

EFFECT OF ACQUIRED ENTREPRENEURSHIP SKILLS ON FINANCIAL PERFORMANCE OF DEPOSIT TAKING SACCOs IN KENYA

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Abstract

Savings and Credit Cooperative societies (SACCOs) in Kenya play an important role in economic development as part of the financial system. However, despite the positive contribution, high failure rates of Deposit Taking SACCOs (DT-SACCOs) still frustrate this effort. Out of the 176 DT-SACCOs in 2016, 12 were licensed to operate on a six months renewable conditional and restricted license of which at the end of the period, two had their license revoked having failed to meet and maintain prescribed statutory standards by SASRA. The purpose of this study was therefore to assess the effect of acquired Entrepreneurship skills on Financial Performance among DT-SACCOs in Kenya. The theory that underpinned this study was Psychological entrepreneurship theory and it applied both positivistic and interpretivism philosophical foundations. The study adopted explanatory survey design to answer the research questions. The target population were 74 licensed DT-SACCOs in Kenya. Purposive sampling technique was used to obtain 37 best performing and 37 least performing DT-SACCOs to provide 3 respondents each. Primary data was collected using structured questionnaires with a likert scale while data collection sheets were used for collecting secondary

data on DT-SACCO's financial performance. Financial performance was measured using return on investment and return on assets. A drop and pick later technique was used. Reliability (cronbach alpha) and validity (face validity) was used to pre-test the research questionnaire. Data was analyzed using both inferential (correlation and regression) and descriptive (frequencies, percentages, mean and standard deviation) statistics using Statistical Package for Social Sciences (SPSS).The results indicated that there was a positive relationship between acquired entrepreneurship skills and financial performance of DT-SACCOs. The study concluded that the variable under study was statistically significant in explaining the financial performance of DT-SACCOs in Kenya.

Keywords: Entrepreneurship skills, Financial performance, DT-SACCOs, SACCOs, Kenya

INTRODUCTION

Entrepreneurship skills and Financial performance

Entrepreneurship has received a great deal of scholarly attention over the last decade. Carter et al (2002) argue that there is an important and direct relationship between entrepreneurship skills training and firm's performance. Entrepreneurs with larger stocks of human capital, in terms of education and/ or vocational training, are better placed to adapt their enterprises to constantly changing environments (Meyer, 2001). In South Africa, successful clothing entrepreneurs were those who had undertaken a number of business and technical training programs (Rogerson, 2000). Owner-managers should be equipped with entrepreneurship skills, such as how to identify their competitive advantage over their counterparts, both local and foreign. Through entrepreneurship training, entrepreneurs can achieve their full potential (Ndambiri, 2002). Aragon and Valle (2013) analyzed a sample of Spanish managers who show that the intensity of their training positively affects their financial performance. Moreover, Percival, Cozzarin and Formanek (2013) show that training has a positive effect on productivity in 12 out of 14 manufacturing companies examined in Canada.

Statement of the Problem

All Kenya DT-SACCOs have since the year 2012 been required to adhere to and operate within the SASRA regulations (SASRA, 2012). However, out of the 176 DT-SACCOs in 2016, 12 were licensed to operate on a six months renewable conditional and restricted license during the entire period of 2016 where two (2) had their licenses revoked thereafter, having failed to meet and maintain prescribed statutory standards by SASRA. Further, SASRA, in its supervision

report ending 31st, December 2016, documented that only 69 of the 175 DT-SACCOs met and maintained the prescribed minimum institutional capital adequacy ratio of eight percent, meaning more than half the lenders are in breach of the law. In Kenya, the DT-SACCOs mainly receive their training from, among others, KUSCCO, mandated by the Government. However, despite the government initiative to introduce these trainings, research has not revealed the exact relationship between acquired Entrepreneurship skills and Financial performance of DT-SACCOs in Kenya. Hence, this study will investigate the effect of acquired Entrepreneurship Skills on the Financial Performance of DT-SACCOs in Kenya.

