators declared that Matatus were a legal mode of transport and could carry fare paying passengers without obtaining special licenses to do so but had to comply with existing insurance and traffic regulations. They were operating illegally in the city until 1973, when they were issued a decree officially recognizing matatus as a legal mode of public transport. The decree allowed matatus to operate without obtaining any form of licensing (Graeff, 2014). The main idea was to increase and make mobility of people move efficiently and create more jobs in the informal sector” (Kimani et al, 2014). Due to high demand, the number of matatus increased, provided employment to nearly 160,000 persons and generated vast revenue for the government in the form of charges for licenses, duty, and taxes. In addition, the industry plays a leading part in transportation of both persons and goods in both rural and urban areas.

It is also estimated to have an annual turnover of Kshs 73 billion. The sector has been undergoing reorganization in the past 10 to 15 years which saw among other things: the defacing of the 14-seater matatus in most routes in the Country’s capital City, Nairobi; the introduction of the Transport Licensing Board (TLB) and the National Transport and Safety Authority which check compliance with regulatory requirements; and more recently the introduction of TV screens and Wi-Fi internet access in some of the matatus. Matatus are the informal paratransit industry in Kenya that provide service to millions of people a day and are essentially the backbone of the transportation system in Kenya (Graeff, 2014).

Owino (2015) assessed the effect of management competence, competition and working environment on performance of PSV SACCOs in Nairobi County and established that as management competence rises, SACCO performance rises and falls when management competence falls. Muriungi (2013) identified business management and entrepreneurial skills, policy framework, working conditions and SACCO security issues to affect the performance of SACCOs. Another study by Chumba (2015) also established that there is a significant relationship between management style, entrepreneurship culture, financial access and technology adoption. Daniel (2013) defined financial performance as a composite of an organization’s financial health, its ability and willingness to meet its long term financial obligations and its commitments to provide services in the foreseeable future. In a broader term, financial performance refers to the degree to which financial objectives has been accomplished. It is the process of measuring the results of a firm’s policies and operations in monetary
terms. It is also the rate at which an enterprise is satisfied with profit or the way they rank their performance in comparison to main competitors (Kusemererwa, 2010). Financial performance is a subjective measure of how well an organization can use assets from its primary mode of business and generate revenues (Issac & Picker, 2015). Financial performance is also used as a general measure of a firm’s overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used as well as total unit sales (Walsh, 2010). The primary objective of transportation is to carry people and goods from an origin to a destination within the shortest time and at the lowest cost possible. The principle aim of the business and investors in the transport business is to run the business sustainably (Issac & Picker, 2015). Sustainability requires business to run both effectively and efficiently and generate sufficient profit to enhance their wealth.

Public transport earns billions in returns for the investors. Although the industry has been competitively fragmented and structurally stable for over a century, public transport has been aggressively pursuing global industry dominance, in the belief that the industry has been radically transformed into a “winner-take-all” market. The Matatu industry has played a central role in mobility, politics and economics, solidifying its role and importance in Kenya’s cultural fabric. Kenya’s transport has become dependent upon Matatus to transport people to and from various destinations, their numbers have increased from 400 in 1973 (Mwaura, 2014) to an estimated 15,000 Matatus in the Nairobi Metropolitan Area today.

SACCO stands for Savings and Credit Cooperative organizations which offer financial services with major focus on resource mobilization and provision of affordable credit to members who are both the owners and users. The primary purpose of the SACCO is to encourage savings among members from which they can borrow at affordable terms decided by them collectively or through the elected directors. Other services SACCOs offer include asset management, mobile money transfer and custody of valuable documents. The SACCO generates income by providing these services which it uses to meet the related costs. Any income that remains after these costs is paid out to members as dividends and interest based on their shares or deposits (Ndewga, 2014).

