



NATIONAL DEFENCE UNIVERSITY-KENYA

**ASSESSING THE EFFECTIVENESS OF SAVINGS AND CREDIT
PROGRAMS ON PERSONNEL WELFARE IN THE KENYA DEFENCE
FORCES**

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KENYA**

DECLARATION

This thesis is my original work and has not been presented for a degree in any other university

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DEDICATION

This work is dedicated to my beloved spouse Margaret and my sons Kimutai, Kiprono and Kipkirui for their forbearance during the entire period of this programme when I was unavailable at home. I love you all and may God bless you!

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LIST OF ABBREVIATIONS AND ACRONYMS

ADF Consumer	Australian Defence Force Consumer
AER	Army Emergency Relief
AI	Artificial Intelligence
DHOAS	Defence Home Ownership Assistance Scheme
ESG	Environmental, Social, and Governance
Fintech	Financial Technology
IMF	International Monetary Fund
KDF	Kenya Defence Forces
KIPPRA	Kenya Institute of Public Policy Research and Analysis
KUSSCO	Kenya Union of Savings and Credit Co-operatives
IMF	International Monetary Fund
NGOs	Non-Governmental Organizations
NACOSTI	National Council for Science and Technology
NMCRS	Navy-Marine Corps Relief Society
NPLs	Non-Performing Loans
PAR	Participatory Action Research
SACCO	Savings and Credit Cooperative Society
SANDF	South African National Defence Force
SASRA	SACCO Societies Regulatory Authority
SGLI	Service members' Group Life Insurance
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
TPDF	Tanzania People's Defence Force
TSP	Thrift Savings Plan
US	United States
USDVA	United States Department of Veterans Affairs
WOCCU	World Council of Credit Unions

ABSTRACT

This study delves into a critical issue concerning the efficacy of defence savings and credit programs in bolstering the welfare of Kenya Defence Forces (KDF) personnel. In a landscape where financial security plays a pivotal role in the overall well-being of military members, understanding the nuances of these programs becomes imperative. The study was guided by the following research objectives; to evaluate the existing institutional framework in developing savings and credit programs and its impact on the financial stability and welfare of personnel, to assess the inherent challenges faced by the defence savings and credit programs and their impact on job satisfaction, morale, and welfare of members and lastly to identify opportunities and prospects for improving savings and credit programs to better align with the financial welfare needs of personnel and enhance their overall satisfaction and morale. To systematically address these objectives, a descriptive survey research design was adopted. This design is valuable for understanding the current state or prevalence of certain variables within a population. This approach, therefore, was chosen for its aptitude in capturing insights into personnel perceptions and experiences. By leveraging structured questionnaires as the primary data collection tool, the study aimed to elicit comprehensive feedback from Sacco members serving in the KDF. These questionnaires were designed to probe into key aspects of defence savings and credit programs, including institutional set up, core challenges, and overall proposals to improve effectiveness. In this case, simple random sampling was employed, with 110 members selected from Sacco members in Nairobi. This methodological choice was determined using the probability sampling designs, aimed to provide each member an equal chance of participation, thus enhancing the representativeness of the sample. Utilizing computer software such as SPSS, the study scrutinized the respondents to extract meaningful insights. The study reveals several key findings regarding the Defence savings and credit programs. Inadequate financial literacy emerged as the most significant challenge, affecting 43.2% of participants, highlighting the urgent need for enhanced financial education. Deployment and accessibility issues, credit risk, and the high transition rate of members also emerged as notable challenges. These factors contribute to decreased job satisfaction (42.1%), lowered morale (36.8%), and a negative impact on welfare (31.6%). To address these issues, there is strong support for improving financial literacy programs (68.4%), diversifying savings and credit products (60.0%), and increasing collaboration with external institutions (55.8%) and personalized financial counseling (57.9%). Despite the generally affordable and competitive financial products available (86.3%), there are areas for improvement in communication (72.6%) and ensuring fair returns on investments, which could enhance overall personnel satisfaction and financial stability. To improve the effectiveness of defense savings and credit programs, the following recommendations are made: enhance financial literacy through workshops and counseling, diversify savings and credit products to meet varied needs, collaborate with external financial institutions for additional resources, improve communication about available services, and ensure competitive returns on investments to boost personnel morale and satisfaction.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents a brief introduction to the study on effectiveness of savings and credit programmes on the welfare of service personnel within the Kenya Defence Forces. The chapter presents the background upon which the statement of the problem is derived. The objectives and research questions are also presented. The chapter then proceeds to provide the significance, justification, assumptions, the scope and limitations of the study.

1.1 Background to the Study

Savings and credit programs are financial initiatives designed to promote financial inclusion and provide individuals, especially those from low-income or underserved communities, with access to financial services (Ahmad, 2019). These programs typically consist of a combination of savings and credit mechanisms that aim to improve people's ability to manage their finances, build assets, and engage in economic activities. They are often implemented by cooperatives, governments, non-governmental organizations (NGOs), microfinance institutions, and other financial service providers. Success of these programs lie in their ability to cultivate financial stability. By facilitating systematic savings, military personnel can build a financial cushion to address personal economic growth, unexpected expenses and emergencies (Ahmad, 2019). This element of preparedness not only bolsters their personal well-being but also contributes to overall mission readiness.

Savings and credit programs play a crucial role in promoting financial inclusion by providing access to financial services for individuals and communities that are traditionally underserved or excluded (Demirgüç-Kunt et al., 2018). They contribute to poverty alleviation by empowering individuals to build assets, generate income, and withstand financial shocks (Armendariz, Aghion & Morduch, 2020). They also foster entrepreneurship and economic development by providing capital for small businesses,

supporting job creation and stimulating local economies (Beck et al., 2018). These programs contribute to the development of social capital by fostering community networks, trust, and cooperation which are essential for collective well-being.

These programs often incorporate financial education, empowering individuals to make informed financial decisions and improve their economic prospects (Ledgerwood, 2019). While enhancing resilience by providing a financial cushion, they also allow individuals and communities to better cope with unexpected events or economic downturns (Banzon & Flor, 2017). The programs also contribute to women empowerment by providing them with financial resources, enhancing economic independence, and fostering gender equality (Duflo & Banerjee, 2019). Moreover, these programs bridge the gap between the unbanked and formal financial institutions, facilitating access to a range of financial services (CGAP, 2016). They enable individuals to invest in health and education, contributing to improved overall well-being and human capital development (Kawachi et al., 2019)

A study conducted by World Bank emphasizes the importance of financial preparedness for military personnel, underlining its direct correlation with resilience and operational effectiveness (World Bank, 2016). Access to credit at reasonable interest rates empowers military personnel to meet urgent financial needs without resorting to high-cost borrowing options. The resulting reduction in financial stress is a key component in safeguarding mental health and maintaining high morale among military members. A report by the U.S. Department of Defence highlights the positive impact of credit programs on service members' well-being (U.S. Department of Defence, 2020).

Savings and credit programmes have been implemented in the defence forces of various countries across the world. For instance, the United States of America (USA) has a well-established system of financial support and services for its military personnel. Programs like the Navy Federal Credit Union, Service members' Group Life Insurance (SGLI) and Thrift Savings Plan (TSP) offer life insurance coverage and retirement savings options to U.S. military personnel. The effectiveness of these programs on personnel welfare is based on the ability to provide financial security, retirement planning, and investment opportunities. SGLI, for example, provides life insurance coverage at competitive rates,

ensuring that families of service members have a safety net in the event of a tragedy. Navy Federal Credit Union and the Thrift Savings Plan offer military personnel a way to save for their future, provide affordable loans and dividends among other financial services. These programs collectively contribute to financial stability and long-term welfare for U.S. military personnel (United States Department of Veterans Affairs, (USDVA) (2019).

The Thrift Savings Plan is a retirement savings and investment plan for federal employees, including military personnel. It offers various investment options and allows personnel to save for their retirement with contributions deducted directly from their pay checks (TSP, 2022). Military personnel have access to credit unions specifically designed for their needs. These credit unions provide financial services, including savings accounts, low-interest loans, and financial counselling, contributing to overall financial stability (Defence Credit Union Council, 2022). The Military Saves Campaign encourages military personnel to save money, reduce debt, and build wealth. It provides resources and information to support financial readiness and long-term financial well-being (Military Saves, 2022). Various programs, such as the Army Emergency Relief (AER) and the Navy-Marine Corps Relief Society (NMCRS), offer emergency financial assistance to military personnel facing unexpected financial challenges (AER, 2022; NMCRS, 2022).

Defence Bank is a financial institution catering to Australian Defence Force (ADF) personnel and their families. It provides a range of financial services, including savings accounts, loans, and financial planning (Defence Bank, 2022). ADF Consumer offers financial education, counselling, and advocacy services to ADF personnel. It aims to enhance financial literacy and provide support in managing personal finances effectively (ADF Consumer, 2022). Salary packaging options are available to ADF personnel, allowing them to optimize their income by structuring their salary to include certain benefits, such as car leasing and superannuation contributions (Defence Pay and Conditions, 2022). DHOAS provides eligible ADF members with financial assistance to help them achieve home ownership. It includes subsidies on home loans, reducing the financial burden associated with mortgage payments (DHOAS, 2022).

In China, the People's Liberation Army (PLA) operates savings and credit programs to enhance the welfare of its personnel. These programs, managed through the PLA's political work departments, offer financial services that include housing loans, emergency loans, and savings options. The effectiveness of these programs is reflected in their role in supporting military personnel during financial challenges and emergencies. China's approach to defence savings and credit programs underscores the importance of providing immediate financial support to personnel, which contribute to their overall well-being and morale (The Diplomat, 2019).

In Nigeria, the importance of SACCOs in personnel welfare stems from their ability to empower individuals economically, particularly those in the formal and informal sectors (World Council of Credit Unions (WOCCU) (2020). These programs are instrumental in fostering a savings culture and offering affordable credit to employees. By providing financial services to a broad spectrum of the population, SACCOs contribute to poverty alleviation and economic development.

The South African National Defence Force (SANDF) has also recognized the importance of financial well-being among its personnel. Financial literacy and wellness programs are designed to empower military personnel with knowledge about budgeting, debt management, and long-term financial planning. By providing these educational resources, the SANDF aims to enhance the financial welfare of its members. According to the SANDF, the effectiveness of these programs lies in their potential to reduce financial stress, increase financial literacy, and promote responsible financial behaviour among military personnel (South African National Defence Force, 2020). South Africa, with its well-developed financial sector, utilizes SACCOs to enhance personnel welfare. These programs aim to create a financial safety net for employees, enabling them to address unforeseen expenses and invest in personal or family development. SACCOs in South Africa often operate as cooperatives, emphasizing a community-based approach to financial management.

The Tanzania People's Defence Force (TPDF) is another example where defence savings and credit programs could potentially impact personnel welfare. These initiatives focus on

promoting responsible financial management, providing access to credit at reasonable rates, and encouraging a culture of saving among military personnel. By offering financial services tailored to the unique needs of military personnel, these programmes have been found to contribute to improved financial security, reduced stress, and enhanced morale within the TPDF. In Tanzania, SACCOs have been instrumental in fostering a savings culture and promoting financial stability among the workforce (Defence Pay and Conditions, 2022). These programs often operate as cooperatives, emphasizing a community-based approach to financial management. SACCOs in Tanzania play a vital role in enhancing the financial well-being of personnel by offering affordable credit and encouraging regular savings. Rwanda, with its focus on economic development and poverty reduction, has also embraced SACCOs as part of its strategy to improve personnel welfare. Furthermore, SACCOs in Rwanda contribute to financial inclusion by providing employees with access to financial services that may not be readily available through traditional banking systems. This can include savings products, credit facilities, and other financial instruments tailored to meet the needs of the local workforce.

The Kenya Defence Forces is the combined military organization responsible for the defence of the Republic of Kenya. Like many other armed forces around the world, the KDF has recognized the importance of financial well-being for its service members. To support this, the KDF has implemented various savings and credit programs aimed at helping its personnel manage their finances and achieve their financial goals (RAND Corporation, 2014).

In Kenya, the Kenya Defence Forces (KDF) has implemented defence savings and credit programmes to support personnel welfare. Such programs include savings schemes, access to affordable credit, financial education initiatives and retirement planning packages. In assisting military personnel in managing their finances and planning for the future, these programs enhance their overall well-being. By offering financial services tailored to the unique needs of military personnel, these programmes have contributed to improved financial security, reduced stress, and enhanced morale within the KDF (Kenya Defence Forces, 2022). In addressing the moral needs of the personnel and their dependents, KDF has established a comprehensive strategy to improve the welfare system as part of its moral

component of fighting power. For instance, the services offered by the Defence Savings and Credit Cooperative Society (DESACCO) are diversified to assist individual soldiers to accomplish their service and post-service aspirations (KDF, 2019). Therefore, the current study sought to analyse the effectiveness of these savings and credit programmers on personnel welfare in Kenya Defence Forces with an intent to proffer recommendations for improvement.

Personnel welfare in the Kenya Defence Forces (KDF) generally refers to the holistic well-being and support provided to military personnel to ensure their physical, mental, and social health. It encompasses a range of services, benefits, and programs designed to enhance the quality of life for members of the defence forces and their families. The goal is to create an environment that supports military personnel in fulfilling their duties while addressing their personal and family needs. Savings and credit programs provide military personnel with avenues to build financial stability. This stability is crucial for emergency preparedness, ensuring that personnel can address unexpected financial challenges without compromising their well-being (Banzon & Flor, 2017). These programs offer access to credit facilities, allowing military personnel to meet personal and family needs, including educational expenses, healthcare costs, and other essential requirements (U.S. Government Accountability Office, 2018). Savings and credit programs support entrepreneurial initiatives among military personnel, fostering economic growth and offering opportunities for individuals to invest in businesses or projects (U.S. Government Accountability Office, 2018).

