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EFFECTS OF INTERNAL CONTROL ON CREDIT BUSINESS PERFORMANCE OF SAVINGS AND CREDIT CO-OPERATIVE SOCIETY: A CASE STUDY OF MOMBASA TEACHERS SACCO LIMITED

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Abstract: **The study sought to establish the effects of internal control on credit business performance of Mombasa Teachers Sacco Limited (MTS). An external audit report that was done at MTS Ltd indicated that the society was experiencing low levels of credit business performance. The specific objectives were to investigate the effects of credit cultural environment; to establish the effects of credit risk management; to assess the effects of credit information and communication system and to determine the effects of credit monitoring and evaluation on credit business performance of MTS. The study adopted a descriptive survey design. From the a population 3500 members a purposive sampling was used to select only few target population of 120 class A members that helped the researcher to attain the purpose of the study. The sample size for the study was 30 respondents which represents 30% the targeted population. Data analyses were performed on a personal computer (PC) using Statistical Package for Social Science (SPSS Version 22) for Windows. Analysis such as frequency counts, percentages, means and standard deviation were conducted and the information generated was presented in form of graphs, charts and tables. Findings indicated all four variables contributed positively to the credit business performance of MTS with correlation between the independent variables and the dependent variable as follows: Credit Cultural Environment; Credit Risk Management; Credit Communication and Information Systems; Credit Monitoring and Evaluation Systems shown by a correlation value of 0.948; 0.966; 0.676 and 0.985 respectively.**

Keywords: **Internal control, Credit business Performance, Sacco.**

I. INTRODUCTION

1.1 Background of the study:

IC assures the stability of every regulated SACCO and therefore it has gained importance in modern SACCOs since they are the key pillars in achieving their strategic goals. Kenya has a long history of cooperative development that has been characterized by strong growth, thus making a significant contribution to the overall economy. Cooperatives are recognized by the government to be a major contributor in almost all sectors of the economy to national development. It is estimated that 63 per cent of Kenya's population participate directly or indirectly in cooperative-based enterprises. The internal control (IC) of any business entity is closely interrelated to the structure used by management to oversee the activities of an organization, or what is defined as the entity's corporate governance. "Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interest of the company and shareholders and should facilitate effective monitoring, thereby encouraging firms to use resources more efficiently" (OCED Principles of Corporate Governance). Hevesi (2005) defined internal control as the integration of the activities, plans, attitudes, policies, and efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its objectives and mission

1.2 Statement of the problem:

According to External audit report at Mombasa Teachers Sacco (MTS) Ltd, the sacco was experiencing low levels of credit business performance, in terms of slow credit product innovations, slow membership growth, misappropriation of funds, poor credit customer care services, credit fraud cases, unreliable credit reports, and inefficiency in credit management. The unsatisfactory credit performance was attributed to weak internal controls among other factors like poor leadership, poor loan monitoring and evaluation mechanism, ineffective organization structure, poor credit information and communication system and poor credit risk management system among other factors which can eventually lead to the closure of the SACCO if not controlled (Yusuf, 2012). According to Liu (2005) and Rittenberg et al. (2005), under the current operations of organizations, the importance of internal control can be divided into six major categories; detecting error and fraudulence, decreasing illegal conduct, improving the competence of the business entity, improving the quality of data, helping to create the business infrastructure, and decreasing auditors fee.

1.3 Objectives of the study:

1.3.1General Objectives:

The broad objective of the study was to investigate the effects of internal control on credit business performance of Mombasa Teachers Sacco Limited.

1.3.2 Specific objectives:

1. To investigate the effects of credit cultural environment on credit business performance of MTS.

2. To establish the effects of credit risk management on credit business performance of MTS.

3. To assess the effects of credit information and communication system on credit business performance of MTS.

4. To determine the effects of credit monitoring and evaluation on credit business performance of MTS.

1.4 Research questions:

In an attempt to address the above research paper objectives, the following questions were set;

1. How does credit cultural environment affect credit business performance of MTS?

2. What is the effect of credit risk management on credit business performance of MTS?

3. To what extend does credit information and communication system affect credit business performance of MTS?

4. In which ways does credit monitoring and evaluation system affect credit business performance of MTS?

1.5 Scope of the Study:

Owing to limited resources, time and finances, the study was confined to employees, management staff, Board of Directors and few customers of Mombasa Teachers Sacco Limited (MTS) Ltd both who are located in Mombasa town, Kenya. Therefore narrowing the scope of the study to MTS only was a practical consideration to a researcher than studying all the whole County of Mombasa.