According to Mwangi (2015) SACCOs are managed by staff employed by the Board on behalf of the members and the Chief Executive Officer is responsible for the day-to-day running of the SACCO business. The Board reports to the members on the management of the SACCO at least once a year during the annual general meeting (AGM) or annual delegates meeting (ADM). During the AGM or ADM, the members also get a chance to assess the performance of a SACCO and make decisions concerning their SACCO. SACCO Membership is open to all Kenyans regardless of race, tribe, gender, political affiliation, religion or job status. The common bond that unites all members of a SACCO is what all the members share in common. The members decide on what unites them this could be their occupation like employment, church, farming or where they live. SACCOs are categorized into financial and non-financial cooperatives. Non-financial cooperatives deal with the marketing of members’ produce and services such as dairy, livestock coffee, tea, handicrafts and many more similar cooperatives. On the other hand financial cooperatives comprise SACCOs, housing and investment cooperatives. A member of the SACCO is a person admitted to membership after registration in accordance with the SACCO’s by-laws.

KUSSCO (2018) states the objectives of SACCOs are mainly to organize, promote welfare and economic interests of its members, provide source of fair loans and reasonable rates of interest, and ensure progress of members through continuous education programs, reduction of poverty, human dignity and cooperation and promote personal growth through introduction of new products and services which promote economic base of its members. Another objective is also affiliation to the relevant National Co-operative Credit Union and the Apex Society. The SACCO industry is part of the cooperative sector in Kenya, which has impacted on lives of many disadvantaged Kenyans over the years. Top best SACCOs listed are Unitas SACCO, Kenya Police SACCO, Waumini SACCO, Stima SACCO, Hazina SACCO, Harambee SACCO. Among the listed top best SACCOs none of the Matatu SACCOs has been listed. This study focused on Matatu SACCOs in Kajiado North sub-county (Mwangi, 2015).

According to the Legal notice issued on 23rd December, 2010, there was a directive from the government, through the Ministry of transport that all the Matatus should join SACCOs or limited liability companies by the end of the year 2010. This was to enhance management of public transport on behalf of individual investors providing a range of services (McCormick, 2011). The idea behind this directive was to enable the government to effectively regulate the public transport sector through the newly formed institutions. This directive received a lot of resistance from operators as well as stakeholders, but a significant majority of matatu owners have since joined SACCOs and Transport Management companies.

The SACCO organizational structures are largely dictated by the Cooperative Societies Act, which stipulates basic operating rules and procedures. The governing body of every SACCO is made-up of a Committee, which has between five and nine members, from which the members elect a chairperson and a vice-
chairperson. It is mandatory for all SACCOs to organize annual general meeting, prepare annual estimates of income and expenditure, and keep accounts which must be audited. Members make contributions to the SACCO’s ‘share capital’ on per trip, daily, weekly or monthly basis. An important role of paratransit SACCOs is the advancing of loans to acquire (or at least finance a bank’s down-payment requirements) and repair vehicles, with the prior monthly ‘share’ contributions approximating a form of vehicle depreciation costing. The SACCOs which have less ‘share capital’ are only capable of providing loans for vehicle repair and maintenance. The loan amount is determined by three factors: the ‘share capital’ available; the loan ceiling; and the applicant’s accumulated ‘share’ contribution. The SACCOs typically set the loan ceiling as double the applicant’s accumulated ‘share’ contribution, subject to maximums.

The Matatu SACCOs facilitate orderly operations and accountability of the PSVs owners. In Kenya Matatu operators, who constitute 80 per cent of the public transport system, are estimated to have an annual turnover of Kshs73 billion. The Matatu sector buys Kshs 4 billion insurance premiums every year and remits Kshs 1 billion taxes annually. Kajiado North sub-county is one of the five sub-counties in Kajiado County. It is the most populated with a population of 202,651 which represents 29.5 percent of total county’s population. The high population in Kajiado North is attributed to its proximity to Nairobi city whereby many people working in the city reside in Ngong. The sub-county is made up of five wards – Olkeri, Ongata Rongai, NKaimurunya, Ololua and Ngong (www.kajiado.go.ke). Matatus and buses to Kajiado North are found at the Nairobi Railways station. Matatus number 111 goes to Ngong, 126 to Kiserian and 125 to Rongai. The Sub-county boasts of some of the most famous Matatu SACCOs plying Kiserian – Nairobi Route through the famous Ongata Rongai Town. This study sought to investigate the influence of public transport SACCO management and its financial performance to matatu investors in Kenya with a special focus on Matatu SACCOs in Kajiado North Sub-County, Kenya.