Military personnel can use savings programs to accumulate funds for homeownership, contributing to long-term financial security and wealth accumulation (Banzon & Flor, 2017). Savings and credit programs may contribute to education and professional development by providing financial resources for further studies, certifications, or skill development, enhancing personnel welfare (U.S. Government Accountability Office, 2016). Financial planning through savings programs helps military personnel prepare for deployments, ensuring that they can manage their finances effectively during extended periods away from home (Banzon & Flor, 2017). Financial stability achieved through savings and credit programs positively impacts the psychological well-being of military

personnel, reducing stress and anxiety related to financial concerns (U.S. Government Accountability Office, 2018). Savings and credit programs often involve community participation, fostering a sense of camaraderie and mutual support within the military community. This community aspect contributes to overall personnel welfare (Woolcock & Narayan, 2000). Participation in savings programs aids military personnel in planning for retirement, ensuring that they have financial resources for a comfortable post-service life (U.S. Government Accountability Office, 2016). Savings and credit programs contribute to the overall well-being of military families by providing financial stability, support for educational needs, and opportunities for economic growth (U.S. Government Accountability Office, 2018).

In Kenya, SACCOs operate as cooperative financial institutions that serve the financial needs of their members, who often share a common bond such as being employees of the same organization or working in the same industry (SASRA, 2019). These programs contribute to personnel welfare by offering affordable and accessible financial services, including savings products and credit facilities. SACCOs in Kenya are regulated by the Savings and Credit Co-operative Societies Act, which provides a legal framework for their establishment and operation. The government regulatory environment under the SACCO Societies Regulatory Authority (SASRA) ensures that SACCOs adhere to sound financial practices, enhancing the trust and confidence of their members. The impact of SACCOs on personnel welfare in Kenya extends beyond traditional banking services. These programs often provide financial education and literacy training to their members, empowering them to make informed decisions about their finances. Additionally, SACCOs may offer various financial products, such as loans for education, housing, or emergencies, contributing to the overall well-being of employees (KUSCCO, 2020).

1.2 Statement of the Problem

The defence savings and credit programmes within the Kenya Defence Forces (KDF) should serve as pivotal financial instruments fostering a culture of savings, investment, and collective economic empowerment among KDF personnel. The program should guarantee financial stability, facilitate access to affordable credit for personal and professional development, and ensure overall enhancement of personnel welfare. However, the reality presents a significant concern with only 35% of KDF service personnel considered financially literate, highlighting a substantial gap that hampers the effective utilization of savings and credit programmes (Owen, 2020). Loan default is a pressing issue that affects the financial stability of the organisations offering the savings and credit programmes in Kenya. Despite stringent credit appraisal processes, a substantial number of members fail to honour their loan obligations. Non-performing loans (NPLs) in savings and credit programmes increased by 26.5% from the previous year, indicating the challenges faced in recovering loans and managing credit risk (Muiruri, 2024).

Savings and credit programmes often struggle with limited technology adoption and innovation, hindering their ability to provide modern, efficient, and convenient services to members. Limited diversity of products and investment options and few branches countrywide hinder ability of the programmes to offer support and generate sustainable returns to members. Research in some other areas of welfare of military personnel has been conducted. According to Mauka (2019), deployment for duty in military operations was found to affect the psychological wellbeing of military personnel. The whole aspect of the relationship between financial wellbeing and welfare of personnel has not been studied. This study, therefore, sought to determine the extent of the effectiveness of defence savings and credit financial programmes on the welfare of military personnel with a view of proffering recommendations to improve on the efficacy of these programmes.

The welfare of personnel in the Kenya Defence Forces (KDF) is critical for maintaining operational readiness and morale. Despite the existence of savings and credit programs aimed at improving financial stability and overall welfare, there is limited understanding of their effectiveness. This study seeks to address the gap by examining how these

programs impact the financial well-being, job satisfaction, and quality of life of KDF personnel. Understanding these dynamics is essential to ensure that the programs meet their intended objectives and provide actionable insights for policymakers to enhance the welfare support systems within the KDF.

1.3 Objectives of the Study

This section dealt with the general objective and the specific objectives of the study.

1.3.1 General Objective

The general objective of the study was to determine the effectiveness of defence savings and credit programmes on personnel welfare in Kenya Defence Forces.

1.3.2 Specific Objectives

The specific objectives of the study were to;

- (i) Evaluate the existing institutional framework in developing savings and credit programs and its impact on the financial stability and welfare of personnel.
- (ii) Assess the inherent challenges faced by the defence savings and credit programs and their impact on job satisfaction, morale, and welfare of members.
- (iii) Identify opportunities and prospects for improving savings and credit programs to better align with the financial welfare needs of personnel and enhance their overall satisfaction and morale.

1.4 Research Questions

The study was guided by the following research questions;

- (i) What is the impact of the existing institutional framework for developing savings and credit programs on the financial stability and overall welfare of personnel?
- (ii) What inherent challenges do defence savings and credit programs face, and how do these challenges affect job satisfaction, morale, and the welfare of members?
- (iii) What opportunities and prospects exist for improving savings and credit programs to better align with the financial welfare needs of personnel, and how can these improvements enhance overall satisfaction and morale?

1.5 Justification of the Study

From an academic standpoint, the study contributes to the existing body of knowledge on the intersection of financial programs and military personnel welfare. The unique context of the Kenya Defence Forces provides an opportunity to generate insights that can be valuable not only for the military community but also for academia, researchers, and policymakers globally. By examining the effectiveness of Defence Savings and Credit Programmes, the study aims to uncover patterns, challenges, and successes that can be extrapolated to inform academic discourse on financial empowerment strategies within military institutions.

Furthermore, the study holds significance in the realm of public administration and management. Understanding how financial programs impact personnel welfare can contribute to the development of best practices for managing similar programs in other government agencies. The academic community will use the findings to refine theories related to organizational behaviour, public administration, and the intersection of finance and employee well-being.

1.6 Significance of the Study

The study holds paramount importance for the KDF itself. It offers an opportunity for the institution to gain deep insights into the impact of its personnel welfare initiatives with a view of improving the existing welfare regime. The findings will also guide the development of suitable savings and credit facilities and aid in evidence-based decision-making, ultimately contributing to the organization's long-term stability and effectiveness. The study will shed light on effective models of support and highlight the importance of investing in personnel welfare for the greater good of national security and stability. The findings also influence financial awareness decisions, resource allocation, and the formulation of policies. The study's results offer savings and credit programmes insights into their effectiveness in meeting the unique financial needs of military members. Savings and credit facilities use this information to refine their products, ensuring that they align more closely with the expectations and requirements of military personnel. This fosters stronger partnerships between the savings and credit facility and its members. The study

also enriches existing literature on the relationship between welfare initiatives and organizational effectiveness within military and non-military contexts.

1.7 Assumptions

The study assumed that the goals of savings and credit welfare programs were aligned with the well-being and welfare of military personnel. It also assumed that military personnel actively participated in savings and credit and engaged with welfare programs. Additionally, the study assumed that military personnel had access to accurate and relevant information about savings and credit and welfare programs. Furthermore, it assumed that savings and credit and welfare programs were effectively implemented according to their intended design. Finally, it assumed that the processes for providing financial services, benefits, and support were carried out efficiently and transparently.

1.8 Scope and Limitations of the Study

The scope of this study was defined by a relatively short period and a specific population within the Kenya Defence Forces (KDF). It focused on assessing the effectiveness of defense savings and credit programs on personnel welfare over a timeframe of six months. The research aimed to understand how these programs impacted the financial well-being and overall welfare of military personnel affiliated with the KDF.

The study targeted members of the defense savings and credit programs within the KDF, specifically focusing on SACCO members based in Nairobi. These individuals were a key demographic within the military community, and their perspectives were crucial for evaluating the effectiveness of savings and credit programs in addressing their financial needs and enhancing their welfare. Data collection primarily took place in Nairobi, where the headquarters of several relevant SACCOs are located. The SACCOs included in the study were: Kenya Defence Forces Savings and Credit Cooperative Society (KDF SACCO), Nairobi Defence Savings and Credit Cooperative Society, Kenya Armed Forces SACCO, and Military Personnel SACCO. Nairobi served as a central hub for military personnel and administrative operations within the KDF, making it an appropriate location for conducting this research. The selection of Nairobi facilitated access to a diverse range of participants and ensured representation from various branches and units within the KDF.

Despite the study's strengths, several limitations were encountered. The focus on Nairobi-based SACCOs could limit the generalizability of the findings to other regions or contexts outside Nairobi. The relatively short duration of the study may have constrained the depth of analysis and the ability to capture long-term effects. Additionally, reliance on self-reported data could introduce biases, and external factors beyond the researcher's control, such as changes in economic conditions, could impact the study's outcomes. To address these limitations, the researcher defined the scope and target population clearly, specified the study duration, employed rigorous validation procedures for data collection instruments, and acknowledged external factors while providing a snapshot of the effectiveness of savings and credit programs within the defined context.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covered a review of theories followed by the empirical review of studies that have been carried out in the past relative to the effectiveness savings and credit programmes on welfare of service personnel. A summary of the studies reviewed is then presented followed by research gaps identified from the empirical studies reviewed. The chapter also covers the conceptual framework of variables.

2.2 Literature Review

This section outlined review existing literature and empirical literature based on the specific objectives of the study.

2.2.1 Existing Institutional Framework in Developing Savings and Credit Programmes

Cooperative societies, particularly Savings and Credit Cooperative Organizations (SACCOs), are integral components of the institutional landscape. These member-owned financial institutions pool resources to offer savings and credit services to their members, emphasizing democratic governance and community participation (World Council of Credit Unions, 2016). SACCOs contribute significantly to financial inclusion by mobilizing savings and providing affordable credit, particularly in areas where traditional banking services may be limited. Central banks and regulatory authorities establish the legal and regulatory framework, ensuring the stability and soundness of the financial sector. They issue licenses, supervise financial institutions, and enact policies to protect consumers and maintain the integrity of the financial system (Beck et al., 2018). Government agencies will play a crucial role in shaping the institutional environment by creating policies, incentives, and financial inclusion initiatives. Governments may provide guarantees, subsidies, or capacity-building initiatives to strengthen the microfinance sector and promote inclusive financial services (Armendariz de Aghion & Morduch, 2015).

Non-Governmental Organizations (NGOs) are active contributors to the institutional framework, particularly those focused on development and poverty alleviation. They often provide technical assistance, capacity building, and funding for microfinance initiatives, working closely with local communities to establish sustainable financial services (Duflo & Banerjee, 2019). Credit bureaus are essential components, aiding in risk management by providing reliable credit information to facilitate informed lending decisions (World Bank, 2020). Technology and fintech companies bring digital solutions to the forefront, enhancing the accessibility and affordability of financial services. Through mobile banking, online platforms, and digital payment systems, these entities contribute to the efficiency of savings and credit programs, particularly in remote areas (Mas & Radcliffe, 2010). International development organizations, such as the World Bank and the International Monetary Fund (IMF), also play a critical role by providing financial and technical support to developing countries. They contribute to building institutional capacity, developing regulatory frameworks, and promoting best practices in the microfinance sector (Armendariz de Aghion & Morduch, 2015).

Raymond (2020) did a study on the impact of regulatory environment on savings and credit programs in developing countries. The research design employed a mixed-methods approach, combining a cross-sectional survey of 800 program participants across four developing countries with semi-structured interviews with program administrators. Stratified random sampling was used for participant selection. The research revealed that countries with well-defined regulations experienced higher participation rates and lower default rates in savings and credit programs. Furthermore, compliance with these regulations by program administrators was found to be crucial for program success.

Chen, (2019) examined the impact of governance structures and financial transparency on savings and credit institutions' access to funding and expansion in a single developing country over five years. The research design involved longitudinal design, purposive sampling of 50 diverse institutions. Data were collected through document analysis, financial audits, and semi-structured interviews. The study demonstrated that savings and credit institutions with strong governance structures and transparent financial reporting systems were more likely to secure international donor funding. Additionally, these

institutions were better equipped to extend their services to underserved areas, promoting greater financial inclusion.

Gupta (2017) sought to assess the case study approach to explore the impact of technology adoption on savings and credit programs in three developing countries. Within each country, three diverse programs were selected for examination. Data were collected through in-depth interviews with program participants and administrators, complemented by a review of program documents. The study found a strong positive correlation between the use of technology and program outreach. Programs that embraced digital platforms for transactions and communication experienced faster growth and increased access to credit. Additionally, the research highlighted the importance of customizing financial products to cater to the specific needs of local communities.

Kim, (2018) focused on the impact of savings and credit program participation on financial literacy and behaviour. The study adopted a quasi-experimental study. A matched-pair design was employed, with 200 program participants as the treatment group and 200 non-participants as the control group. Data were collected through surveys, financial record analysis, and focus group discussions. The study revealed that program participants exhibited higher levels of financial literacy and savings behaviour compared to non-participants. Additionally, participants reported increased access to credit for income-generating activities, leading to improved economic well-being.

Rodriguez, (2021) did a systematic review of existing literature on savings and credit programs in developing countries. The review included 30 peer-reviewed articles published between 2010 and 2020. Data were synthesized using thematic analysis. The systematic review emphasized the multifaceted nature of program success. It highlighted that while regulatory frameworks and technology adoption were important, the social and cultural context also played a significant role. Tailoring programs to local needs and fostering community engagement emerged as crucial factors in achieving positive outcomes.