1.6 Significance of the study:

The study enriched the researcher's knowledge on the variables under study and helped the researcher fulfill the requirements that lead to the award of the post graduate degree of Masters of Business Administration (MBA) at Jomo Kenyatta University of Agriculture and Technology, Kenya. The study results was useful to the management staff, board of directors, and all stakeholders of MTS specifically in redesigning internal control policies and procedures aimed at improving on the levels of credit business performance. Finally the findings will also be available for reference by academicians, researchers who seek to conduct further research in any of the variable under this study as a form of reference and also future research activities that can be explored.

1.7 Limitation of the study:

Some respondents were uncomfortable answering some questions especially those that were directed to their dockets claiming it was against their signed oath of privacy. Even basic demographic questions such as race, sex and age were met with a "that's none of your business" attitude from respondents. To ensure successful study, the researcher reassured all respondents about their anonymity or confidentiality in the introduction to the study. The researcher reminded them again of these assurances when sensitive questions were introduced. The Researcher also stated explicitly that no one (outside of the research team) will be matched. Finally for demographic questions, the researcher informed the respondents that they will be used for analysis purposes only.

2. LITERATURE REVIEW

2.1 Theoretical Framework:

2.1.1 Value Theory:

According to Dhillon, G., & Torkzadeh, G. (2006) an individual's preferential behavior shows certain regularities and this pattern can be attributed to some standard or code, which persists through time. Values provide a basis by which people can order their intensities of desiring various desiderata (something desirable). Based on available choices, people make preferences grounded in their values. In an organizational context, knowledge of such preferences of individuals provides a context for managerial decision-making. Keeney (1992) argues that values are guiding principles to evaluate the desirability of a particular consequence. Values are what we care about and they should be the driving force for our decision making.

2.1.2 Contingency Theory:

Contingency theory is an approach to the study of organizational behavior in which explanations are given as to how contingent factors such as technology, culture and the external environment influence the design and function of organizations. The assumption underlying contingency theory is that no single type of organizational structure is equally applicable to all organizations. Rather, organizational effectiveness is dependent on a fit or match between the type of technology, environmental volatility, the size of the organization, the features of the organizational structure and its information system. Contingency theory states that "the design and use of control systems is contingent upon the context of the organizational setting in which these controls operate" (Fisher, 1998).

2.1.3 Agency Theory:

Agency Theory explains the relationship between the principal and the agent in which one party determines the work while another party does the work. In this relationship, the principal hires an agent to do the work, or to perform a task the principal is unable or unwilling to do. Agency theory assumes both the principal and the agent are motivated by self-interest. Barlie & Means (2010) posit that in order to harmonize the interests of the agent and the 13 principals, a comprehensive contract is written to address the interest of both the agent and the principal. They further explain that this relationship is further strengthened by the principal employing an expert to monitor the agent.

2.2 Conceptual Framework:

In this study, the dependent variable was Credit Business Performance while the independent variables were credit cultural environment, Credit Risk management, Credit Information and communication system and Credit monitoring and evaluation system.

2.3 Review of Variable:

2.3.1 Credit Cultural Environment:

A credit cultural environment is a foundational context within which the other aspects of internal control operate (Konrath, 1999). The philosophy and management style, organizational structure, methods of imposing control, assignment of authority and responsibility are all key aspects of the control environment. Control environment is the attitude toward internal control and control consciousness established and maintained by the management and the employees of an organization.

2.3.2 Credit Risk Management:

When a Sacco grants credit to its customers, it incurs the risk of nonpayment. Credit risk management refers to the systems, procedures and controls which a Sacco puts in place to ensure the efficient collection of customer payments and minimize the risk of non-payment that pose a threat to achieving its objectives (Furrugia, 2002).