Statement of the Problem

Kenyan government has made it mandatory for the public transport owners to belong to cooperative society. The SACCOs have proved to be the most viable way to manage large public transport fleets and also pioneered in changing the image of public transport which was dominated by rogue drivers and touts with little regard for traffic rules. The Public Transport savings Cooperative societies are primarily geared towards the promotion of the welfare and economic interests of their members in the public service vehicles industry. However previous studies done on the performance of public transport, Onatere (2014) examined the performance of public transport company in Niger State, Nigeria investigated management and operations cost. Owino (2015) assessed the effect of management competence, competition and working environment on performance of PSV SACCOs in Nairobi County. These studies did not reflect on the management of the SACCO and how Matatu investors were treated in their SACCOs. Despite the glaring evidence of the immense challenges facing this lucrative transport business little attention has been given to the public transport SACCO management and financial performance. These PSV owners face many problems of joining SACCOs which are poorly managed and risk losing business and income as a result of how their SACCOs are managed. This study focused on Matatu investors in Kajiado North Sub-county to investigate the public transport SACCO management and financial performance of Matatu investors in Kenya.

Objectives of the Study

The general objective of the study was to examine the influence of public transport SACCO management on financial performance to the Matatu investors in Kenya: A case of Matatu SACCOs in Kajiado North Sub-County, whereas its specific objectives were:

1. To assess the influence of savings on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County.
2. To determine the role of customer care on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County.
3. To establish the effect of discipline and professionalism on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County.
4. To explore the influence of management of assets on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County.

Significance of the Study

The study would be valuable to the investors in the Matatu SACCOs in Kajiado County, other public transport operators as well as other stakeholders in the transport sector in Kenya. This study would provide a deeper understanding of effects of SACCO management on financial performance of Matatu investors in Kenya’s Matatu businesses thus enabling optimal adaptation and also enabling it to constructively engage in various approaches of SACCO management that would influence the financial performance of Matatu investors business in Kenya. This study would also be important to all those stakeholders that would like to understand and venture into public transport as they would be equipped with the necessary knowledge for the operations.

The findings of the study would benefit the industry players who would bench mark with Matatu SACCOs especially in the area of policy formulation. Transport businesses that have never carried out research

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on dynamics of financial performance of the industry would appreciate this study as they would use it to benchmark themselves with Matatu SACCOs in Kajiado North Sub County as they formulate and adopt competitive approaches that will give them competitive advantage.

This study would provide valuable insights to the government and policy makers on the need for an enabling business environment for attracting and retaining effective public transport businesses thus allowing Kenya to reap the full benefits that this form of transport brings with it. It would also provide guidelines to other developing countries in developing friendly strategies and policies for Matatu transport mode of transport. The study would be a source of reference material for future researchers on the topic and other related topics; it would help other academicians who undertake the same topic in their studies. The study would also highlight other important areas in the study that require further research.

**Conceptual Framework**

The study was guided by the following conceptual framework.