Research Objective

To establish the effect of acquired entrepreneurship skills on financial performance of DT-SACCOs in Kenya.

Hypothesis of the Study

H01: Acquired Entrepreneurship skills have no statistically significant effect on financial performance of DT-SACCOs in Kenya.

LITERATURE REVIEW

Theoretical Literature Review

Psychological Entrepreneurship Theory

This theory emphasized personal characteristics that define entrepreneurship. Need for achievement, locus of control and personality traits have been found to be associated with entrepreneurial inclination. Need for achievement trait of Psychological theory put forward by Psychologist David McClelland (1961) explained that human beings have a need to succeed, accomplish, excel or achieve. Entrepreneurs are driven by this need to achieve and excel and reinforced through training to make them focused in their venture (Johnson, 1990, Shaver & Scott, 1991)). Locus of control trait of the psychological entrepreneurship theory is an important aspect of personality. The concept was first introduced by Julian Rotter in 1950s. Rotter describes locus of control as an individual's perception about the underlying main causes of events in his/her life. In other words, locus of control orientation is a believe about whether the outcomes of our actions are contingent on what we do (internal control orientation) or on events outside our personal control (external control orientation). In this context the entrepreneurs success comes from his/her own abilities and also support from outside (Cromie, 2000, Rauch and Frese, 2000).

According to Coon (2004), personality traits refer to “stable qualities that a person shows in most situations”. To the trait theories, there are enduring inborn qualities or potentials of the

individual that naturally make him an entrepreneur. Some of the characteristics or behaviors associated with entrepreneurs are that they tend to be more opportunity driven (they nose around), demonstrate high level of creativity and innovation, and show a level of management skills and business knowhow like diversification and business plan writing skills among others.

Empirical Literature Review

Entrepreneurial Skills and Financial Performance

According to Timmons (2004), much Business training traditionally has emphasized and prepared students for life in corporate domains. Though there is nothing wrong with that, but education to prepare students to start and manage vibrant, growing new ventures cannot afford to emphasize administrative efficiency but needs to emphasize skills for life in the entrepreneurial domain. Labuschagne, Nieuwenhuizen and Kroon (2001) identify the primary factors that contribute to the success of Small and Medium entrepreneurs in South Africa, stating that training of entrepreneurs should focus on the development of these skills and abilities identified as success factors of entrepreneurs (divided into factors directly related to personal characteristics, and those factors directly related to functional management skills). Empirical analysis conducted by Nieuwenhuizen and Kroon (2002) shows that there is a strong relationship between the success of a business and entrepreneurial success factors such as creativity and innovation, financial management, willingness to take risks, knowledge of competitors and business planning. Consequently, a training programme must focus on these entrepreneurial success factors.

Conceptual Framework

The conceptual framework will examine the effect of business management training on financial performance DT-SACCOs in Kenya. The research hypothesized a causal relationship between the Financial Performance (FP) of SACCOs and acquired Entrepreneurship Skills (E/S) as indicated in figure 1.

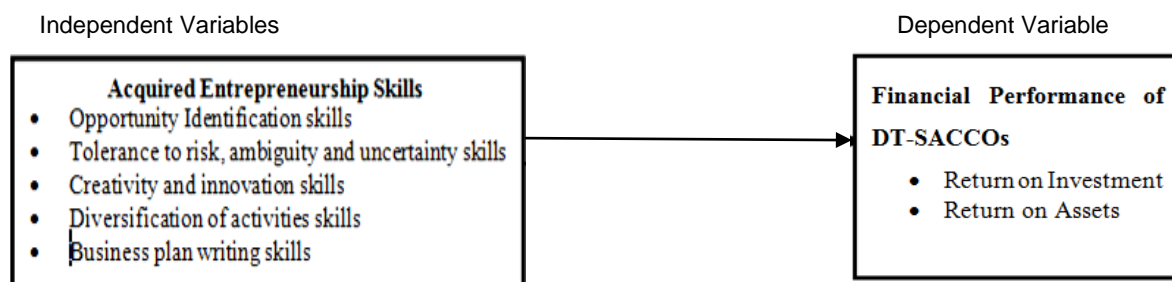


Figure 1 Conceptual Framework

Independent Variable

The acquired Entrepreneurship skills identified in this study include opportunity identification, tolerance to risk, creativity and innovation, diversification and business plan writing.