2.3.3 Credit Information and Communication system:

Communication is the exchange of useful information between and among people and organizations to support decisions and coordinate activities. Within an organization, information should be communicated to management and other employees who need it in a form and within a time frame that helps them to carry out their responsibilities. Communication also takes place with outside parties such as customers, suppliers and regulators (Richard & Janet 1997).

2.3.4 Credit Monitoring and Evaluation:

Monitoring is the review of an organization's activities and transactions to assess the quality of performance over time and to determine whether controls are effective.). It entails the activities and procedures designed to assess the effectiveness of the internal control system in achieving the entity’s financial reporting objectives (Coffin, 2003).

***2.3.5* Credit Business Performance:**

Dixion (1990) states that appropriate performance measures are those which enable organizations to direct their actions towards achieving their strategic objectives. This is because according to him a firm’s performance is central to the future well-being and prosperity of any enterprise.

2.4 Empirical Review:

Olumbe (2012) conducted a study to establish the relationship between internal controls and corporate governance in commercial banks in Kenya. The researcher conducted a survey of all the 45 commercial banks in Kenya. It was concluded that most of the banks had incorporated the various parameters which are used for gauging internal controls and corporate governance. A study by Ochoge (2011) in Uganda on internal controls and organizational performance: a case of Medipont industries limited identified that the internal controls used in Medipoint Industries Limited were ineffective and unsatisfactory, the level of organizational performance was found to be inadequate and a significant positive relationship between internal controls and organizational performance was established to exist.

2.5 Critique of Existing Literature Relevant to the Study:

Majority of the researchers have investigated only the internal control factors within a firm that affects its performance yet there are external factors that affect the performance of a firm such as, changes in customers’ preferences and tastes, development of new technology, location of firm, and many others. Simiyu (2011) when measuring the Effectiveness of Internal Control System In performance of parastatals in Kenya, he adopted a Likert scale ranking (5 point) where 1 was the lowest degree of agreement and 5 was the highest level of agreement in her questionnaire. This was a self-assessments type of evaluating parastatal performance. Other researchers found that the objective test to be better in assessing the respondents internal control knowledge than self-assessment. This put the reliability of findings by Simiyu (2012) in question and to whether the results are validated.

2.6 Summary of literature:

From the literature review we can conclude that Saccos comprise of various credit business activities that should be managed through policies and procedures that are implemented by the credit staff at different levels of authority so as to achieve better business performance.

2.7 Research Gap:

The findings of the study that were carried out were too general and did not focus specifically on the effectiveness of internal control on credit business performance of MTS Ltd in Kenya, Mombasa County. Previous studies that have been carried out focused on different business sectors/organizations and were carried out in different environments leaving a wider gap in this topic of study.

3. RESEARCH METHODOLOGY

3.1 Research Design:

The study adopted the descriptive research design in collecting the data from the respondent. Both qualitative and quantitative data was gathered in order to establish the relationship between the independent and dependent variables. From the target population, a sample was satisfied and randomly selected.

3.2 Target Population:

Mbwesa (2008) defined target population as the entire group of people, events or things that the researcher wishes to investigate. The study population consisted of all 3500 MTS registered members as at 31st December, 2014 but greater emphasis was given to class (A) members who constitute 3.4 % of the enter population, that was about 120 members who included board of directors, Management staff and top performing members in terms of loan sizes and high savers.

3.3 Sample Size:

Stratified random sampling was used in the study from which the researcher used simple random technique because of its advantages like minimization of biased and its results satisfies the law of statistical regularity (Kothari, 2004). Purposive sampling was used to select only few respondents that helped the researcher to attain the purpose of the study and according to Mugenda & Mugenda (2003) a sample size of between 10% and 30 % is a good representation of the target population and hence the 30% is adequate for analysis. The sample size of this study was 36 respondents

3.4Data Collection Instruments:

One of the research instrument used in the study were questionnaires which were considered the most suitable research instrument for descriptive research design.Secondary data from published and unpublished journals, Sacco newsletters, Sacco magazines, periodic reports maintained by MTS Ltd and website that contain company profile were used.

3.5 Pilot Study:

Mugenda and Mugenda (2003) asserted that, the accuracy of data largely depended on the data collection instruments in terms of validity and reliability. To enhance validity and reliability, a pilot study was done in the same area through administering the instruments to randomly selected respondents.