**Independent Variables**

- Savings
  - Rate of dividend
  - Loan Limit

- Customer care
  - Customer retention
  - Customer Loyalty
  - Customer Referrals
  - Reduced customer complains

- Discipline and professionalism
  - Accountability
  - Responsibility
  - Commitment

- Management of assets
  - Maintenance services
  - Inventory / stocktaking
  - Efficient record keeping

**Dependent Variable**

- Financial Performance of investor
  - Profitability
  - Return on Investments

**Figure 1: Conceptual Framework**

Source: Adopted from literature review

SACCOs’ primary goal is to offer deposits services, providing a financial savings platform and loan services to its members (Wanyama, 2009). They mobilize the savings from members which they offer as credit to members who repay later depending on agreed terms and conditions set up during specific general meetings. Through enhancing a savings culture, SACCOs encourage the investors to consolidate their resources for investment in income generating activities. These affect their financial performance by generating profits. Customer service is the provision of service to customers before, during and after a purchase (Cook, 2008). Matatu SACCOs have set some guidelines spelling out how customers should be served to realize good returns in the competitive industry. Management of investments is the professional management of various assets (e.g., real estate) in order to meet specified investment goals for the benefit of the investors (Khayesi, 2009). Matatu SACCOs have sought for experts in planning, management and ensuring that the shareholders engage in
strategic investments such as in real estates, enterprises and corporate businesses. This management of investment assets has led to expertise and increment of ROA invested by the investors. Professionalism refers to the strict adherence to courtesy, honesty and responsibility when dealing with individuals or other companies in the business environment (Kelly, Mullan & Gruppen, 2016). The professional approach of doing business in the matatu SACCOs demand that the shareholders uphold some values, norms and conduct their activities in adherence to some set guidelines. These aspects ensure that there is coherence and consistence in the running of the investments by the SACCOs hence realizing financial benefits to the Matatu investors.

II. LITERATURE REVIEW

Theoretical Framework

Institutional Theory

According to Saebo (2017), institutional theory is about the stability and change of institutions. It also brings in the social context. Institutional theorists stress that the institutional environment can influence the development of formal structures in an organization, often more profoundly than market pressures. Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. Ultimately these innovations reach a level of legitimation where failure to adopt them is seen as irrational and negligent. Meyer and Rowan (1977), institutional myths are accepted ceremoniously in order for the organization to gain or maintain legitimacy in the institutional environment. However, these formal structures of legitimacy can reduce efficiency and hinder the organization’s competitive position in their technical environment. To reduce this negative effect, organizations will minimize and neglect program implementation to maintain external (and internal) confidence in formal structures while reducing their efficiency impact. DiMaggio and Powell (1983) conclude that the net effect of institutional pressures is to increase the homogeneity of organizational structures in an institutional environment. Firms will adopt similar structures as a result of three types of pressures. Coercive pressures come from legal mandates or influence from organizations they are dependent upon. Mimetic pressures to copy successful forms arise during high uncertainty. Finally, normative pressures to homogeneity come from the similar attitudes and approaches of professional groups and associations brought into the firm through hiring practices.

Based on the above framework, it was notable perhaps that in the Kenyan context on transport industry if the government draws policies to regulate the sector and build capacity to enforce the rules in all its facets, more investors’ would be attracted to invest in the industry thus driving quality in service provision and reducing the cost.

Stewardship Theory

Stewardship theory emphasizes on the role of management being as stewards, integrating their goals as part of the organization (Davis et al., 1997). The stewardship perspective suggests that stewards are satisfied and motivated when organizational success is attained. The theory recognizes the importance of governance structures that empower the steward and offers maximum autonomy built on trust (Donaldson & Davis, 1991). It stresses on the position of employee to act more autonomously so that the shareholders’ returns are maximized. Indeed, this can minimize the costs aimed at monitoring and controlling employee behaviour (Davis et al., 1997). Daily et al. (2003) assert that in order to protect their reputations as decision makers in organizations, managers are inclined to operate the firm to maximize financial performance as well as shareholders’ profits. In this sense, it is believed that the firm’s performance can directly impact perceptions of their individual performance. This theory was relevant to this study because it showed the importance of the investors of transport SACCOs in Kajiado North Sub-County being stewards and ensuring that they have good structures in place so as to motivate their employees to offer their best and in turn get more profits.