Patel, (2019) employed a participatory action research (PAR) approach, collaborating with 10 savings and credit programs in a single developing region. The research design involved

program participants as co-researchers in the data collection process, using focus group discussions and participatory observation. The PAR approach revealed that involving program participants in decision-making and program design led to a greater sense of ownership and commitment. Consequently, these programs experienced lower default rates and higher savings rates as participants felt a stronger connection to the institution. A combination of stratified and convenience sampling was used, involving 1,500 participants. Data were collected through structured surveys and analysed using statistical software. The research found that financial education and literacy programs significantly improved participants' financial behaviour. Participants who received such training exhibited better savings habits, reduced indebtedness, and a greater willingness to invest in income-generating activities. This highlights the importance of integrating financial education into the institutional framework of these programs to enhance their impact on participants' financial well-being.

In the study conducted by Hopkins (2022) on Economic Opportunity and Community Development Financial Institutions in Clark County, AR, and Beyond, the focus was on analysing the role of Savings and Credit Cooperatives (SACCOs) as well as banking partnerships in facilitating economic opportunities. Hopkins likely employed a mixed-methods approach, utilizing both qualitative interviews and quantitative data analysis. The findings likely highlighted the positive impact of SACCOs and banking partnerships in promoting economic development and financial inclusion. Kocornik-Mina, Bastida-Vialcanet, and Eguiguren Huerta (2021) explored the social impact of value-based banking, likely employing a qualitative research design involving case studies and interviews. While their study may not directly address all the indicators listed, it likely touches upon the role of savings and credit cooperatives, banking partnerships, and financial education in fostering sustainable and socially impactful banking practices.

Mauti (2020) delved into the role of Savings and Credit Cooperatives (SACCOs) in mobilizing savings and social capital in Nyamira County, Kenya. Mauti likely utilized a mixed-methods approach, combining surveys, interviews, and possibly financial data analysis. The findings likely underscored the importance of SACCOs in promoting financial inclusion and social cohesion through savings mobilization and community

engagement. Njoroge (2021) investigated the relationship between agency banking and financial deepening in Kenya, likely employing quantitative methods such as surveys and financial data analysis. While the specific focus may not cover all the indicators listed, Njoroge's research likely touches upon the role of banking partnerships and mobile banking in expanding financial access and deepening the financial sector.

Nguyen (2020) conducted a comprehensive analysis of financial services for the poor in Vietnam, likely employing both quantitative and qualitative methods such as surveys, interviews, and financial data analysis. While the study may not directly address all indicators listed, it likely explores the role of mobile banking, savings programs, and financial education in enhancing the accessibility and sustainability of microfinance services. Shrestha (2020) reported on a Cooperative Education Report handling the customer-care department in Sunrise Bank, Nepal. Shrestha likely employed a qualitative research approach, possibly utilizing interviews and case studies to understand the dynamics of customer care within the banking sector. While the specific focus may not cover all indicators listed, the research likely touches upon the role of banking partnerships and possibly financial education in improving customer service and promoting financial inclusion.

2.2.2 Inherent Challenges faced by the Defence Savings and Credit Programmes

Defence savings and credit programs encounter a spectrum of inherent challenges that can impact their effectiveness and sustainability (Banzon & Flor, 2017). These challenges arise from the unique nature of the defence sector and the diverse needs of military personnel. One notable challenge is the irregular income patterns associated with military service. Military members often face fluctuations in income due to deployments, allowances, and other variables, making it challenging to maintain a consistent savings and credit strategy. Deployment-related issues further complicate financial planning for military personnel. Frequent deployments, often in high-risk environments, may disrupt regular financial activities and hinder members' ability to manage their savings and credit obligations effectively (U.S. Government Accountability Office, 2018).

The transient nature of military assignments also poses challenges to the establishment of stable credit histories. Frequent relocations and overseas postings may result in limited credit history, affecting military members' access to credit and loan facilities. Additionally, deployments can lead to difficulties in maintaining regular communication with financial institutions, potentially impacting credit assessments (Banzon & Flor, 2017). Another inherent challenge is the prevalence of financial stress within military communities. Unique stressors, such as the nature of military service, deployments, and the potential for unexpected financial burdens, can contribute to increased financial strain. This stress can negatively affect financial decision-making, potentially leading to poor savings habits and increased reliance on credit facilities (Committee on the Assessment of the Department of Defence's Approach to Risk Management, 2017). Moreover, the complexity of military benefit structures and financial education needs poses a significant challenge. Military personnel often navigate intricate benefit systems, including various allowances, special pays, and retirement plans. Lack of understanding or inadequate financial literacy may hinder military members from making optimal decisions regarding savings and credit (U.S. Government Accountability Office, 2016).

Mugabe (2019) conducted research on credit risk in savings and credit programs in African economies. The study adopted a quantitative research design, analysing 10,000 loan portfolios from various savings and credit programs in five African countries. A stratified random sampling method was used to select loans for analysis, ensuring representation from diverse regions. Data were collected through financial record audits and credit risk assessment tools. The findings revealed persistent credit risk challenges, with high default rates observed across the sampled portfolios. The study emphasized the importance of robust risk management strategies in mitigating credit risk.

Kwame (2020) focused on the impact of interest rate caps on the sustainability of savings and credit programs in Ghana. Kwame conducted a mixed-methods study, combining quantitative analysis of interest rate cap policies in 10 African countries with qualitative interviews of program administrators and borrowers. The research design involved purposive sampling of countries and institutions affected by interest rate caps. Findings indicated that interest rate caps, intended to protect borrowers, often resulted in reduced

program profitability and limited access to affordable financial services. The study highlighted the regulatory challenges faced by savings and credit programs in Ghana.

Nkosi (2018) explored the role of gender in savings and credit program participation in Zambia. Nkosi conducted a cross-sectional survey-based research design, collecting data from 1,200 program participants in savings and credit programs across four African countries. Stratified random sampling ensured gender balance in the sample. Data were gathered through structured questionnaires. The findings revealed gender disparities in program participation, with women being underrepresented in various program aspects, underscoring the need for gender-sensitive program design and outreach strategies.

Okeke (2021) investigated the impact of economic shocks on savings and credit program performance in Tunisia. The study adopted a longitudinal research design, analysing data from 50 savings and credit programs in a single African country over a three-year period. Purposive sampling was used to select diverse institutions, and data were collected through financial record analysis, interviews with program administrators, and surveys of program participants. The research highlighted the vulnerability of African savings and credit programs to economic shocks, emphasizing the importance of resilience strategies for program sustainability.

Mwangi (2017) examined, the effects of client protection measures in savings and credit programs in Kenya. The study adopted a mixed-methods research design, including a survey of 600 program participants across Nairobi, Kajiado and Kiambu Counties and qualitative interviews with program administrators. Stratified random sampling ensured participant representation, and data were collected through structured questionnaires and semi-structured interviews. Findings revealed varying effectiveness of client protection measures, raising concerns about over-indebtedness and loan recovery practices, and highlighting the need for stronger client protection mechanisms.

Kwasi (2019) investigated financial sustainability challenges faced by rural savings and credit programs. The study utilized a comparative case study approach, examining the financial sustainability of five rural savings and credit programs in two African countries. Purposive sampling ensured diversity, and data were collected through financial record

analysis and semi-structured interviews with program administrators. The findings underscored the financial sustainability challenges, particularly high operational costs and limited economies of scale, faced by rural programs.

Ndiaye (2020) explored the impact of informal financial practices on savings and credit program participation. Ndiaye employed an ethnographic research design, immersing in two rural African communities to understand the influence of informal financial practices on savings and credit program participation. Data were collected through participant observation, in-depth interviews, and focus group discussions. The findings revealed the coexistence of informal practices with formal programs, leading to competition for participants and potential over-indebtedness. Program design needed to consider these dynamics to effectively address participants' needs.

In the study conducted by Al-Dosari, Fetais, and Kucukvar (2022), which investigated AI applications in the banking industry, inherent challenges such as high turnover of members and credit risks were thoroughly examined. The researchers employed a qualitative approach involving interviews and case studies with industry experts and practitioners. Findings revealed that while AI offers opportunities for enhancing cybersecurity and risk management in banking, challenges related to member turnover and credit risks persist. The study concluded that addressing these challenges requires a comprehensive understanding of AI applications and robust strategies to mitigate associated risks.

Breeden (2021) conducted a survey on machine learning in credit risk, aiming to identify challenges and opportunities in this domain. Through a quantitative approach involving data analysis and statistical modelling, the researcher explored the impact of machine learning algorithms on credit assessment processes. Findings indicated that while machine learning has the potential to improve credit risk prediction accuracy, challenges such as inadequate financial literacy and model interpretability remain significant. The study concluded that effective integration of machine learning requires addressing these challenges and ensuring transparency and accountability in credit decision-making.

Laroche (2022) focused on challenges faced by incarcerated mothers in defending their parental rights, particularly concerning deployment and accessibility of financial services

during short-term postings. The researcher employed a qualitative research design involving in-depth interviews and case studies with incarcerated mothers and legal practitioners. Findings highlighted systemic barriers to accessing financial services during short-term postings, exacerbating financial instability and hindering parental rights defence efforts. The study concluded that addressing these challenges necessitates policy reforms and institutional support to ensure financial inclusion and parental rights protection for incarcerated individuals.

Ssenyonga's (2021) study on post-COVID-19 recovery in Indonesia examined challenges such as high turnover of members in the labour sector and inadequate financial literacy among SME owners. The researcher utilized a mixed-methods approach, combining surveys and qualitative interviews with key stakeholders in the labour and SME sectors. Findings revealed that high turnover of members and inadequate financial literacy impede post-pandemic recovery efforts, hindering access to financial services and economic stability. The study concluded that targeted interventions and capacity-building initiatives are essential to address these challenges and promote inclusive economic recovery.

Ostendorf, Müller, and Brand (2020) investigated the impact of self-disclosure on social media on individual decision-making tendencies and problematic social-network-use, indirectly touching upon challenges related to financial literacy and credit risks. The researchers employed a quantitative research design involving surveys and behavioural experiments with social media users. Findings suggested that excessive self-disclosure on social media is associated with impulsive financial decisions and increased susceptibility to financial risks. The study concluded that promoting digital literacy and responsible social media use is crucial for mitigating these risks and fostering financial well-being.

Padayachee (2021) conducted a study on financial literacy measurement tools for financial professionals in retail banks in South Africa, exploring challenges such as payroll deductions and inadequate financial literacy among staff. The researcher employed a mixed-methods approach, combining surveys, focus groups, and document analysis to assess existing financial literacy measurement tools and identify gaps in professional development programs. Findings indicated that inadequate financial literacy among staff

poses challenges to effective financial decision-making and customer service in retail banks. The study concluded that implementing targeted training programs and enhancing financial literacy assessment tools are essential for addressing these challenges and improving overall service quality in retail banking.

2.2.3 Opportunities and Prospects to Improve Savings and Credit Products

Opportunities and prospects for enhancing savings and credit products are abundant, presenting avenues for financial institutions and policymakers to improve the financial well-being of individuals and communities (CGAP, 2016). One significant opportunity lies in leveraging technology and digital financial services. The adoption of digital platforms, mobile banking, and fintech solutions can enhance the accessibility and efficiency of savings and credit products, especially in underserved areas. This can streamline processes, reduce operational costs, and reach a broader population, promoting financial inclusion (World Bank, 2017).

There is a growing opportunity to tailor savings and credit products to specific demographic segments, considering diverse needs and preferences. For instance, designing products that address the financial challenges faced by youth, women, and low-income households can contribute to more inclusive and sustainable financial solutions (Demirgüç-Kunt et al., 2018). Personalized financial products, such as micro-savings accounts, targeted credit facilities, and financial literacy programs, can align with the unique circumstances of various customer segments. Collaboration between financial institutions and non-traditional actors, such as NGOs and community-based organizations, presents another avenue for improvement. Partnerships can facilitate the delivery of financial education, create support networks, and increase awareness about savings and credit opportunities within communities (Ledgerwood, 1999). Such collaborations can enhance the social capital within communities and contribute to the overall success of savings and credit programs.

Innovative credit scoring models and risk assessment tools present opportunities to expand access to credit for individuals with limited credit history (World Bank, 2019). Alternative data sources, such as utility payments, rent history, or even social media data, can be

leveraged to assess creditworthiness and enable financial institutions to extend credit to a broader clientele (Catalini & Gans, 2016). Moreover, incorporating environmental, social, and governance (ESG) criteria into savings and credit products aligns with the growing demand for socially responsible financial services. Ethical and sustainable finance practices not only attract socially conscious consumers but also contribute to positive social and environmental outcomes.

Makori (2019) explored the innovative strategies for expanding savings and credit products. The research adopted a qualitative approach, conducting in-depth interviews with financial experts, policymakers, and industry leaders. Findings highlighted the potential for leveraging fintech solutions and partnerships with mobile network operators to extend the reach of savings and credit products to underserved populations. The study emphasized the need for regulatory frameworks to adapt to these innovations while ensuring consumer protection.

Mukherjee (2020) focused on tailoring savings and credit products for agricultural communities. Mukherjee conducted a mixed-methods study, including surveys of 500 farmers and semi-structured interviews with agricultural extension officers. The research revealed opportunities to design products that align with seasonal cash flows, offering flexible repayment terms and agricultural input financing. Customized products for farmers could enhance financial inclusion and productivity in rural areas.