Dependent Variable

The financial performance of DT-SACCOs will be evaluated using the Return on Investment (ROI) and return on assets. ROI indicates the effectiveness in generating profits with its available investments, thus the higher the better. ROI is an indicator of how profitable a company is relative to its total Investments. It gives an idea of how efficient management is at using its investment to generate earnings. It is calculated by dividing a company's annual earnings by its total investments as follows;

ROI = Net Income/ Total Investments (expressed as a percentage).

Or ROI = Earnings before Interest and Tax / Capital Employed

Capital employed = shareholders Equity + Long term Liabilities

Return of total assets (ROA) takes into consideration the return on investment (ROI) and indicates the effectiveness in generating profits with its available assets, thus the higher the better. ROA is an indicator of how profitable a company is relative to its total assets. It gives an idea of how efficient management is at using its assets to generate earnings. It is calculated by dividing a company's annual earnings by its total assets as follows;

ROA = Net Income/ Total Assets (expressed as a percentage).

In this study, financial performance will therefore be measured using return on investments (ROI) turn and return on assets.

Summary and Research Gaps

The study examined a number of research works on the factors affecting the performance of DT-SACCOs; Makori, Munene and Muturi (2013) cited high dependency of short term borrowing, lack of liquidity, monitoring, political interference, investment in non-earning assets and inadequate managerial competence. Auka and Mwangi (2013) posited lack of competitive advantage of SACCO products and services as compared to other service providers and Kiaritha (2015) cited competition, internal politics, operating costs, saving culture and investment policy as determinants of financial performance of SACCOs.

Entrepreneurship Skills Training provided to the DT-SACCO management is a unique factor which needs to be investigated to determine its effect on financial performance of DT-SACCOs. No other study has been done to establish its effect on the financial performance of DT-SACCOs based on a combination of the variables considered in this study. Another gap

which this study will endeavor to fill is the contradiction showing one group of literature indicating that Business Management Training affects Financial Performance of DT-SACCOs and the other showing that it does not. According to Rowden and Conine (2005), the purpose of training is to enhance the satisfaction of employees towards their jobs and satisfied employees contend their customers with enhanced performance. Employees who commit to learn are more satisfied with their jobs and ultimately show more positive performance than others (Tsai et al, 2007). In line with Tsai (2007), Harrison (2000) established that learning that is prompted by training positively effects employee performance and is an essential element for the achievement of organizational goals (Harrison, 2000). Similarly perceived training effectiveness is highly correlated with the job satisfaction of employee, supporting the findings of Tsai et al (2007).

RESEARCH METHODOLOGY

Research Philosophy

Klenke (2008) contends that it is not possible to conduct research without understanding its philosophical underpinnings. Three research philosophies exist in social sciences which are positivism/ post positivism paradigm, the interpretive/ constructivism paradigm and the emancipatory paradigm (Mytton, 2010). This study applied both positivistic and an interpretivist philosophical foundation since the study was based on the effect of business management training on financial performance among DT-SACCOs. This assertion is because it is supported by facts; mainly primary and secondary data sourced from the main players in the Cooperative sector in Kenya.

Research Design

In this study, the researcher will use explanatory survey design since data to be collected will be standardized thus allowing easy comparison. Explanatory research design will be appropriate for this study as it will help in understanding the effect of acquired entrepreneurship skills on financial performance of DT-SACCOs in Kenya and therefore answers the “what” question of the study. The relevant secondary data was analyzed and inferences made about relationship between acquired entrepreneurship skills and financial performance. The data collected was for the last five years namely, year 2012 to year 2016.