Social-Cultural Approach Theory of Entrepreneurship

This theory is based on the assumption that every individual is possesses social and cultural power. According to Hoselitz, entrepreneurs hail from certain socio-economic class. He further postulates that the culturally marginal people in society are considered as culturally developed and belong to a well developed society and are thus eligible to be entrepreneurs. The theory indicates that entrepreneurs must possess extraordinary leadership and managerial skills which would drive them to yield profits (Lounsbury & Glynn, 2001). Further the entrepreneurial talents are prevalent in every country but the persons having socio-economic backgrounds are the ones that shine in the entrepreneurial skill (Hofstede, 1993). Hoselitz explained that marginal men are the pools of the development of entrepreneurs as they have the potential to adjust in variable situations in spite of their ambiguous social and cultural position. In the process of the adjustment, they innovate their social behavior (Chetty, 2016). This theory was relevant to the study because it provided more information on entrepreneurial culture and how managers can adopt it to ensure that they are successful entrepreneurs in the matatu industry. It also showed that potential entrepreneurs need models and can adjust to be more innovative.
Resource Based View Theory
The resource-based theory was first conceptualized by Barney in 1991. It is meant for used by managers especially in strategic planning to help them determine the strategic resources that have the potential to deliver competitive advantage (Barney, 1991). The theory emphasizes that organizations are diverse as they possess diverse resources which can have different strategies as they have different resource mixes. Organizations therefore need to develop distinctive competencies and resources as they try to produce superior value goods and services. An organization that strives to have these capabilities kept extraordinary can utilize them to build up an upper hand in business (Munge, 2014).

The resource-based theory recognizes six types of resources: physical, reputation, organizational, financial, intellectual, and technological. These can also be called the profit factors. These types are broadly drawn and include all assets, capabilities, organizational process, firm attributes, information, and knowledge. Physical resources such things like land, energy resources (oil resources, water etc), raw materials (minerals etc). Physical resources can be a source of Sustainable Competitive Advantage, if they have the four attributes described above: Rare, Hard to copy, Non-substitutable and valuable. Reputational resources are mainly the perceptions that people in the firm’s environment have of the company. Reputation can exist at the product level as a brand loyalty or at the corporate level as a global image. This theory was relevant to study topic because it informed financial access variable. Based on the resource-based theory, it was plausible to argue that previous entrepreneurial experience was a valuable resource to the family business. Research shows that an entrepreneur’s management skills contribute to venture performance and financial performance. The propensity of the entrepreneur to employ and apply a variety of skills has been recognized. However, according to Priem & Butler (2001), the resource-based view misses managerial implications or operational validity. The resource-based view explains that managers have to develop and obtain strategic resources that meet the criteria valuable, rareness, non-imitable and non-substitutional (VRIN criteria) and how an appropriate organization can be developed.

Empirical Studies
Savings and Financial Performance
Wagereka (2013) highlights that performance of Saccos in terms of efficient and prompt disbursement of loans is quite wanting. The study recommends that the Ministry of Co-operative Development should mobilize resources to educate the members and management committees of the societies for better performance, and adherence to the regulations laid down by the government. In addition, Jayantilal (2017) postulates that the financial literacy positively affects personal finance management. Further, Oira (2015) highlights that access to finance contributed significantly and positively to investment in public transport.

Customer Care and Financial Performance
According to Wijaja (2009) the dimensions of service quality can be classified into five dimensions: reliability, responsiveness, assurance, empathy and tangibles. On top of this, Charbatzadeh, Ojiako, Chipulu and Alasdair (2016) highlight that managerial attention to service user experiences does not only hold the key to ongoing competitive success in transportation services but also to those services can be significantly enriched through greater managerial attention to the interface between risk of financial loss and service quality. Further, Wei and Nair (2006) postulate that there is a positive relationship between customer service management and perceived business performance. In addition, Ampoful (2012) highlights that the bases of customer satisfaction and long-term relationship could be attributed to innovative products and services coupled with competent and caring staff.