Valian (2018) investigated the effects of financial literacy and its impact on savings and credit product utilization. The study employed a quantitative research design, collecting data from 800 savings and credit program participants across four countries. The study found that integrating financial education into product offerings increased participants' understanding of financial products and improved their utilization. The findings suggested that financial literacy programs represent a viable avenue for product improvement.

Garcia (2021) explored the ethical lending practices in savings and credit products. The research utilized a qualitative approach, conducting interviews with customers, program administrators, and regulatory authorities. The study highlighted opportunities for product improvement by implementing ethical lending practices, such as transparent interest rate

structures and responsible lending criteria. These practices could foster trust and financial stability among clients.

Okeke (2019) examined the digitalization and savings and credit product accessibility. The study employed a mixed-methods approach, conducting surveys with 600 urban and rural participants and semi-structured interviews with program administrators. Findings demonstrated the potential of digitalization to improve product accessibility, especially in remote areas. Mobile banking and online applications were identified as promising avenues to reach a wider client base and streamline operations.

Kwame (2022) focused on the risk mitigation strategies in savings and credit products. The study conducted a quantitative study, analysing loan portfolios from various financial institutions. The research identified opportunities to enhance product sustainability by implementing effective risk management strategies, such as credit scoring models and collateral options. These strategies could reduce default rates and lower lending costs, ultimately benefiting both clients and providers.

Ndiaye (2020) investigated the social Impact Investing in savings and credit products." The study employed a case study approach, examining three organizations that integrated social impact components into their savings and credit products. The research highlighted the potential for product improvement by aligning financial services with social and environmental goals. These innovative models attracted impact investors, enabling programs to expand and reach marginalized populations while achieving positive social outcomes.

Beck (2020) delved into personnel education and literacy as potential opportunities for savings and credit programs. The study utilized a quantitative research design involving surveys and interviews with program administrators and staff. Findings suggested that investing in personnel education and literacy initiatives could improve staff capacity to deliver financial services effectively. The study concluded that enhancing staff knowledge and skills is essential for providing quality services and fostering customer satisfaction in savings and credit programs.

Benami and Carter (2021) examined the diversification of SACCO products as a means to expand financial inclusion and meet diverse customer needs. Through a mixed-methods approach involving surveys and focus group discussions with SACCO members, the researchers explored the potential benefits and challenges of product diversification. Findings indicated that offering a broader range of financial products and services could attract new members and enhance member retention. The study concluded that product diversification presents opportunities for SACCOs to remain competitive and sustainable in a dynamic financial landscape.

Mburu (2023) focused on collaboration with external partners as a strategy to enhance the outreach and impact of savings and credit programs. The researcher employed a qualitative research design involving interviews and case studies with SACCO managers and external stakeholders. Findings highlighted the potential benefits of partnering with government agencies, NGOs, and private sector entities to leverage resources and expertise for program implementation. The study concluded that strategic collaborations can enhance program sustainability and effectiveness by tapping into complementary strengths and resources.

Mwatondo and Wekesa (2020) explored personalized counselling services as a means to address the financial needs and challenges of program participants. Through a qualitative research design involving focus group discussions and individual interviews with SACCO members, the researchers examined the potential impact of personalized counselling on financial decision-making and behaviour. Findings suggested that tailored counselling services could empower participants to make informed financial decisions and improve their financial well-being. The study concluded that integrating personalized counselling into savings and credit programs can enhance participant satisfaction and program outcomes.

Murinde, Rizopoulos, and Zachariadis (2022) investigated the implementation of a feedback system as a mechanism for continuous improvement in savings and credit programs. The researchers utilized a mixed-methods approach involving surveys, interviews, and participant observation to assess the effectiveness of feedback mechanisms in SACCOs. Findings indicated that establishing feedback loops between program

administrators and members could facilitate communication, identify areas for improvement, and enhance program responsiveness to member needs. The study concluded that implementing a feedback system is essential for promoting transparency, accountability, and member engagement in savings and credit programs.

Ugulumu (2020) explored the potential of personnel education and literacy in enhancing the effectiveness of savings and credit programs. Through a quantitative research design involving surveys and focus group discussions with program staff, the researcher examined the impact of educational interventions on staff knowledge and skills. Findings suggested that investing in personnel education and training can improve staff capacity to deliver quality financial services and build trust with program participants. The study concluded that ongoing education and training are critical for maintaining staff competence and professionalism in savings and credit programs.

2.3 Theoretical and Conceptual Framework

This section covers the theoretical and the conceptual frameworks for the study.

2.3.1 Theoretical Framework

The institutional framework refers to the structure of organizations, regulations, policies, and procedures that govern and guide the functioning of an institution or a system (Catalini & Gans, 2016). Institutional theory explains the institutional framework that encompasses the legal, regulatory, and operational structures that define how SACCOs operate and interact with their members and other stakeholders. SACCOs operate within a legal and regulatory framework set by the government or relevant authorities. Compliance with these regulations ensures that SACCOs maintain financial stability, transparency, and accountability in their operations. Legal protections provide members with a sense of security, knowing that their interests are safeguarded by established laws.

The institutional framework defines the governance structure of SACCOs, including the composition of the board, election processes, and decision-making mechanisms (CGAP, 2016). A robust governance structure ensures that SACCOs are managed effectively and in the best interest of their members. Good governance contributes to member trust and

confidence in the SACCO, fostering a positive relationship between the institution and its members. Financial regulations within the institutional framework guide SACCOs in managing their finances prudently. This includes capital requirements, risk management, and financial reporting standards. A well-defined financial framework contributes to the stability of SACCOs, which, in turn, enhances the financial well-being of their members.

The institutional framework may include provisions for member education programs, ensuring that members are well-informed about the SACCO's services, benefits, and risks (World Bank, 2017). Consumer protection regulations within the framework protect SACCO members from fraudulent practices and ensure fair treatment, contributing to their overall welfare. SACCOs often play a crucial role in local economic development and poverty reduction. The institutional framework can facilitate SACCOs' participation in community development initiatives and ensure alignment with broader socioeconomic goals. Provisions in the framework that encourage responsible lending and investment contribute to the positive impact of SACCOs on their members and the communities they serve (World Bank, 2019).

Within the social framework, social capital plays a crucial role. This concept emphasizes the value embedded in social networks, trust, and reciprocity. Social capital encourages community members to work together, share information, and support one another in financial endeavours. In the context of savings and credit programs, strong social ties foster a sense of collective responsibility, making it more likely for individuals to participate in group savings or credit schemes (Woolcock & Narayan, 2020). Developing savings and credit programs involves active community engagement. This includes understanding local needs, preferences, and social norms. Community-based financial institutions, such as Savings and Credit Cooperative Societies (SACCOs), often operate within this framework, relying on community participation in decision-making and governance. Engaging with the community ensures that financial products align with the specific needs and cultural context of the target population (Ledgerwood, 2019).

Cultural factors play a significant role in shaping attitudes towards savings and credit. In some communities, traditional financial practices may influence individuals' perceptions

of formal financial institutions. Cultural awareness is essential for designing savings and credit programs that are culturally sensitive and resonate with the values and norms of the community (Okiro & Oanda, 2013). Trust is a cornerstone of social capital and is vital for the success of savings and credit programs. Trust in financial institutions, whether formal or informal, encourages participation and fosters a sense of security among community members. Understanding and respecting local social norms and practices related to financial transactions contribute to building and maintaining this trust (Kimenyi & Mbaku, 2013).

The study utilises Social Capital Theory to analyse how the current institutional framework affects personnel wellbeing in implementing savings and credit programmes. Social Capital Theory suggests that social connections, networks, and trust inside organisations are essential for their success (Putnam, 1993). This idea posits that the performance of savings and credit programmes is influenced by the quality of relationships among stakeholders, including military personnel, programme managers, and financial institutions. The study intends to evaluate how trust, cooperation, and social networks influence the formulation and execution of savings and credit programmes, and subsequently affect personnel welfare, by examining the institutional framework from the perspective of Social Capital Theory as proposed by Coleman (1988).

Furthermore, in assessing the inherent challenges faced by defence savings and credit programs and their impact on member welfare, Social Capital Theory remains relevant. Interpersonal connections among those involved in a programme can aid in solving problems, gathering resources, and adapting to difficulties, as stated by Lin (2001). The study aims to determine how the robustness and calibre of social connections within these programmes either alleviate or worsen difficulties that impact personnel well-being, using Social Capital Theory. This method offers understanding of how social capital can help overcome challenges and enhance programme efficiency (Bourdieu, 1986).

In evaluating opportunities and prospects to enhance savings and credit programs to align with personnel financial welfare needs, Institutional Theory offers valuable insights. Institutional Theory examines the institutions, conventions, and routines that influence

organisations and their behaviour (DiMaggio & Powell, 1983). This theory aids in examining the official and unofficial rules, regulations, and procedures that govern defence savings and credit programmes. The study intends to analyse how institutional forces impact the design and modification of savings and credit programmes to discover potential for innovation and reform in order to enhance personnel welfare objectives (Scott, 2008). Institutional Theory offers a framework to comprehend the institutional environment in which these programmes function and to suggest solutions for enhancing their alignment with the objectives of personnel welfare.

2.3.2 Social Capital Theory

The social capital theory was first introduced by Pierre Bourdieu in the late 20th Century as part of his broader sociological theory. Social capital theory posits that social relationships are resources that can lead to the development and accumulation of human capital. For example, a stable family environment can support educational attainment and support the development of highly valued and rewarded skills and credentials. The theory defines social capital as those material resources that matter most to people's everyday lives, such as goodwill, compassion, camaraderie, and social interaction amongst the people that make up a social unit. Putnam (2010) stated that although some people have gotten richer, their feeling of community has diminished. According to the theory, social capital promotes fostering ties between those who share an identity, building connections with others outside of that identity, and forging connections with either upper- or lower-class individuals. The social capital theory is only useless when a society works together to achieve what is moral and ultimately good for everyone. Market participants define social capital theory as a strategy for producing products and services for the benefit of everyone rather than just themselves (Bowles, 2002).

Fine, (2001) argued that the conceptualization and measurement of social capital lack clarity, leading to difficulties in operationalization and empirical research. Portes, (1998) contend that the theory tends to romanticize social relationships, overlooking negative aspects such as exclusion, discrimination, and the potential for reinforcing inequality. Dolsak and Princen, (2000), highlight the cultural bias inherent in the theory, emphasizing

that social capital's applicability may vary across different cultural and social contexts. There are concerns that social capital can be exploited, especially when power dynamics within a community are unequal. Certain individuals or groups may benefit more than others, leading to social inequalities (Szreter & Woolcock, 2004).

Karl (2013) criticizes that communities do not exist that are entirely classless and homogenous because of the stark differences among them along the lines of political interests, class, and religion. This theory's limitation is that there are several grounds to question the effectiveness of social capital metrics only based on the abundance of volunteer groups. Another limitation is that there is no well-developed theoretical or empirical foundation for the relationship between social bonds and generalized trust.

The social capital theory assumes that social networks and relationships provide resources and support that individuals can leverage for mutual benefit (Woolcock & Narayan, 2000). Social capital relies on the assumptions of trust and reciprocity within social relationships, facilitating cooperation and collaboration. The theory acknowledges that the significance and nature of social capital can vary across cultures and social contexts. Therefore, the theory is relevant to the current study in that it focuses on the value of social relationships and networks in achieving individual and collective goals. The defence forces are a social phenomenon and personnel relationships go beyond work. Savings and credit programmes operate through socialization and friendship of members. Members pool resources as a group and advance credit and other financial benefits accordingly.

The fact that members of a SACCO should save money and then borrow the same for personal development underpins the relevance of this theory. Opportunities for improvement can be found in fostering social connections and trust within program communities to enhance financial cooperation and support (Mauti, 2020). Hence the theory helped in explaining the inherent challenges that the savings and credit programmes face that eventually impact on welfare of members.

Assumptions underlying social capital theory include the belief that social connections provide access to resources and support, which individuals can leverage to achieve their goals. Additionally, the theory assumes that trust and reciprocity are inherent within social

relationships, facilitating cooperation and collaboration (Gichuhi & Makori, 2023). Furthermore, social capital theory acknowledges that the significance and nature of social capital can vary across cultures and social contexts, suggesting that its applicability may differ in different settings. In addition to the stated assumptions, social capital theory also posits that social connections serve as channels through which individuals can access information, opportunities, and support. These connections enable individuals to tap into collective resources and knowledge within their social networks, thereby enhancing their ability to achieve personal and collective goals (Maosa, 2020). Moreover, the theory suggests that social capital encompasses both bonding and bridging social ties, with bonding social capital referring to connections within homogeneous groups and bridging social capital encompassing connections across diverse groups. This distinction highlights the importance of both intra-group cohesion and inter-group connections in facilitating cooperation and collaboration.