Target Population

The target population of interest in this study was senior management of DT-SACCOs in Kenya. In Kenya there were one hundred and seventy six (176) registered DT-SACCOs as at

December, 2016. Out of the 176 DT-SACCOs, 3 senior officials were selected as respondents giving a total population of 528. The accessible population was 74 DT-SACCOs registered by SASRA within the purposively selected 37 best performing SACCOs and 37 least performing SACCOs in Kenya. The researcher undertook an analysis of performance of all DT-SACCOs and established their location based on the performance of the SACCOs in the Country.

Sample Design and Sample Size

The sampling frame of this study was derived from the database of SASRA. The list contained DT-SACCOs licensed by the regulator as at 31st December, 2016 as contained in appendix IV. Regarding the DT-SACCO as the unit of analysis, the researcher adopted purposive sampling technique where the best performing 37 SACCOs and the least performing 37 SACCOs were selected.

If the target population is less than 10,000 the required sample size will be smaller. In such a case, we calculate a final sample estimate (nf) using the following formula;

$$nf = n / (1 + (n/N))$$

Where;

nf= the desired sample size if the target population is less than 10,000

n = the desired sample size if the target population is greater than 10,000 that is 384

N= the estimate of the population size, in this case its 528, (Mugenda & Mugenda, 2003)

Thus;

$$nf = n / (1 + (n/N))$$

$$= 384 / (1 + (384/528)) = 222$$

To get the number of SACCOs;

$$222/3 = 74$$

The best performing 37 and the least performing 37 were be purposely selected to act as respondents for the study.

Research Instrument

The questionnaire to capture primary data was divided into sections representing the various variables to be studied. Structured questionnaires were used to obtain data from the respondents for ease of analysis. The questionnaires consisted of both closed-ended and open-ended questions. A likert scale questionnaire was used and with the help of a trained research assistant, the researcher administered the questionnaire to the DT-SACCOs. Questionnaires were be used to enable the study reach a large group of respondents within a short time and at lower costs. The researcher dropped and picked later the questionnaires to all the targeted

population of licensed DT-SACCOs. Secondary data collection sheet was used to collect secondary data information regarding financial performance of DT-SACCOs.

Data collection procedures

The research questionnaires were sent to purposively sampled 74 licensed DT-SACCOs as at 31st December, 2016. The intention was to obtain responses from knowledgeable staff who were C.E.Os, finance managers and internal auditors. Data was collected from secondary sources and specifically from audited accounts of individual DT-SACCOs from SASRA databases. The data was vetted, analyzed and manipulated to make generalizations about the whole population.

Pilot study and reliability estimation

A total of 8 SACCOs(24 respondents)used in the pre-test was randomly selected Deposit taking SACCOs whose population was not be included in the actual study. This constituted about 10% of the questionnaires designed as the main data collection instrument. Further, according to Cooper and Schilder (2011), as a rule of thumb, ten percent of the sample should constitute the pilot test taking into consideration the time, costs and practicability of the exercise. The reliability of the questionnaire was tested using Crochbach's Alpha correlation coefficient with the aid of SPSS software.

Face validity estimation

The validity of the questionnaire was tested and enhanced by giving the questionnaire to 8 Deposit taking SACCOs (who were not be included in the final study). Their views and responses about the questionnaire were used to review and improve the study instruments where appropriate.

Data Analysis and Presentation

The questionnaires were coded, sorted, arranged, cleaned and organized in a manner that allowed for analysis. Data analysis was done using both descriptive and inferential statistics. This was achieved using descriptive statistics which is the assessment of central tendency (convergence) and dispersion (divergence).The data was presented in form of tables and charts. The study used chi-square to test association between financial performance on acquired entrepreneurship skills. Multiple regressions and correlations was done in order to determine the nature of the relationship between the independent and dependent variable.

The multiple regression model is as laid below.