Discipline and Professionalism and Financial Performance
Okwako (2017) postulates that a prescribed code of conduct for their staff, engaged qualified members in its management, persons entrusted with managing the SACCOs had wide experience in public transport management, well educated, always informed of key changes affecting the business, motivate staff and always strive to train the crew on customer service leads to better coordination of services. Further, Mrope (2017) highlights that there is a significant relationship between professionalism and performance. The study recommends that the departments must be staffed with adequate and professionally qualified personnel. In addition, Darwani, Saputra and Kartini (2016) postulate that professionalism, competence, knowledge of financial management and intensity guidance apparatus jointly affect the quality of financial reporting area and that professionalism partially affects the quality of financial reporting area.

Management of Assets and Financial Performance
According to Mwaniki and Omagwa (2017) asset structure has a significant statistical effect on the financial performance. In particular, the study found that: property, plants and equipment, and long-term investments and funds had a statistically significant effect on financial performance, while current assets and intangible assets did not have statistical significance on financial performance. Further, Chiarello, Pletsch, Da Silva and Da Silva (2014) highlight that the higher the financial performance, the greater the value creation, and the greater the intangible assets disclosure within companies. On top of this, Ani (2014) shows that only the fixed assets have impact on ROE unlike ROA.
III. RESEARCH METHODOLOGY

The study adopted a descriptive survey design of how various Matatu SACCOs were evaluated to establish the financial performance to investors in Kenya, based on various management practices. In this study the population under consideration was the investors in the Matatu SACCOs plying various routes within the Kajiado North Sub-county. According to the Ministry of Co-operatives, Kajiado County, there are 17 Matatu SACCOs registered in Kajiado North sub-county and plying three major routes to Nairobi (that is Kiserian-Rongai-Nairobi Kiserian/Ngong-Nairobi and Kitengela-Nairobi routes). As such the study involved the SACCO investors (matatu owners) in Kajiado North Sub-County and the population comprised of 700. The study used simple random sampling method as the data to be obtained was homogeneous as all SACCOs have similar operations. In this regard, the PSV SACCOs were grouped in 17 main strata of the Matatu SACCO, comprising of 140 sampling units who are the owners of the PSV vehicles which was 20% of the target population.

This study utilized a structured questionnaire as the main data collection instrument for primary data while secondary data was collected from published reports of the financial performance of Matatu SACCOs. With the permission from the departmental head of Human Resources at Ministry of Co-operatives, Kajiado County, the researcher distributed the structured questionnaire to the employees.

Data analysis involved the descriptive statistical tools such as Statistical Package for Social Sciences (SPSS) helped the researcher to describe the data and determine the extent used. In addition, to quantify the strength of the relationship between the variables, the researcher conducted inferential analysis (involving a multiple regression analysis) to establish the relationship between public transport SACCO management and financial performance to matatu investors in Kajiado North Sub-County.

IV. RESULTS AND DISCUSSION OF FINDINGS

In order to establish the relationship between public transport management and financial performance of matatu investors, a number of questions were drawn from the variable, savings. The results are as presented in table 1 below.

<table>
<thead>
<tr>
<th>Items</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I regularly save with my SACCO to enhance my chance of getting more credit to enhance my economic status</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>38.4</td>
<td>61.6</td>
</tr>
<tr>
<td>The SACCO has friendly and sympathetic savings mechanism to us as members</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>70.7</td>
<td>29.3</td>
</tr>
<tr>
<td>My savings are secure as I am often briefed on my account status supported by documents</td>
<td>-</td>
<td>-</td>
<td>11.1</td>
<td>61.6</td>
<td>27.3</td>
</tr>
<tr>
<td>My living standard has improved as a result from saving and advice given from my SACCO</td>
<td>-</td>
<td>-</td>
<td>7.1</td>
<td>77.8</td>
<td>15.2</td>
</tr>
<tr>
<td>I am able to access a bigger loan thanks to my SACCO savings</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>70.7</td>
<td>25.3</td>
</tr>
<tr>
<td>The rate of dividend received annually has increased as a result of my savings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50.5</td>
<td>49.5</td>
</tr>
</tbody>
</table>