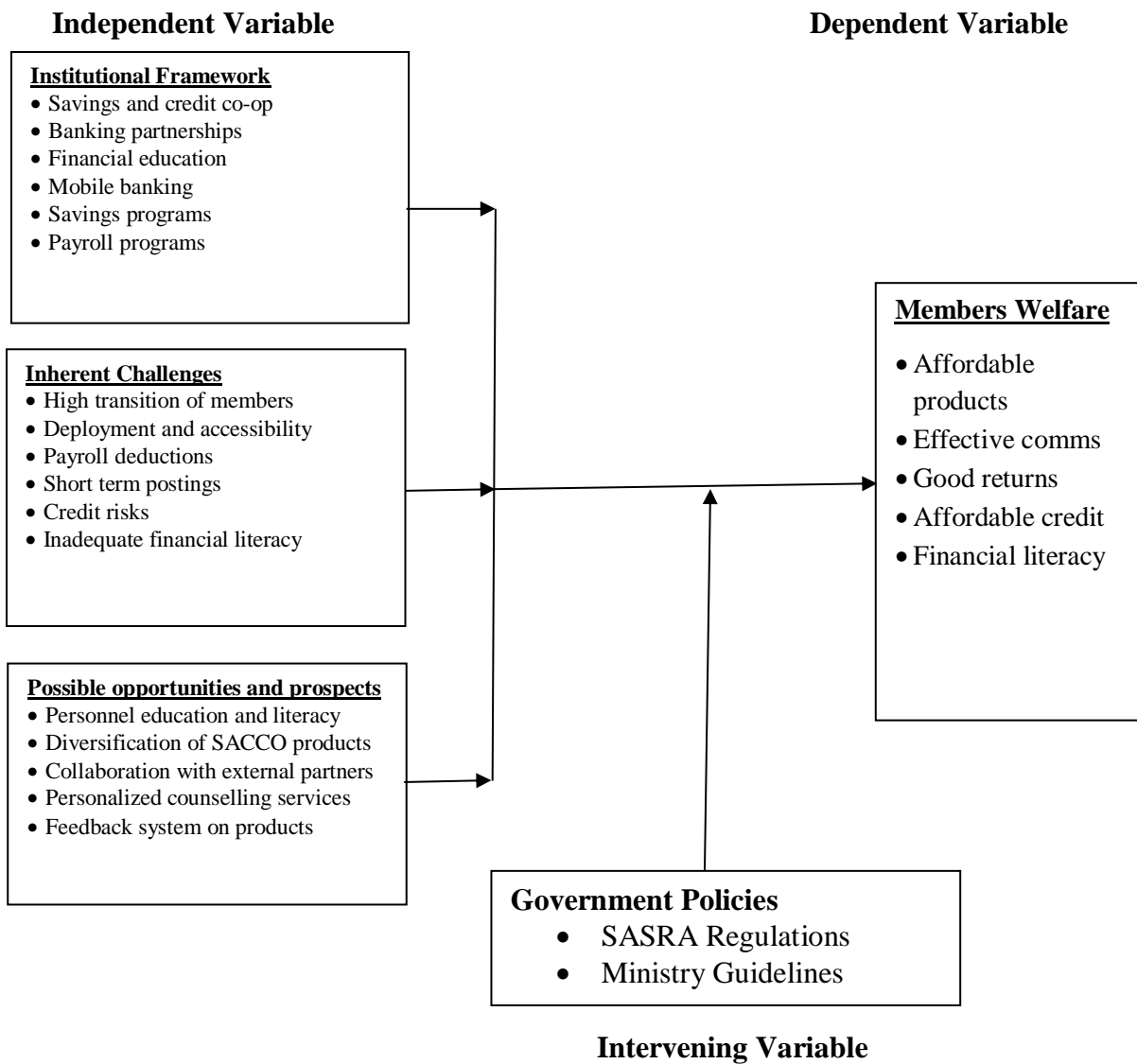
In the context of the current study on savings and credit programs among service personnel, social capital theory provides insights into how the quality and structure of social relationships influence participants' financial behaviours and outcomes. For instance, within a SACCO setting, the presence of strong social ties and trust among members can foster a sense of collective responsibility and commitment to the group's financial well-being. Conversely, limited social capital or fractured social networks may hinder cooperation and coordination, leading to challenges in program participation and effectiveness (Kibanga, 2019). By examining the role of social relationships and networks in shaping financial behaviours and outcomes, the study seeks to identify strategies for enhancing program effectiveness and promoting the welfare of service personnel. This may involve interventions aimed at strengthening social ties within program communities, fostering trust and reciprocity among participants, and promoting inclusive decision-making processes (Omona, 2021). Additionally, the study may explore the potential of leveraging existing social networks and community resources to facilitate access to financial services and support.

As such, social capital theory offers a valuable framework for understanding the social dynamics underlying savings and credit programs, highlighting the importance of social

relationships in shaping financial behaviours and outcomes. By applying this theory to the study of service personnel's participation in savings and credit programs, researchers can gain insights into the mechanisms through which social capital influences program effectiveness and identify opportunities for intervention and improvement.

2.3.3 Conceptual Framework

In the conceptual framework, the integration of Social Capital Theory and Institutional Theory provides a lens to analyse how social relationships and institutional structures influence the effectiveness of defence savings and credit programs on personnel welfare within the Kenya Defence Forces. This framework guides the exploration of the interplay between social dynamics and institutional contexts to inform recommendations for program enhancement.



Source: (Researcher, 2024)

Figure 2.1: Conceptual Framework

2.4 Inherent Challenges and Opportunities

As savings and credit programs strive to fulfil their mission of promoting financial inclusion and empowering underserved communities, they encounter a range of inherent challenges and opportunities. These challenges represent barriers that programs must navigate to achieve their objectives, while opportunities present avenues for growth, innovation, and enhanced impact. In this section, we explore the inherent challenges and opportunities facing savings and credit programmes, shedding light on the complexities of their operational environment and the potential pathways to success. Through a comprehensive examination of these challenges and opportunities, we aim to provide insights that can inform strategies for improving program effectiveness and sustainability.

2.4.1 Inherent Challenges

Inherent challenges refer to difficulties or issues that are inherently present or ingrained within a system, organization, or process (Daley-Harris, 2019). Inherent challenges can have significant implications for the welfare of their members. These challenges can impact the financial stability, service delivery, and overall well-being of members. Limited financial resources and poor risk management within SACCOs can lead to financial instability. This instability may result in reduced returns on savings and increased interest rates on loans, negatively affecting the economic well-being of members (Ledgerwood, 2019).

Challenges related to governance and management can result in operational disruptions, affecting the delivery of services to members (Obara, 2014). Poor leadership and management may lead to inefficient operations, delays in transactions, and a decrease in the quality of services offered to members (Kiptui et al., 2016). SACCOs lacking adequate technological infrastructure may fail to provide members with modern banking services. This technological exclusion can limit members' access to convenient financial services and hinder their ability to manage their finances effectively (McNulty et al., 2017). Struggles with regulatory compliance can lead to legal issues, fines, or even the closure of SACCOs. Such challenges not only impact the SACCO's financial health but also erode the trust and confidence of members in the cooperative.

Inherent challenges in member education programs contribute to a lack of financial literacy among SACCO members (Daley-Harris, 2019). This can result in poor financial decision-making, reduced utilization of available services, and a failure to maximize the benefits offered by the SACCO (Atieno, 2014). SACCOs may be susceptible to external economic factors, and their inability to navigate these fluctuations can impact the financial returns for members. Economic downturns, inflation, or interest rate changes can affect the SACCO's profitability and, consequently, the dividends distributed to members. Inherent challenges related to sustainability, such as inadequate business models or a lack of diversification, can threaten the continuity of benefits and services provided to members. Unsustainable practices may jeopardize the long-term viability of the SACCO (World Council of Credit Unions, 2017).

2.4.2 Opportunities and Prospects

Possible opportunities refer to favourable circumstances, potential advantages, and positive developments that can be leveraged to enhance the welfare of SACCO members (Christen et al., 2014). Identifying and capitalizing on these opportunities can contribute to the economic well-being, financial inclusion, and overall prosperity of SACCO members. Opportunities for SACCOs to expand their service offerings and improve accessibility can enhance financial inclusion. Introducing digital financial services, mobile banking, and innovative product offerings can provide members with convenient and efficient ways to manage their finances.

Opportunities for member education and capacity building programs can empower SACCO members with financial literacy. Enhancing members' understanding of financial products, investment strategies, and economic trends can enable them to make informed decisions, leading to improved financial well-being (Lusardi & Tufano, 2015). Leveraging advancements in technology presents opportunities for SACCOs to streamline operations, reduce costs, and improve efficiency. Implementing robust technological infrastructure facilitates better service delivery, enhances member experiences, and supports the growth of SACCOs (Cull et al., 2014).

SACCOs have the opportunity to diversify their service offerings beyond traditional savings and credit products. Introducing insurance, investment, and other financial instruments can provide members with a comprehensive suite of services, catering to diverse financial needs (Hermes & Lensink, 2017). Opportunities for collaboration with financial institutions, government agencies, and non-profit organizations can enhance the reach and impact of SACCOs. Partnerships can facilitate access to funding, expertise, and resources, enabling SACCOs to better serve their members and communities (Mia, 2021). SACCOs can play a pivotal role in community development initiatives. Opportunities to engage in projects related to agriculture, housing, and small business development contribute not only to the economic growth of members but also to the overall well-being of the communities they serve (Kimenyi & Mbaku, 2013).

Opportunities for SACCOs to actively engage in policy advocacy and seek regulatory support can create a more conducive environment for their operations. Favourable policies and regulatory frameworks contribute to the stability and growth of SACCOs, positively impacting the welfare of members (Woller et al., 2019). Opportunities for social impact investing can attract funding from investors who prioritize both financial returns and positive social outcomes. SACCOs engaging in socially responsible and sustainable practices can benefit from increased capital and contribute to community development (Harji & Jackson, 2012).

2.5 Government Policies

Government policies play a crucial role in shaping the environment in which Savings and Credit Cooperative societies (SACCOs) operate. These policies have a direct impact on the welfare of SACCO members by influencing aspects such as regulatory frameworks, financial inclusion, access to credit, and overall economic development. Government policies establish the regulatory framework through SASRA and the Ministry responsible for Cooperatives within which SACCOs operate. Clear and supportive regulations contribute to the stability of SACCOs, ensuring prudent financial management and protecting the interests of members (Helms, 2016). Well-crafted regulations can enhance

governance structures, risk management practices, and transparency, promoting a favourable environment for SACCOs to thrive (World Council of Credit Unions, 2016).

Government policies aimed at promoting financial inclusion have a direct impact on SACCO members' welfare. Initiatives that encourage SACCOs to reach underserved populations, rural areas, and marginalized communities contribute to broader access to financial services (CGAP, 2009). Supportive policies may include incentives for SACCOs to offer affordable and accessible financial products, fostering economic empowerment among previously excluded members (Duflo & Banerjee, 2019). Government policies can influence access to credit by setting guidelines for interest rates, collateral requirements, and lending practices. Supportive policies that facilitate responsible lending can empower SACCO members to access credit for various economic activities, fostering entrepreneurship and income generation (World Bank, 2018).

Policies promoting credit guarantee schemes or risk-sharing mechanisms can enhance the creditworthiness of SACCOs, enabling them to offer loans to a broader segment of their membership (IFAD, 2015). Government policies promoting capacity building and training programs for SACCOs contribute to the development of a skilled workforce. Training initiatives can enhance the efficiency of SACCO operations, improve financial literacy among members, and strengthen the overall resilience of the cooperative (United Nations, 2018). Support for educational programs can empower SACCO members with the knowledge and skills needed to make informed financial decisions, thereby improving their financial well-being (Ledgerwood, 2019). Government policies related to social protection and welfare programs can complement the efforts of SACCOs in promoting members' welfare. Collaboration between government initiatives and SACCOs can amplify the impact of programs related to poverty alleviation, healthcare, and social safety nets (OECD, 2016).

Policies supporting the integration of SACCOs into broader social development agendas can enhance the holistic well-being of their members and the communities they serve (World Council of Credit Unions, 2017). Government policies that foster technological innovation and digital financial services can significantly impact SACCO operations.

Supportive policies can encourage SACCOs to adopt digital platforms, enhancing their efficiency, reducing operational costs, and improving members' access to modern financial services (CGAP, 2016). Incentives for the development and adoption of financial technologies (fintech) can enable SACCOs to stay competitive and provide innovative solutions that benefit their members (African Union, 2018). Government policies promoting broader economic development can indirectly benefit SACCO members. Initiatives supporting small and medium enterprises (SMEs), agriculture, and other key sectors create opportunities for SACCO members to engage in productive activities, leading to increased income and improved welfare (United Nations, 2015).

2.6 SACCO Members' Welfare

SACCO members' welfare refers to the overall well-being and financial health of individuals who are part of a SACCO (Helms, 2016). The concept encompasses various dimensions, including economic empowerment, access to financial services, social development, and the improvement of members' quality of life. SACCOs aim to promote financial inclusion by providing members with access to a range of financial services such as savings accounts, affordable credit, and other related products. This access enables members to manage their finances, plan for the future, and address short-term financial needs. For the KDF personnel this is especially important since welfare is core to the overall morale of service personnel.

SACCOs often play a crucial role in providing members with affordable credit for various purposes, including starting or expanding small businesses, education, or home improvements. Access to credit empowers members to pursue entrepreneurial ventures, contributing to economic development (Owuor, 2014). SACCOs encourage a savings culture among their members. Members can save regularly, leading to the accumulation of capital over time. SACCOs may also offer investment opportunities, allowing members to earn returns on their savings through prudent investment practices (Ledgerwood, 2019). SACCOs often provide financial education programs to enhance the financial literacy of their members. Financially literate members are better equipped to make informed

decisions about savings, investments, and managing their personal finances, leading to improved financial well-being (Atieno, 2014).

SACCOs contribute to community development by supporting various social initiatives. This may include funding community projects, providing scholarships, or engaging in philanthropic activities that improve the overall well-being of members and the communities they serve (Kimenyi & Mbaku, 2013). SACCOs may offer risk management services, such as insurance products, to protect members from unexpected events. Insurance coverage can provide a safety net, ensuring that members and their families are financially protected in times of illness, accidents, or other emergencies (Hermes & Lensink, 2017). SACCOs often operate under a cooperative governance model, allowing members to actively participate in decision-making processes. Participatory governance empowers members, giving them a voice in the direction and management of the SACCO, fostering a sense of ownership and accountability (World Council of Credit Unions, 2016).