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where;

Y = Financial performance as measured by Return on Investment

β_0 = Constant

β_1 = Regression coefficients

X_1 = Entrepreneurship Skills

ε = Error term: difference between the calculated dependent variable value and the actual value.

The regression model was tested on how well it fits the data. Fischer distribution test called F-test was applied. It refers to the ratio between the model mean square divided by the error mean square at 5 percent significant level. The P-value for the F- statistic will be applied in determining the robustness of the model. If the P-value is less than 0.05, then it was concluded that the model is significant and has good predictors of the dependent variable and the results are not based on chance. If the P-value was greater than 0.05 then the model was not significant and cannot be used to explain the variations of the dependent variable. Similarly, the t-test statistic was used to test the significance of each individual predictor or independent variable and hypothesis. The P-value of each t-test was used to make conclusions on whether to fail to accept or fail to reject the null hypotheses. The benchmark for this study for failure to reject or failure to accept the null hypothesis was at a level of significance of 5 percent.

Moderated Multiple Regression Model

The Moderated model with the introduction of SASRA regulation is shown as:

$$Y = \beta_0 + \beta_1 x_i + \beta_2 M + \beta_3 X_{iM} + e_5$$

Where:

The dependent variable Y is the financial performance of DT-SACCOs in Kenya variable which in this case it was aggregated from the return on Investment. The independent variable X is the aggregate business management training. These are aggregated from Accounting Skills, Entrepreneurship Skills, Financial Management Skills, Marketing Skills and Strategic Leadership Skills.

ANALYSIS AND FINDINGS

Response rate

The number of questionnaires that were administered to the respondents were 222 questionnaires. A total of 40 questionnaires were properly filled and returned from the DT-SACCOs by the time of writing this report. This represented an overall successful response rate of 18%.

Demographics

The preliminary information gathered regarding the characteristics of the respondents was about the respondent's Position in DT-SACCO, gender, education level, the duration and nature of DT-SACCO. This is as indicated table 1 below.

Table 1 Demographic profile of respondents

| Aspect | Dimensions | Frequency | percentage |
|---------------------|------------------|-----------|------------|
| Position | CEO | 13 | 32.5 |
| | Finance Manager | 15 | 37.5 |
| | Internal Auditor | 12 | 30 |
| Gender | Male | 25 | 62.5 |
| | Female | 15 | 37.5 |
| Education | Certificate | 3 | 7.5 |
| | Diploma | 9 | 22.5 |
| | Degree | 18 | 45 |
| | Master | 9 | 22.5 |
| | PhD | 1 | 2.5 |
| Duration of service | 1-5 yrs | 8 | 20 |
| | 6-10 yrs | 15 | 37.5 |
| | 11-15 yrs | 10 | 25 |
| | 16-20 yrs | 5 | 12.5 |
| | above 21 yrs | 2 | 2.5 |
| Nature of Sacco | Government Based | 5 | 12.5 |
| | Teachers Based | 16 | 40 |
| | Farmer Based | 6 | 15 |
| | Private Based | 6 | 15 |
| | Community Based | 6 | 15 |
| | Other | 1 | 2.5 |
| | Total | 40 | 100 |

Position in DT-SACCO

The respondents were asked to indicate their Position in the DT-SACCO. The table above shows that 32.5 % of the respondents were C.E.Os while 37.5% worked as Finance managers and 30 % worked as Auditors. The findings imply that the respondents were spread across the top DT-SACCO management hence a representative of the population and thus enhancing the accuracy of responses.

Gender

The study sought to find out the gender of the respondents. The table 4.2 above indicates that 62.5 % were males and 37.5% were females, an indication that there was a representation from both males females hence information obtained was reliable. However based on the findings there was significant gender disparity amongst the respondents which would be attributed to a previous study by APEC (2011) which concluded that women own and operate approximately one-third of firms in the formal sector of the APEC economy.