3.6 Data Analysis:

After all primary data were collected; the researcher classified it in accordance with variables. Statistical package for social scientist (SPSS) data analysis program version 22 was used to generate inferential and descriptive statistics.

3.6.1 Model Specification:

This model helped to establish the relationship between the independent variables and the dependent variable. The researcher used multiple regressions to help determine the relationship between the variables under study. The model was used to study the effects of internal control on credit business performance of MTS. The linear regression model used was;

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

Where;

Y = the dependent variable (Performance of credit business)

$\beta 0$ = is constant

βn= Coefficients to be determined.

X1 = Credit cultural environment

X2 = Credit risk management

X3= Credit information and communication system activities

X4= Credit monitoring and evaluation system

ε = Error term for the model

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4. DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Response Rate:

A total of 36 questionnaires were given out to class (A) members of MTS and out of which 30 were returned giving a response rate of 83.33%. According to Mugenda and Mugenda (2003), a 50% response rate is adequate, 60% good and above 70% rated very good. Based on this assertion the response rate for this study can be said to be very good at 83.33%. Although the results may be interpreted to indicate a very good response rate, but a failure of 16.67% to respond may be explained to non-corporative members.

4.2 Demographic Information:

The distribution of the respondents by gender implied that there was gender balance to provide both reliable and accurate information targeted to meet the objectives of this study. 67% were males and 33% were female .Age of respondent was important in that, it reflected their maturity level on the objective of the study. All the groups were represented and it meant that all their views were captured as a good representative of the population.The level of education was important in that, it reflected the knowledge about the objective of the study which was the effects of internal control on credit business performance of Sacco. The distribution of the respondents' membership period was important since long serving members provided both reliable and accurate information targeted to meet the objectives of this study.

4.3 Findings on the effects of internal control on credit business performance:

The respondents were asked to give the extents to which internal controls factors influence credit business performance of MTS. The results were as shown in the table 4.10 as follows: respondents agreed that credit cultural environment; Credit information and communication and Credit monitoring and evaluation systems affected credit business performance with a mean of 3.63; 3.53 and 4.20 and standard deviation of 1.326; 1.252 and 0.887 respectively. The respondent further indicated neutrally that Credit Risk Management affected credit business performance of MTS as indicated with mean of 3.13 and standard deviation of 1.456. The results are shown in the table below 4.10 below

Table 4.8: Descriptive Statistics of credit business performance

	N	Mean	Std. Deviation
Credit cultural environment	30	3.63	1.326
Credit Risk Management	30	3.13	1.456
Credit information and communication system	30	3.53	1.252
Credit monitoring and evaluation system	30	4.20	.887

4.4 Correlation Analysis:

To establish the relationship between the independent variables and the dependent variable the study conducted correlation analysis which involved coefficient of correlation and coefficient of determination.

4.4.1 Coefficient of Correlation:

In trying to show the relationship between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation (r). This is as shown in Table 4.9 below. According to the findings, it was clear that there was a positive correlation between all the variables of study.This showed that there was a strong positive correlation highest being noted in Credit Monitoring and Evaluation Systems and lowest in Credit Risk Management with a positive correlation.

Table 4.9 Pearson's Correlations

	Credit Business Performance	Credit Cultural Environment	Credit Risk Management	Credit Communication and Information Systems	Credit Monitoring and Evaluation Systems
Credit Business Performance	1				

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Credit Cultural Environment	.948	1			
Credit Risk Management	.966	.915	1		
Credit Communication and Information Systems	.979	.944	.975	1	
Credit Monitoring and Evaluation Systems	.985	.946	.959	.979	1

4.4.2 Coefficient of Determination (R2):

Table 4.10 shows that the coefficient of determination was 0.978. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Credit Business Performance) that is explained by all independent variables. From the findings this meant that 97.8% of Credit Business Performance is attributed to combination of the four independent factors investigated in this study while other factors not represented in the study accounts for 2.2%.