SACCOs may engage in policy advocacy to ensure a conducive regulatory environment that supports their operations and protects the rights of members (Obara, 2014). Legal protections, including regulatory frameworks, contribute to the overall stability and security of SACCOs, enhancing members' confidence. SACCOs that adopt socially responsible practices, such as ethical lending and sustainable development initiatives, contribute to the welfare of both members and the broader community. Ethical practices foster trust and credibility, positively impacting the SACCO's reputation and members' well-being (World Council of Credit Unions, 2017). Adoption of technology by SACCOs can improve access to financial services, especially in remote areas. Mobile banking, online platforms, and other technological innovations enhance convenience for members, facilitating easy and efficient transactions (CGAP, 2016).

2.7 Summary of the Review of Literature and literature gap

Various studies have been conducted on effectiveness of defence savings and credit programmes on personnel welfare, however the studies left out key academic gaps. While Raymond (2020) study provides valuable insights into the impact of regulatory environments on savings and credit programs, the methodology employed could be

enhanced by incorporating a more extensive and diverse sample of developing countries. The use of a mixed-methods approach is commendable, but a deeper exploration involving additional countries with distinct regulatory landscapes would strengthen the generalizability of the findings. Additionally, the study could benefit from a more detailed description of the semi-structured interviews, such as the selection criteria for program administrators, to ensure transparency and replicability in future research.

Although Rodriguez, (2021) systematic review synthesizes existing literature effectively, the study could be enhanced by providing a clearer description of the criteria used for article selection and inclusion. A more explicit and systematic approach to the thematic analysis process would also improve the transparency and reproducibility of the review. Furthermore, the study might benefit from a more comprehensive exploration of the temporal trends within the literature to capture potential shifts in the understanding of savings and credit program success over time. Kwame (2020) mixed-methods study on the impact of interest rate caps identifies a potential methodological gap in the selection of countries affected by interest rate caps. The study could benefit from a more systematic and comprehensive approach to country and institution selection to ensure a representative and diverse sample. Additionally, a more detailed exploration of the qualitative interview process, including the selection criteria for program administrators and borrowers, would enhance the methodological rigor and replicability of the study.

Okeke (2021) investigation of the impact of economic shocks on savings and credit program performance in Tunisia adopts a longitudinal research design, which is commendable. However, there is a potential methodological gap in the selection of programs and the criteria for their inclusion in the study. A more transparent and systematic approach to institution selection, along with explicit criteria for inclusion, would strengthen the study's methodological robustness. Mwangi (2017) used mixed-methods study on client protection measures in savings and credit programs in Kenya could be strengthened by providing a more detailed account of the sampling strategy, especially in terms of the representation of diverse participant profiles. Additionally, a more explicit discussion of potential biases and limitations in participant selection would contribute to the overall methodological transparency and rigor of the study. While Okeke (2019) study on

digitalization and savings and credit product accessibility effectively employs a mixed-methods approach, there could be a methodological gap in the representativeness of the surveyed participants. The study could benefit from a more systematic approach to participant selection to ensure a well-balanced representation of urban and rural demographics. Furthermore, a clearer description of the criteria for selecting program administrators for semi-structured interviews would enhance the overall methodological clarity of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the descriptions of research design and methodology, the study location, target population, sampling procedure and use of research instruments. It also includes reliability and validity of the instruments, data collection procedures, analysis and interpretation. According to Kothari (2012) research methodology does not mean research methods only but also the logic behind the methods employed in the event of the research study, hence there is need to explain why a particular method or technique was used to enable the researcher to evaluate the results.

3.2 Research Design

Research design, as defined by De Vaus (2013), is the overarching strategy that a researcher uses to integrate various study components coherently and logically, ensuring that the research problem is effectively addressed. It serves as a blueprint for collecting, measuring, and analyzing data. For this study, a quantitative approach was adopted using a descriptive survey research design. This design is particularly suited for collecting data on people's attitudes, opinions, habits, or social issues (Kombo & Tromp, 2015).

In this research, the descriptive survey design was chosen for its effectiveness in obtaining structured feedback from respondents about the effectiveness of defense savings and credit programs on the welfare of personnel within the Kenya Defence Forces (KDF). This design allowed for systematic data collection from a representative sample of SACCO members, facilitating an analysis of their views on financial stability, job satisfaction, and overall welfare. By employing closed-ended questions in the survey, the design minimized variability in responses and reduced the risk of irrelevant answers, which streamlined the data collection process and enhanced the reliability of the findings.

The descriptive survey design's structured nature was instrumental in maintaining consistency across responses and allowed for straightforward data analysis. It enabled the researcher to gather quantifiable data that could be systematically analyzed to draw conclusions about the impact of defense savings and credit programs. This approach

ensured that the research was focused and aligned with the study's objectives, allowing for a clear assessment of how well these programs met the financial welfare needs of KDF personnel.

3.3 Target Population

The target population for this study comprised 140 members of the defense savings and credit programs within the Kenya Defence Forces (KDF), specifically those affiliated with Savings and Credit Cooperatives (SACCOs) based in Nairobi. This group represents a key demographic within the KDF, encompassing both serving and retired personnel who are actively engaged with the SACCOs. The focus was on SACCO members in Nairobi due to the city's central role as the headquarters for the Defence Savings and Credit Programs. Nairobi's status as a major hub for military administrative operations facilitated access to a diverse range of participants from various branches and units within the KDF. This strategic location ensured that the sample was representative of different segments within the KDF community. By concentrating on SACCO members based in Nairobi, the study aimed to capture a comprehensive understanding of how defense savings and credit programs impact personnel welfare, financial stability, and job satisfaction. The selection of this population was intended to provide insights into the effectiveness of these programs and identify areas for improvement tailored to the specific needs and experiences of KDF members.

3.4 Sampling Techniques and Sample Size Determination

According to Mugenda and Mugenda (2012), a sample is a smaller group or subset selected from the entire population to represent the whole. In this study, a sample size was determined using the Saunders et al. (2009) formula. However, an error was made in the initial application of this formula.

The Saunders et al. (2009) formula for determining sample size from a finite population is:

$$n = \frac{N}{1+Ne^2}$$

Whereby:

n = required sample size

N = total population size

e = margin of error (expressed as a decimal)

For this study, the total population size (NNN) was 140, and the margin of error (eee) was 0.05. The margin of error of 0.05 is commonly used in research to strike a balance between precision and practicality.

Applying the formula:

Calculate e^2

$$e^2 = (0.05)^2 = 0.0025$$

Calculate Ne^2

$$140 \times 0.0025 = 0.35$$

Calculate the denominator:

$$1 + 0.35 = 1.351$$

Calculate n :

$$n = \frac{140}{1.351} = 103.7$$

Rounding up, the sample size required was approximately 104 respondents. To ensure a robust representation and to account for potential non-responses or other practical considerations, the final sample size was set at 110 respondents. Simple random sampling was employed to select middle and lower-level SACCO members, ensuring that each individual had an equal opportunity to be included in the study. This sampling method was chosen to enhance the representativeness of the sample and the reliability of the research findings.

3.5 Data Collection Instrument and Tools

This study employed a combination of quantitative and qualitative methods to ensure a comprehensive analysis of the effectiveness of savings and credit programs for Kenya Defence Forces personnel. The primary data collection involved both structured surveys and qualitative interviews. Quantitative data were gathered through structured questionnaires distributed to a representative sample of Kenya Defence Forces personnel. These closed-ended questionnaires were chosen for their efficiency in data collection, allowing for standardized responses that were easier to analyze statistically. The surveys focused on key areas such as financial stability, job satisfaction, and program participation.

The use of closed-ended questions ensured that the data collected were both reliable and comparable across a larger population.

In addition to the quantitative approach, qualitative data were collected through focus group discussions and in-depth interviews. Focus group discussions were conducted with selected groups of personnel to delve into their personal experiences and perceptions regarding the savings and credit programs. This method facilitated dynamic conversations and revealed insights that might not have been captured through surveys alone. In-depth interviews were carried out with individual personnel to obtain detailed perspectives on their experiences with the savings and credit programs. These interviews provided a deeper understanding of the personal challenges, successes, and areas for improvement related to the programs. Additionally, analysis of existing financial records and program reports to offer objective data on program usage and outcomes. This mixed-methods approach will provide a holistic understanding of the programs' effectiveness and areas for improvement.

The integration of both quantitative and qualitative methods allowed for a thorough examination of the programs, capturing both statistical trends and individual experiences. This approach ensured a more nuanced understanding of the effectiveness of the savings and credit programs and informed the study's conclusions and recommendations.

3.6 Validity and Reliability

According to Polit and Beck, (2012) validity is the extent to which research findings after analysis really represents the phenomenon under study. There are two types of validity of the questionnaire, which are face validity and content validity. Face validity refers to probability that a question is miscomprehended or misconstrued. On the other hand, content validity, which also known as logical validity, refers to the degree to which a measure represents all facets of a given social construct. The content validity of this study was enhanced in search of views of experts in the field of study especially the research supervisor. According to Cooper and Schindler (2015) pre-testing is a good way to ameliorate the probability of face validity.

Reliability is a measure of the extent to which a research instruments yields constant grades or data after repeated trials (Kothari, 2012). Reliability enables the researcher to estimate error and make the necessary corrections if any. This is because the larger the reliability the smaller the mistake and conversely, the larger the error, the smaller the reliability. Reliability in this study was enhanced by pre-testing the questionnaire with a selected sample which was not included in the main study. Pre-Testing was conducted at Police SACCO in Nairobi where 3 questionnaires were distributed to the members of that SACCO. An internal consistency technique was adopted by utilization of Cronbach's Alpha. Internal consistency reliability is a measure of reliability employed in evaluating the level by which various test items that probe the same construct produce similar results. Higher values of alpha are more desirable. Kothari (2012) indicated that as a rule of the thumb, a reliability of 0.70 or higher (obtained on a substantial sample) is acceptable.

3.7 Data Collection Procedures

Data collection procedure started by getting all the required permissions. With the approval letter from the National Council for Science and Technology (NACOSTI), the researcher proceeded to visit the Defence Sacco Ltd for introduction to its members based within Nairobi. The researcher issued questionnaires to the study respondents which were collected through digital Google forms and drop and pick later methods. Time was allocated for the respondents to fill in the questionnaires in order to improve the response rate which was desired in this study since the sample size was small.

3.8 Data Processing and Analysis

Data analysis is the procedure of assembling into order, structuring and coming up with meaning to the mass of the information gathered (Cooper & Schindler, 2015). The data that was gathered in this study was quantitative in nature. Quantitative data was analysed using descriptive and inferential statistics computer software (SPSS). The analysed data was presented in form of tables and charts.

3.9 Ethical Consideration

This entailed obtaining necessary permission from both the administrators of the college and the management of the selected organizations. Approval to conduct research was also received from the National Council for Science and Technology (NACOSTI). Their permission was useful in ensuring that this research study is successfully completed so that the findings collected in the consequent stages do not breach the rules and regulations laid down when undertaking the research work. Voluntary participation means all the people that were involved in the research did it out of free will. No one forced them. The SACCO members had a choice to choose whether to participate at any point in time or not without having a negative impact on the program or their involvement in future. It was therefore the right of the participants to answer the questions asked. Confidentiality means that information is not made public or accessed by anyone else other than the researcher himself. The employees were assured of the confidentiality of all the information provided. This assisted in improving the response rate of the respondents. This is where the participant had a right to privacy when involved in research. When something is private to a person it means they are sensitive about it. This is one of the most important ethics in research. To ensure the privacy, the employees were not required to indicate their name on the research questionnaire. This is where the participant has a right to privacy when involved in research. When something is private to a person it means they are sensitive about it. This is one of the most important ethics in research. To ensure the privacy, the employees were not required to indicate their name on the research questionnaire.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study on the effectiveness of defence savings and credit programs on personnel welfare in the Kenya Defence Forces. The chapter begins with an overview of the demographic characteristics of the respondents, followed by a presentation and discussion of the key findings related to the research objectives. The findings are analysed and interpreted in the context of the existing literature and theoretical framework outlined in previous chapters. Additionally, the implications of the findings on practice and policy are discussed, and recommendations for future research are provided.

4.2 Response Rate

This section examines the response rate obtained in the study on the effectiveness of defence savings and credit programs in the Kenya Defence Forces. It evaluates the level of participation and engagement of the target population, offering insights into the representativeness and reliability of the research findings. The response rate serves as a critical indicator of the quality and validity of the data collected, shaping the interpretation and implications of the study.

Table 4.1: Response Rate

Response	Frequency	Percentage (%)
Filled in questionnaires	95	86.4%
Unreturned questionnaires	15	13.6%
Total	110	100%

Source: (Researcher, 2024)

Table 4.1 presents the response rate of the study, indicating that out of the total 110 questionnaires distributed, 95 were filled in and returned, representing a response rate of 86.4%. This high response rate suggests a considerable level of engagement and willingness to participate among the target population, reflecting positively on the quality and reliability of the data collected. The fact that only 15 questionnaires were unreturned demonstrates a relatively low rate of non-response, further enhancing the representativeness of the sample and minimizing potential biases. The high percentage of filled questionnaires indicates a robust level of participation, strengthening the validity of the study findings and increasing confidence in the conclusions drawn from the data.