Education

As per the studies' findings, majority of the respondents were well above diploma level which supports studies by King and McGrath (2012) who indicated that in todays constantly fluctuating business environment, education is one of the factors that impact positively on growth of firms and those firms with larger stocks of human capital, in terms of education and (or) training are better placed to adapt their enterprises to such unexpected fluctuations. This shows that academic qualification affects the financial performance of DT-SACCOs in Kenya.

Duration of service

The study sought to establish the duration of DT-SACCOs operation in the industry. Table 1 shows that 37.5% of the SACCOs have been in the industry for a period of 6-10 years, 25% have been operating for the last 11-15 years while 20% have been in operation for less tha 5 years. The findings indicate that the current DT-SACCOs are representative of the population. They have also been in operation for long periods of time, hence guaranteeing reliability of data collected.

Nature of DT-SACCO

The study sought to find out the SACCO original field of membership. 40% of the respondents indicated that they were teacher based. Government based SACCOs represented 12.5% while farmers based, private based and community based SACCOs were represented by 15% of the respondents. This meant that there was a fair distribution of DT-SACCOs and hence the information obtained was credible.

Descriptive Statistics on Acquired Entrepreneurship Skills

The study also sought to establish the extent that respondents have been trained and acquired the following Entrepreneurship skills.

Table 2 Descriptive Statistics on Entrepreneurship Skills

| Statement | Mean | Std. Deviation |
|---|------|----------------|
| Taking business opportunity proactively | 3.85 | 1.040 |
| Maturing entrepreneurship skills | 3.92 | 1.010 |
| Creativity and Innovation skills | 3.95 | 1.146 |
| Adaptability skills | 3.72 | 1.146 |
| Business plan writing skills | 3.67 | 1.155 |
| Persistence skills | 3.53 | 1.156 |
| Locus of control skills | 3.61 | 1.175 |
| Risk taking skills | 3.97 | 1.174 |

On the trend of various aspects of acquired Entrepreneurship Skills, majority of the respondents strongly agreed that risk taking skills, creativity and innovation skills, maturing entrepreneurship skills and taking business opportunity proactively has greatly improved as shown by mean scores 3.97, 3.95, 3.92 and 3.85 respectively. They further revealed that there has been an improvement in adaptability skills, business plan writing skills and locus of control skills as indicated by mean scores 3.72, 3.67 and 3.61 respectively. This is in line with Nieuwenhuizen and Kroon (2002) who attested that there is a strong relationship between the success of a business and entrepreneurial success factors such as creativity and innovation, financial management, willingness to take risks, knowledge of competitors and business planning.

Inferential Statistics

The data on acquired Entrepreneurship Skills and Return on Assets and Return on Investment was computed. Pearson correlation analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed.

Table 3 Correlation Analysis on Entrepreneurship Skills and Return on Assets and Return on Investment

| | | Return on Assets | Return on Investment |
|-------------------------|---------------------|------------------|----------------------|
| Entrepreneurship Skills | Pearson Correlation | .690** | .632** |
| | Sig. (2-tailed) | .001 | .003 |
| | N | 40 | 40 |

From table above there is a significant positive relationship between acquired Entrepreneurship Skills and return on Assets, Return on Investment of magnitude 0.690 and 0.632 respectively. The positive relationship implies that there is a correlation between the factors and acquired Entrepreneurship skills.

Regression Results of the acquired Entrepreneurship Skills and Return on Assets

The study conducted a multiple regression on effect of acquired Entrepreneurship skills on Return on Assets DT-SACCOs in Kenya as shown in the tables 4 below.

Table 4 Results of Regression Analysis on Entrepreneurship Skills and Return on Assets

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .690 ^a | .476 | .447 | .8522400 |

a. Predictors: (Constant), Entrepreneurship Skills

From table above, the independent variable that was studied (acquired Entrepreneurship Skills) explains only 47.6% of changes in Return on Assets among DT-SACCOs as represented by the adjusted R². This therefore means that the variable contribute to 47.6% of changes in return on Assets while the other factors not studied in the research contributes 52.4% of the changes in return on Assets. Therefore further research should be conducted to investigate the other (54.2%) factors influencing the changes in return on Assets of DT-SACCOs.