Table 4.10 Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.989[a]	.978	.975	.188

4.5 Regression Analysis:

4.5.1 ANOVA:

The study used ANOVA to establish the significance of the regression model. The significance value is 0.024 which was less than 0.05 thus the model is statistically significance in predicting how Credit Cultural Environment, Credit Risk Management, Credit Communication and Information Systems and Credit Monitoring and Evaluation Systems affect Credit Business Performance of MTS. This therefore means that the regression model had a confidence level of above 95% hence high reliability of the results obtained

Enrollment in local colleges, 2005

Table 4.11 ANOVA

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	40.209	4	10.052	284.156	.024[b]
	Residual	.884	25	.035		
	Total	41.094	61			

4.5.2 Multiple Regressions:

The researcher conducted a multiple regression analysis as shown in Table 4.12 so as to determine the relationship between Credit Business Performance and the four variables investigated in this study.

Table 4.12 Multiple Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.897	.286		6.636	.000
	Credit Cultural Environment	.149	.116	.121	1.274	.214
	Credit Risk Management	.286	.203	.203	1.410	.031
	Credit Communication and Information Systems	.231	.312	.312	.740	.066
	Credit Monitoring and Evaluation Systems	.728	.203	.203	3.578	.001

a. Dependent Variable: Credit Business Performance

The regression equation was:

$Y = -1.897 + 0.149X_1 + 0.286X_2 + 0.231X_3 + 0.728X_4$

Where

Y: the dependent variable (Credit Business Performance).

X_1: Credit Cultural Environment.

X_2: Credit Risk Management.

X_3: Credit Communication and Information Systems.

X_4: Credit Monitoring and Evaluation Systems.

The regression equation above has established that taking all factors into account (Credit Business Performance as a result of Credit Cultural Environment, Credit Risk Management, Credit Communication and Credit Monitoring and Evaluation Systems) constant at zero Credit Business Performance of MTS will be -1.897. The findings presented also shows that taking all other independent variables at zero, a unit increase in Credit Cultural Environment will lead to a 0.149 increase in the scores of Credit Business Performance of MTS; a unit increase in Credit Risk Management will lead to a 0.286 increase in Credit Business Performance of MTS, a unit increase in Credit Communication and Information Systems will lead to a 0.231 increase in the scores of Credit Business Performance of MTS; and a unit increase in Credit Monitoring and Evaluation Systems will lead to a 0.728 increase in Credit Business Performance of MTS. This therefore implies that all the four variables have a positive relationship with Credit Business Performance with Credit Monitoring and Evaluation Systems contributing most to the dependent variable. However the p-values for Credit Cultural Environment and Credit Communication and Information Systems are greater than the common alpha level of 0.05, which indicates that it they are not statistically significant. From the table we can see that the predictor variables of Credit Risk Management and Credit Monitoring and Evaluation Systems got variables coefficients statistically significantly since their p-values are less than the common alpha level of 0.05.

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

The researcher investigated the effects of credit cultural environment on credit business performance of MTS. The respondents agreed that a well-structured Human Resource department; Credit Management philosophy and operation style and competent credit staff with integrity and good ethical values affects credit business performance. The respondents were neutral that Organizational structure and assignment of authority and responsibility supports performance credit business. The research also sought to establish the effects of credit risk management on credit business performance of MTS. All respondents agreed as follows: well-structured risk assessment policy; a good loan policy that includes segregation of duties, Rotation of duties, Authorization and approval levels; Periodic internal and external audits exercises and timely notification to end-users when significant changes are made in credit policy all affects credit business performance. The researcher assessed the effects of credit information and communication system on credit business performance of MTS. The respondents agreed that timely submission of credit reports to the management; a good information and communication system policy; a perfect technological system to back up and recover credit information and data and a well-informed, skilled and experienced credit employee all affected credit business performance. The researcher sought to determine the effects of credit monitoring and evaluation on credit business performance of MTS. The researcher determined as follows : that a Society that responds to customer complaints on time ; Timely review of credit audit reports and resolution of any non - compliance items noted ; A well-documented policy for the follow up of overdue loans by recovery officer and Periodic evaluation and discussion all affected credit business performance that a Society that timely response to customer complaints; timely credit audits reports; aggressive follow up of overdue loans by recovery officer and periodic evaluations of credit transactions they all affect credit business performance. The researcher sought to investigate the effects of internal controls factors on credit business performance of MTS. The researcher established that: credit cultural environment; Credit information and communication and Credit monitoring and evaluation systems all positively affected credit business performance. However the researcher was neutral that Credit Risk Management affected credit business performance of MTS.