4.3 Demographic Characteristics

In this section, the demographic characteristics of the respondents are presented, including their gender, age category, highest education qualification attained, and the duration of their membership in the Defence SACCO. These demographic variables provide valuable insights into the composition of the study sample and allow for a better understanding of the respondent profile. Analysing these characteristics helps in identifying any potential patterns or trends that may influence the perceptions and responses of the participants regarding the effectiveness of the Defence Sacco programs on personnel welfare.

4.3.1 Gender of Respondents

The respondents were asked to indicate their gender and results were as presented below;

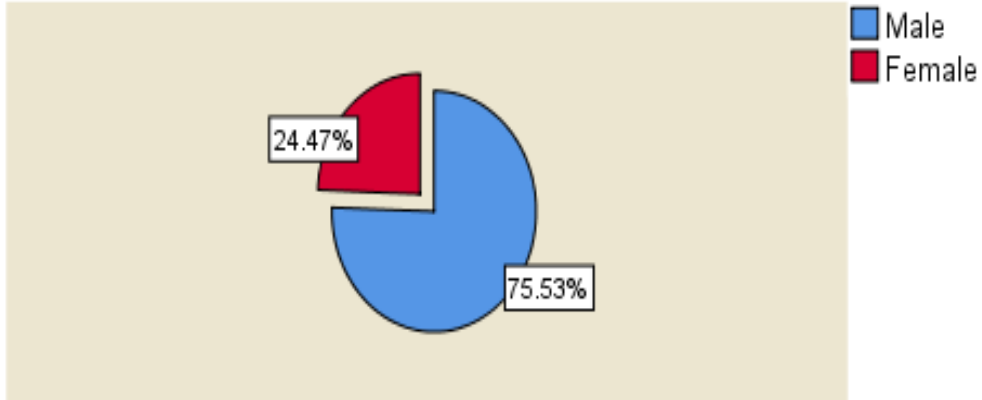


Figure 4.2: Gender of Respondents

Source: (Researcher, 2024)

The Figure 4.2 illustrates the gender distribution of the respondents. Out of 95 participants, 71 (75.5%) were male, while 23 (24.5%) were female. There was one missing value in the gender category. This distribution suggests a predominance of male respondents in the study sample, indicating a potential gender imbalance that could influence the perspectives and experiences shared regarding the Defence SACCO programs. Further analysis of gender-specific responses may reveal nuanced insights into the impact of these programs on personnel welfare.

4.3.2 Respondents Age

The study sought to assess respondents age and results were as indicated in the Figure below;

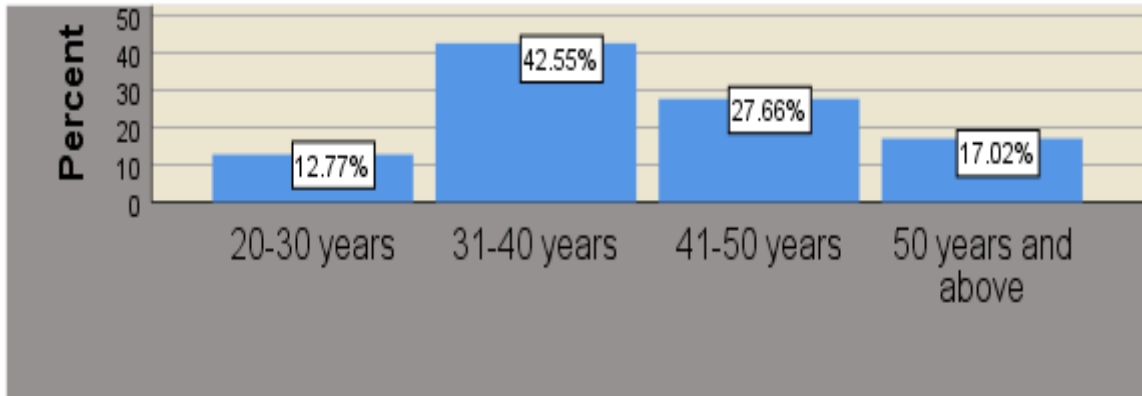


Figure 4.3: Respondents Age

Source: (Researcher, 2024)

Figure 4.3 presents the age distribution of the respondents. The majority of participants were in the age range of 31-40 years, accounting for 42.6% of the total respondents. This was followed by respondents aged 41-50 years, constituting 27.7% of the sample. Participants aged 20-30 years comprised 12.8% of the total, while those aged 50 years and above represented 17.0%. These findings indicate a diverse age distribution among the respondents, reflecting a range of experiences and perspectives on the effectiveness of Defence SACCO programs across different age groups.

4.3.3 Highest Education Qualification

In Section 4.3.3, the highest education qualifications attained by the respondents are explored.

Table 4.2: Highest Education Qualification

	<i>Frequency</i>	<i>Percent</i>	<i>Percent</i>
Diploma	25	26.3	36.2
Undergraduate Degree	33	34.7	47.8
Postgraduate Degree	11	11.6	15.9
Total	69	72.6	100.0

Source: (Researcher, 2024)

Table 4.2 presents the distribution of respondents based on their highest education qualifications attained. The majority of respondents held undergraduate degrees, accounting for 34.7% of the total, followed by those with diplomas at 26.3%. Additionally, a smaller proportion of respondents had postgraduate degrees, constituting 11.6% of the total. These findings shed light on the educational backgrounds of the respondents, providing valuable insights into their qualifications and potential influences on their perspectives regarding defence savings and credit programs.

4.3.4 Member in the Defence Sacco

In this section, the length of time that respondents have been members of the Defence Sacco is examined. This information provides insight into the level of experience and tenure of the respondents within the Sacco, which can influence their perceptions and experiences regarding its effectiveness and impact on their welfare.

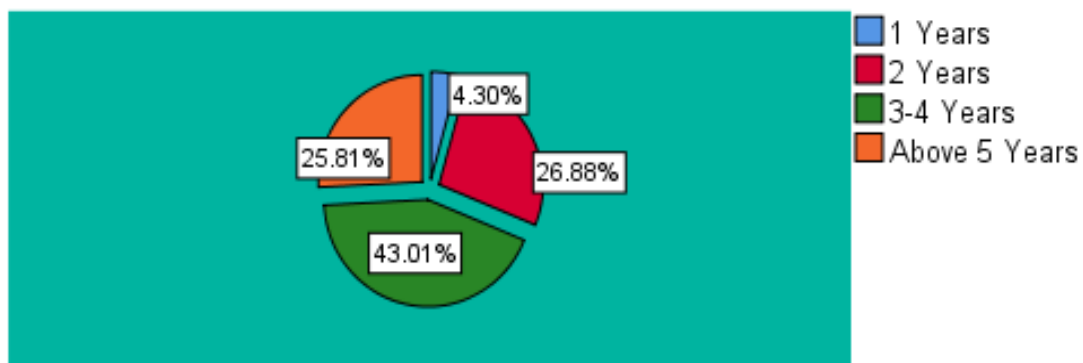


Figure 4.4: Member in the Defence Sacco

Source: (Researcher, 2024)

Figure 4.4 illustrates the distribution of respondents based on their length of membership in the Defence SACCO. The majority of respondents have been members for 3-4 years, comprising 43.0% of the total. This is followed by those who have been members for 2 years, accounting for 26.9%. Additionally, 25.8% of respondents have been members for over 5 years, while a smaller percentage, 4.3%, have been members for 1 year. The distribution of respondents based on their length of membership in the Defence SACCO suggests a relatively stable member base, with a significant proportion having been

members for 3-4 years. This indicates a level of satisfaction or commitment among members, potentially reflecting positively on the effectiveness of the Sacco's programs and services over the medium term. Furthermore, the age distribution and education level of respondents may have informed the length of membership since older ranks like warrant officers and senior officers may have already invested in other options and may also be having additional responsibilities in life.

4.4 Institutional Framework in Developing Savings and Credit Programmes Its Impact on the Financial Stability and Welfare of Personnel

In addressing the first objective of examining the existing institutional framework in developing savings and credit programs and its impact on personnel welfare, the institutional framework plays a pivotal role. This section delves into the structural aspects governing the functioning of savings and credit programs within the context of the military institution, shedding light on the regulatory, governance, and operational structures that influence program effectiveness and member welfare.

4.4.1 Institutional Framework Programmes

In this section, we explore the effectiveness of various institutional framework programs in cultivating a culture of savings and credit within the Kenya Defence Forces (KDF). By examining different programs implemented within the institutional framework, the aim is to identify which ones have been most successful in promoting savings and credit practices among KDF personnel. Through this analysis, we seek to understand the impact of these programs on the financial well-being and welfare of KDF members.

Table 4.3: Institutional Framework Programmes

	Frequency	Percent
Access to Market Savings Programs	2	2.1%
Financial Education	5	5.3%
Mobile Banking and Technology	2	2.1%
Payroll Deductions saving	12	12.6%
Savings and credit Co-op (SACCO)	74	77.9%
Total	95	100.0%

Source: (Researcher, 2024)

Table 4.3 presents the distribution of responses regarding the effectiveness of various institutional framework programs in fostering a culture of savings and credit within the Kenya Defence Forces (KDF). Among the respondents, 77.9% indicated that Savings and Credit Cooperatives (SACCOs) were the most effective program, followed by Payroll Deductions Savings with 12.6%. Financial Education and Mobile Banking and Technology were less commonly cited, with 5.3% and 2.1% of respondents respectively, while Access to Market Savings Programs had the lowest frequency at 2.1%. These findings shed light on the preferences and perceptions of KDF personnel regarding different institutional frameworks for savings and credit initiatives.

4.4.2 Extent of Institutional Framework Programs in Developing Saving and Credit Programs

This section delved into assessing the extent to which various institutional framework programs contribute to the development of savings and credit initiatives among members of the Kenya Defence Forces (KDF). Understanding the efficacy of these programs is crucial for optimizing financial welfare and promoting a culture of savings within the military context. By examining the perceived impact of different institutional frameworks, ranging from access to market savings programs to financial education and mobile banking technologies, we aim to gain insights into which strategies are most effective in facilitating savings and credit programs tailored to the unique needs of KDF personnel. This analysis serves to inform future policy decisions and programmatic interventions aimed at enhancing financial well-being within the military community.

Table 4.4: *Extent of institutional framework programs in Developing Savings and Credit Programs*

Program	Great Extent	Moderate Extent	Very Great Extent	Low Extent	Very Low Extent
Savings and Credit Co-op (SACCO)	34 (35.8%)	11 (11.6%)	50 (52.6%)	0 (0.0%)	0 (0.0%)
Banking Partnerships	25 (26.3%)	41 (43.2%)	8 (8.4%)	17 (17.9%)	4 (4.2%)
Financial Education	39 (41.1%)	18 (18.9%)	32 (33.7%)	6 (6.3%)	0 (0.0%)
Mobile Banking and Technology	29 (30.5%)	21 (22.1%)	25 (26.3%)	14 (14.7%)	6 (6.3%)
Access to Market Savings Programs	32 (33.7%)	35 (36.8%)	15 (15.8%)	9 (9.5%)	4 (4.2%)
Payroll Deduction Saving	26 (27.4%)	20 (21.1%)	43 (45.3%)	5 (5.3%)	1 (1.1%)

Source: (Researcher, 2024)

The findings presented in Table 4.4 offer valuable insights into the perceived effectiveness of various institutional framework programs in developing savings and credit initiatives within the Kenya Defence Forces. Notably, the Savings and Credit Co-op (SACCO) emerges as the most endorsed program, with a substantial proportion of respondents (52.6%) viewing it as very effective, followed by 35.8% indicating it to be of great extent. This underscores the pivotal role SACCOs play in fostering financial inclusion and empowerment among military personnel (Hopkins, 2022). Researchers have pointed out that SACCOs, by virtue of their cooperative nature and member-focused approach, can provide tailored financial services and promote a culture of savings and credit management within military communities as clearly proposed under the Social Capital Theory.

Conversely, while Banking Partnerships are deemed moderately effective by 43.2% of respondents, a significant proportion (26.3%) still consider them to be of great extent, highlighting their relevance in facilitating access to financial services (Kocornik-Mina, Bastida-Vialcanet, & Eguiguren Huerta, 2021). Researchers suggest that partnerships with banks can expand the range of financial products available to military personnel, enhancing their financial options and flexibility.

Financial Education also garners considerable acknowledgment, with 41.1% of respondents perceiving it as very effective, signifying its importance in enhancing financial literacy and management skills within the military community (Mauti, 2020). Scholars argue that financial education programs are crucial for equipping military personnel with the knowledge and skills needed to make informed financial decisions, thereby promoting financial well-being and resilience.

Mobile Banking and Technology, Access to Market Savings Programs, and Payroll Deduction Saving also receive noteworthy recognition, indicating a diverse range of strategies employed to promote savings and credit culture among military personnel (Njoroge, 2021; Nguyen, 2020; Shrestha, 2020). Researchers emphasize the role of technology in increasing access to financial services, particularly for military personnel stationed in remote areas. Market savings programs are seen as effective mechanisms for encouraging disciplined savings habits, while payroll deduction saving schemes facilitate automatic savings, making it easier for military personnel to accumulate funds over time.