ANOVA results of the acquired Entrepreneurship Skills and Return on Assets

Summary of One-way ANOVA results of the regression analysis of the acquired Entrepreneurship Skills and Return on Assets.

Table 5 ANOVA Table on Entrepreneurship Skills and Return on Assets

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1 | Regression | 11.879 | 1 | 11.879 | 16.356 | .001 ^b |
| | Residual | 13.074 | 38 | .726 | | |
| | Total | 24.953 | 39 | | | |

a. Dependent Variable: Return on Assets

b. Predictors: (Constant), Entrepreneurship Skills

From the ANOVA statistics in table 5, a significance level of 0.001 { $p = 0.001b < (0.05)$ } which shows that the data is ideal for making a conclusion on the population's parameters. The F

calculated at 5% level of significance was at 16.356. Since F calculated is greater than F critical, this implies that the overall model was significant i.e. there was a significant relationship between acquired Entrepreneurship Skills and Return on Assets.

Table 6 Regression Coefficients

| Model | Unstandardized Coefficients | | Standardized | t | Sig. |
|---------------------------|-----------------------------|------------|----------------------|-------|------|
| | B | Std. Error | Coefficients Beta | | |
| 1 (Constant) | -.635 | 1.147 | | -.554 | .587 |
| 1 Entrepreneurship Skills | 1.056 | .261 | .690 | 4.044 | .001 |

a. Dependent Variable: Return on Assets

From table 6, $t=4.044$ and $p = 0.001$ implies significant effect of Entrepreneurship Skills and Return on Investment. From table 6, $t = 4.044$ and $p = 0.001$ implies significant effect of acquired Entrepreneurship Skills and Return on Assets. According to the model, the variable (Acquired Entrepreneurship skills) was significant as its significance value was less than 0.005. A unit increase in acquired Entrepreneurship skills will lead to 1.056 increase in return on investment (taking all other factors constant).

Regression results of the acquired Entrepreneurship Skills and Return on Investment

Table 7 Regression Model on Entrepreneurship Skills and Return on Investment

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .632 ^a | .400 | .366 | .9424142 |

a. Predictors: (Constant), Entrepreneurship Skills

From table 7, the independent variable (Entrepreneurship Skills) explains only 40.0% of changes in Return on Investment ($R^2 = 0.400$). This therefore means the variable contributes to 40% of the changes in return on Investment, while factors not studied in this research contribute 60% of the changes in return on investment. Thus further research should be conducted to investigate the other (60%) factors influencing the changes in return on investment.

ANOVA results of the acquired Entrepreneurship Skills and Return on Investment

Summary of One-way ANOVA results of the regression analysis of the acquired Entrepreneurship Skills and Return on Investment.

Table 8 ANOVA on Entrepreneurship Skills and Return on Investment

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1 | Regression | 10.637 | 1 | 10.637 | 11.977 | .003 ^b |
| | Residual | 15.987 | 38 | .888 | | |
| | Total | 26.623 | 39 | | | |

a. Dependent Variable: Return on Investment

b. Predictors: (Constant), Entrepreneurship Skills

From the ANOVA statistics in table 8, a significance level of 0.001 { $p = 0.003b < (0.05)$ } which shows that the data is ideal for making a conclusion on the population's parameters. The F calculated at 5% level of significance was at 11.977. Since F calculated is greater than F critical, this implies that the overall model was significant i.e. there was a significant relationship between acquired Entrepreneurship Skills and Return on Investment.