Table 1 shows that majority of the respondents 61.6% strongly agreed that they regularly save with their SACCO to enhance their chance of getting more credit to enhance their economic status while 70.7% agreed that the SACCO has friendly and sympathetic saving mechanisms to the members. In addition, majority of the respondents 61.6% agreed that their savings are secure as they are often briefed on their account status supported by documents while 77.8% agreed that their living standard has improved as a result from saving and advice given from their SACCO. Further, the respondents 70.7% agreed that they are able to access a bigger loan thanks to their SACCO savings while 50.5% agreed that the rate of dividend received annually had increased as a result of their savings. This shows that the matatu investors have embraced the culture of saving in their SACCOs. These results are supported by those of Jayantilal (2017) who recommended that organization should encourage saving habits. They are also supported by those of Osano (2013) who noted that investment literacy and capability programs need to be incorporated in investment sector’s innovation strategies.

Statistical Analysis for Multiple Regressions

To help in determining the relationship between savings, customer care, discipline and professionalism and management of assets as independent variables and financial performance as dependent variable, the study...
carried out regression analysis. The results are presented in the form of model of summary and regression coefficients. The findings are shown in the subsequent sections.

**Table 2: Model summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.273⁴</td>
<td>0.074</td>
<td>0.035</td>
<td>0.33941</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), savings, customer care, discipline and professionalism, management of assets

The summary results given in Table 2 indicate that the regression model provided a correlation R value of 0.273 and an R squared value of 0.074. This indicates that the independent variables (savings, customer care, discipline and professionalism and management of assets) jointly can explain 7.4% of the financial performance of the SACCO.

**Table 3: Coefficients⁴**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.041</td>
<td>.280</td>
<td>7.280</td>
</tr>
<tr>
<td></td>
<td>Savings</td>
<td>.465</td>
<td>.061</td>
<td>.521</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Financial Performance

The coefficient results in Table 3 above shows that a unit increase in savings would lead to improvement in financial performance by a factor of 0.521 having a p-value of 0.000 which is less than the confidence level of 0.05. At 5% level of significance and 95% level of confidence.

**Summary of Findings**

**Effect of Savings on Financial Performance**

Based on the result, savings was the most significant independent variable, thus significant to predict perceived financial performance at (t=7.663; p<0.000; Beta 0.521). Majority of the respondents 61.6% strongly agreed that they regularly save with their SACCO to enhance their chance of getting more credit to enhance their economic status while 70.7% agreed that the SACCO has friendly and sympathetic saving mechanisms to the members. Majority of the respondents 61.6% agreed that their savings are secure as they are often briefed on their account status supported by documents while 77.8% agreed that their living standard has improved as a result from saving and advice given from their SACCO. Majority of the respondents 70.7% agreed that they are able to access a bigger loan thanks to their SACCO savings while 50.5% agreed that the rate of dividend received annually had increased as a result of their savings.

**V. CONCLUSION**

The study concluded that the respondents agreed that they regularly save with their SACCO to enhance their chance of getting more credit to enhance their economic status and that the SACCO has friendly and sympathetic saving mechanisms to the members. The respondents also agreed that their savings are secure as they are often briefed on their account status supported by documents and that their living standard has improved as a result from saving and advice given from their SACCO. The respondents further agreed that they are able to access a bigger loan thanks to their SACCO savings and that the rate of dividend received annually had increased as a result of their savings.

**Recommendations**

The study recommends that the management of matatu SACCOs should come up with diverse products to entice the investors to save more with them. This will encourage the growth of the saving culture among the matatu investors and see them benefit from better dividends.

**VI. REFERENCES**


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