To establish the relationship between the independent variables and the dependent variable the study conducted Karl Pearson's coefficient of correlation (r) was used in trying to show the relationship between the study variables and their findings. According to the findings, it was clear that there is a positive correlation between the independent variables and the dependent variable as follows: Credit Cultural Environment; Credit Risk Management; Credit Communication and Information Systems; Credit Monitoring and Evaluation Systems. This indicates that independent variable and dependent variable move in the same direction, that is, as one increase the other one also increases. From the finding R2 has a value of 0.978 meaning that 97.8 % of the dependent variable can be explained or attributed to combination of the four independent factors investigated in this study. A further 2.2 % accounts for other factors not investigated in the study. According to the regression equation established, taking all factors constant at zero, credit business performance as a result of these independent factors will be 0.897. The data shows that taking all other independent variables at zero, a unit increase in the levels of independent factors including Credit Cultural Environment; Credit Risk Management; Credit Communication and Information Systems; Credit Monitoring and Evaluation Systems will lead to an increase in credit business performance of MTS. This therefore implies that all the four variables have a positive relationship with credit business performance whereby Credit Monitoring and Evaluation Systems contributed the most to the dependent variable.

Conclusions of the Study:

The objective of the study was to investigate the effects of internal control on credit business performance of MTS and based on the findings the researcher drew the following conclusion: that all the four factors of internal control including Credit Cultural Environment; Credit Risk Management; Credit Communication and Information Systems and Credit Monitoring and Evaluation Systems have a positive relationship with Credit Business Performance. It was also concluded that a unit increase in the levels of independent factors will lead to a unit increase in the level of credit business performance. This therefore implies that all the four variables have a positive correlation with credit business performance with highest correlation being noted in Credit Monitoring and Evaluation Systems and lowest in Credit Risk Management.

Recommendations:

Based on the findings of the study, it is evident that Saccos which have an effective internal controls strategy have a relatively stronger and better credit business performance unlike those which are not keen to implement internal controls. The study investigated that the Organizational structure and assignment of authority and responsibility neutrally supports credit business due to understaffing and this resulted to poor service delivery in credit department. Therefore, this study recommends that MTS should carry out Employee inventory analysis to determine gaps through an external human resource agency. It is also advisable that the Sacco should restructure its organization to enhance flow of authority It was assessed that MTS did not have appropriate mechanisms of communication of employees' duties and control responsibilities effectively from their credit supervisors. Therefore, this study recommends that the Chief executive officer should develop a harmonized employee reference guide to enable them understand their specific roles. The study determined positively that the Society does not respond to customer complaints on time. It is therefore recommend that a suggestion box under lock and key be mounted at a strategic location and customer feedback be responded on time by the management. The study also determined positively that there was limited follow up of overdue loans due to lack of a recovery officer. Therefore, this study recommends that credit staff should be trained on recovery strategies and at the same time a competent recovery officer should be recruited who strictly monitors loans on a daily basis.

Limitations of the Study:

The respondents took a lot of time in filling in the questionnaires therefore the researcher had to collect the already filled questionnaires to do the analysis because of the time constraints. This made the response rate not to be 100% as expected. The respondents were also not free to give personal information as they considered it of private nature but the researcher assured them the information will be will be treated confidentially and will be used purely for academic purposes.

Suggestions for Further Research:

As much as the study presents very insightful findings and hopes for the contribution and recommendation to the current body of knowledge, the following areas of further researcher are suggested: Given that the studied SACCO was in Mombasa county Kenya, a similar study should be done on the effect of the internal controls on credit business performance of all the SACCOs in Kenya in order to pick out other variables not covered in this study since only 94.7% of results was explained by the independent variables; The research should also be done in other non- financial organizations and the results compared so as to ascertain whether there is consistency on the effects of internal control on credit business performance; A study is also required to determine the effect of Sacco Societies Regulatory Authority (SASRA) on credit business performance on Sacco movement. SASRA is a body created by an Act of Parliament with a view to immensely transforming Sacco operations in Kenya. SASRA was implemented during this study (17th June, 2011) and its effects on the Sacco movement could not be immediately established

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