Table 9 Regression Coefficients

| Model | | Unstandardized Coefficients | | Standardized | t | Sig. |
|-------|-------------------------|-----------------------------|------------|----------------------|-------|------|
| | | B | Std. Error | Coefficients Beta | | |
| 1 | (Constant) | -.234 | 1.268 | | -.184 | .856 |
| | Entrepreneurship Skills | .999 | .289 | .632 | 3.461 | .003 |

a. Dependent Variable: Return on Investment

From table 9, $t = 3.461$ and $p = 0.003$ implies significant effect of acquired Entrepreneurship Skills and Return on Investment. According to the model, the variable (Acquired Entrepreneurship skills) was significant as its significance value was less than 0.005. A unit increase in acquired Entrepreneurship skills will lead to 0.999 increase in return on investment (taking all other factors constant).

SUMMARY OF THE FINDINGS

The summary is done in line with the objective of the study based on the output of the descriptive and inferential statistical analysis guided to test the research hypothesis of the study. The study investigated the effect of acquired Entrepreneurship skills on the financial performance of DT-SACCOs in Kenya. The independent variable that was studied explain a substantial 46.7% and 40% of the changes of Return on assets and Return on Investment respectively of DT-SACCOs in Kenya. Other factors and random variations not studied in this

research contribute 54.3% and 60% respectively of Return on Assets and Return on Investment respectively.

Entrepreneurship Skills and Financial Performance

From the findings of various aspects of acquired Entrepreneurship Skills, majority of the respondents strongly agreed that risk taking skills, creativity and innovation skills, maturing entrepreneurship skills, taking business opportunity proactively, affect financial performance of DT-SACCOS as shown by mean scores 3.97,3.95, 3.92 and 3.85 respectively. They further revealed that there is an influence of in adaptability skills, business plan writing skills and locus of control skills on financial performance of DT-SACCOs as indicated by mean scores 3.72, 3.67 and 3.61 respectively.

The study had hypothesized that acquired Entrepreneurship Skills have no statistically significant effect on financial performance of DT-SACCOs in Kenya. The results reveal that acquired entrepreneurship skills are statistically significant in explaining financial performance of DT-SACCOs in Kenya. This implied that the null hypothesis, acquired Entrepreneurship Skills have no statistically significant effect on financial performance of DT-SACCOs in Kenya, failed to be accepted and the alternative hypothesis failed to be rejected.

Financial Performance

The study sought to establish the financial performance of DT-SACCOs in Kenya. Descriptive statistics, regression analysis and ANOVA were conducted. Results indicated that there was increased financial performance of DT-SACCOs across the years of study. Specifically, there was increased profit before tax, increased total Assets and total Investment.

CONCLUSION

The conclusion was arrived at on the influence of the independent variable on Return on Assets and Return on Investment of DT-SACCOs in Kenya based on the findings of the study.

The study concludes that acquired entrepreneurship skills of DT-SACCOs affected the financial performance of DT-SACCOs. It can be concluded from this study that when holding other factors constant, acquired Entrepreneurship Skills was found to have a positive and significant relationship with financial performance. This implies that managing acquired Entrepreneurship Skills was statistically significant in explaining financial performance of DT-SACCOs in Kenya.

RECOMMENDATIONS

The study finds it prudent to make recommendations which are considered important to guide other readers and policy-makers regarding the effect of acquired Entrepreneurship Skills on financial performance of DT-SACCOs in Kenya.

The study sought to establish the effect of acquired Entrepreneurship Skills on financial performance of DT-SACCOs in Kenya. The study recommends that DT-SACCO should emphasize and enhance training in Entrepreneurship Skills of taking business opportunity proactively, creativity and innovation, nurturing entrepreneurship skills, adaptability skills and risk taking skills.

SCOPE FOR FURTHER RESEARCH

Arising from the findings and the gaps in the study, a replica study is recommended for Non-DT-SACCOs to test whether the conclusions will hold true. Another study could be carried out using other factors that may affect the financial performance of DT-SACCOs in Kenya. Future studies should apply to different research instruments like focus group discussions and primary data only to involve respondents in discussions in order to generate detailed information which would help improve financial performance of DT-SACCOs in Kenya.

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