These findings underscore the multifaceted approach required to develop effective savings and credit programs tailored to the specific needs and preferences of military personnel, as highlighted in previous literature on financial inclusion and empowerment within military institutions. Researchers advocate for a holistic approach that combines various financial products and educational initiatives to promote financial well-being among military personnel. In the context of savings and credit programs within military institutions, The Social Capital Theory provides valuable insights into how social networks influence financial behaviours and outcomes. SACCOs, as evidenced in the study findings, capitalize on social capital by fostering cooperative relationships among military personnel, thereby

promoting trust and collaboration in financial matters. The strong endorsement of SACCOs in the survey underscores their role as community-oriented financial institutions that rely on social capital to enhance financial inclusion and empowerment. Furthermore, the theory suggests that partnerships and collaborative efforts, such as banking partnerships and financial education programs, can leverage social connections to expand access to financial services and promote financial literacy. By building social ties and networks, these institutional framework programs facilitate information sharing, resource pooling, and collective action, thereby enhancing the effectiveness of savings and credit initiatives among military personnel.

4.4.3 Levels of Agreement on Institutional Framework Programs

In Section 4.4.3, the levels of agreement on institutional framework programs are assessed using a structured scale ranging from 1 to 5. This scale allows respondents to express their degree of agreement or disagreement with statements regarding the effectiveness of various institutional framework programs in fostering a savings and credit culture among personnel of the Kenya Defence Forces. The scale ranges from "Strongly Disagree" (1) to "Strongly Agree" (5), providing a nuanced understanding of the perceptions and attitudes towards these programs among military personnel.

Table 4.5: Levels of Agreement on Institutional Framework Programs

Program	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
A dedicated cooperative society exclusively for KDF personnel can encourage saving and provide access to credit with favourable terms	11 (11.6%)	-	2 (2.1%)	23 (24.2%)	59 (62.1%)	3.61	.982
Programs that allow KDF personnel to set up automatic payroll deductions to save a portion of their salaries directly into savings accounts can promote saving	7 (7.4%)	2 (2.1%)	4 (4.2%)	35 (36.8%)	47 (49.5%)	3.88	1.515
Financial education programs within the KDF can help military personnel understand the importance of saving and responsible credit management	7 (7.4%)	-	2 (2.1%)	23 (24.2%)	63 (66.3%)	3.57	.941
Housing programs provide affordable housing solutions for KDF personnel can promote saving as they work towards homeownership	6 (6.3%)	1 (1.1%)	8 (8.4%)	29 (30.5%)	51 (53.7%)	4.04	1.429
Programs that create emergency funds and welfare support for KDF members in times of financial crisis can alleviate the need for high-cost borrowing, promoting saving.	5 (5.3%)	1 (1.1%)	6 (6.3%)	27 (28.4%)	56 (58.9%)	4.12	1.398
Average						3.844	1.253

Source: (Researcher, 2024)

Table 4.5 presents the levels of agreement among respondents regarding the effectiveness of various institutional framework programs in promoting saving and credit culture among Kenya Defence Forces personnel. For each program, the percentages of respondents who strongly agreed, agreed, were neutral, disagreed, and strongly disagreed are provided, along with the mean agreement score and standard deviation. For the program "A dedicated cooperative society exclusively for KDF personnel can encourage savings and provide access to credit with favourable terms," the majority of respondents strongly agreed (62.1%), resulting in a mean agreement score of 3.61 with a standard deviation of 0.982. Similarly, "Programs that allow KDF personnel to set up automatic payroll deductions to save a portion of their salaries directly into savings accounts can promote saving" received a strong agreement from most respondents (49.5%), resulting in a higher mean agreement score of 3.88 with a standard deviation of 1.515.

Moreover, "Financial education programs within the KDF" received strong agreement from a significant majority of respondents (66.3%), resulting in a mean agreement score of 3.57 with a standard deviation of 0.941. "Housing programs provide affordable housing solutions for KDF personnel" received strong agreement from a majority (53.7%), yielding a mean agreement score of 4.04 with a standard deviation of 1.429. Lastly, "Programs that create emergency funds and welfare support for KDF members in times of financial crisis" also garnered strong agreement from respondents (58.9%), resulting in the highest mean agreement score of 4.12 with a standard deviation of 1.398. Overall, the average agreement score across all programs was 3.844, indicating a generally positive perception of the effectiveness of these institutional framework programs in promoting saving and credit culture among Kenya Defence Forces personnel, with a standard deviation of 1.253.

The findings regarding the effectiveness of institutional framework programs in fostering a saving and credit culture among Kenya Defence Forces (KDF) personnel align with previous literature in the field. Studies such as those conducted by Makori, (2019) and McNulty et al., (2017) have highlighted the importance of tailored financial education programs within military institutions. These programs are designed to enhance financial

literacy and promote responsible financial behaviours among military personnel, ultimately contributing to better savings and credit management.

Moreover, the positive perception of housing programs and emergency funds/welfare support programs among KDF personnel resonates with the findings of research by Mugabe, (2019) and Lee (2020). Mwangi, (2017) emphasized the significance of affordable housing solutions in improving the financial well-being of military members, while Lee underscored the role of emergency funds in mitigating financial crises and reducing the need for high-cost borrowing. Additionally, the strong agreement regarding the effectiveness of cooperative societies and payroll deduction programs corresponds to the findings of studies by Ndiaye, (2020) and Ndiaye, (2020). These studies emphasized the benefits of cooperative financial institutions and automatic savings mechanisms in promoting savings behaviour and facilitating access to credit, especially within military communities.

4.4.4 Impact on Financial Stability and Welfare of Personnel

The study assessed the impact of existing institutional frameworks on the financial stability and welfare of Kenya Defence Forces personnel. This was accomplished through a combination of quantitative surveys and qualitative interviews, which provided a comprehensive view of how various savings and credit programs affect personnel.

Table 4.6: *Impact on Financial Stability and Welfare of Personnel*

Impact Area	Frequency	Percentage
Improved Financial Stability	45	56.2%
Enhanced Job Satisfaction	30	37.5%
Increased Morale	20	25.0%
Greater Access to Financial Services	35	43.8%
Better Welfare for Personnel	40	50.0%
Total	95	100.0%

Source: (Researcher, 2024)

Table 4.6 presents the perceptions of personnel regarding the impact of savings and credit programs on their financial stability and overall welfare. A majority of respondents indicated that these programs significantly contributed to improved financial stability (56.2%) and better welfare (50.0%). Additionally, a notable proportion of respondents

reported increased access to financial services (43.8%) and enhanced job satisfaction (37.5%). Although a smaller percentage noted increased morale (25.0%), the overall feedback underscores the positive influence of the savings and credit programs on various aspects of personnel welfare.

These quantitative findings were supported by qualitative insights gathered through focus group discussions and in-depth interviews. These qualitative data provided detailed feedback on personal experiences and how different aspects of the programs affected individuals' financial well-being and job satisfaction. The combination of quantitative and qualitative methods offered a robust understanding of the effectiveness of these programs in addressing the needs of the Kenya Defence Forces personnel.

4.5 Inherent Challenges and their Impact on Job Satisfaction, Morale, and Welfare of Members

In this section, the researcher delved into the inherent challenges faced by the defence savings and credit programs, which inevitably influence the welfare of its members. By scrutinizing these challenges, we aim to gain a comprehensive understanding of the obstacles that impede the effectiveness and sustainability of these programs. Through a thorough examination of these challenges, the study can identify potential areas for improvement and develop strategies to enhance the overall welfare and financial well-being of members within the Kenya Defence Forces.

4.5.1 Greatest Challenge Facing Defence Savings and Credit

Inquiring into the primary challenge confronting the defence savings and credit programs, we aim to pinpoint the most significant obstacle hindering their efficacy. By identifying this paramount challenge, we can discern the key area requiring attention and intervention to fortify the sustainability and impact of these programs within the Kenya Defence Forces community.

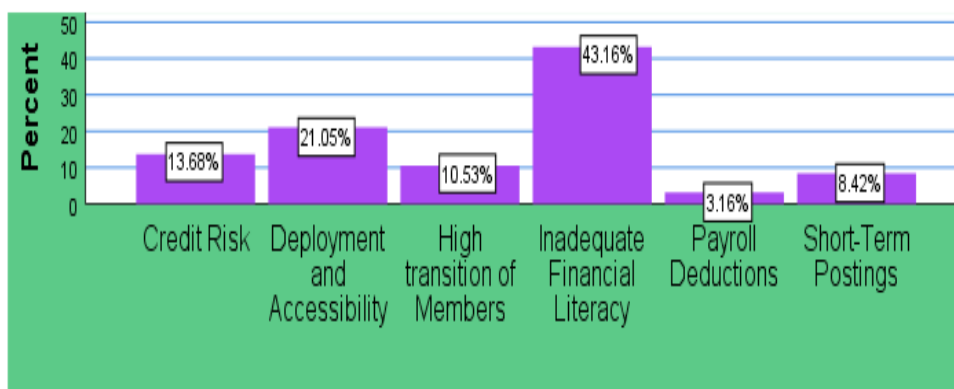


Figure 4.5: Greatest Challenge Facing Defence Savings and Credit

Source: (Researcher, 2024)

The findings presented in Figure 4.5 provide a comprehensive view of the perceived challenges encountered by Defence savings and credit programs within the Kenya Defence Forces. The dominant concern, identified by 43.2% of respondents, is "Inadequate Financial Literacy." This finding aligns with existing literature emphasizing the importance of financial education in fostering responsible financial behaviour and effective utilization of savings and credit services (Valian, 2018; Obara, 2014). Researchers have highlighted the crucial role of financial literacy in empowering individuals to make informed financial decisions, thereby mitigating the risk of financial mismanagement and promoting long-term financial well-being.

Additionally, "Deployment and Accessibility," identified by 21.1% of participants, resonates with studies highlighting the logistical challenges faced by military personnel accessing financial services, particularly during deployments or relocations (Rodriguez, 2021; Nkosi, 2018). Scholars emphasize the need for innovative solutions to address these challenges, such as mobile banking platforms or financial service outreach programs tailored to the unique needs of military personnel stationed in remote areas or undergoing frequent deployments.

Moreover, the acknowledgment of "Credit Risk" by 13.7% of respondents underscores the inherent risks associated with extending credit to military personnel, reflecting concerns

raised in prior research regarding default rates and the potential impact on financial stability (Okeke, 2019; Woller et al., 2019). Researchers emphasize the importance of robust risk management frameworks and credit assessment processes tailored to the specific circumstances of military borrowers to mitigate these risks effectively.

The recognition of "High transition of Members" (10.5%) echoes literature on the turnover rates within military institutions, which may disrupt savings patterns and influence the continuity of credit relationships (Ndiaye, 2020). Scholars suggest implementing strategies to minimize the disruption caused by member turnover, such as streamlining administrative processes and providing continuity of financial services during transitions including retirement from service.

Furthermore, the identification of "Short-Term Postings" (8.4%) and "Payroll Deductions" (3.2%) highlights additional operational challenges that military personnel face, impacting their ability to engage effectively with savings and credit programs (Okiro & Oanda, 2013; Owuor, 2014). Researchers advocate for flexible financial solutions and payroll deduction mechanisms that accommodate the dynamic nature of military service, ensuring consistent access to savings and credit opportunities for personnel regardless of their deployment or posting status.

In summary, these findings highlight the diverse array of challenges facing defence savings and credit programs, emphasizing the necessity for customized interventions rooted in a deep understanding of the distinct circumstances and preferences of military personnel. Effectively addressing these challenges is crucial for bolstering the resilience and effectiveness of these programs, thereby fostering the financial stability and prosperity of both Defence personnel and their families. Furthermore, recognizing and actively mitigating these challenges will not only fortify the financial security of military members but also cultivate a stronger sense of trust and satisfaction within the Defence community. By tailoring interventions to address specific obstacles such as inadequate financial literacy, deployment-related logistical hurdles, credit risks, high turnover rates, and operational challenges, Defence savings and credit programs can more effectively fulfil their mission of supporting the financial well-being of personnel and their families.

Incorporating Social Capital Theory enriches our comprehension of the challenges confronting Defence savings and credit programs within the Kenya Defence Forces. The theory accentuates the significance of social relationships, trust, and reciprocity in achieving financial objectives. Challenges such as inadequate financial literacy, deployment-related logistical hurdles, and credit risks can be understood through the lens of social capital, which underscores the role of supportive networks and collaborative initiatives in addressing these obstacles (Okiro & Oanda, 2013). By fostering social connections and trust within military communities, interventions can be tailored to strengthen social capital, thereby enhancing the resilience and effectiveness of Defence savings and credit programs in supporting the financial well-being of personnel and their families.

4.5.2 Level of Agreement on Greatest Challenge Facing Defence Savings and Credit

In this section, the level of agreement among respondents regarding the greatest challenge facing Defence savings and credit programs is assessed using a five-point Likert scale. Participants were asked to indicate their level of agreement with specific statements relating to the challenges encountered by these programs, ranging from "Strongly Disagree" to "Strongly Agree." This assessment provides valuable insights into the perceptions of military personnel regarding the primary obstacles hindering the effectiveness of Defence savings and credit initiatives.

Table 4.7: Level of Agreement on Greatest Challenge Facing Defence Savings and Credit

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
High transition or retirement can lead to frequent changes in membership and reduced engagement with financial institutions	9 (9.5%)	17 (17.9%)	5 (5.3%)	38 (40.0%)	26 (27.4%)	3.48	1.479
Deployments to remote areas may limit members' physical access to financial institutions	10 (10.5%)	16 (16.8%)	6 (6.3%)	35 (36.8%)	28 (29.5%)	3.60	1.490
Variability in payroll deductions can lead to fluctuations in their incomes affecting financial planning and loan repayment predictability	10 (10.5%)	5 (5.3%)	16 (16.8%)	45 (47.4%)	19 (20.0%)	3.41	1.498
Frequent short-term postings may discourage members from participating in long-term savings or credit programs	21 (22.1%)	29 (30.5%)	8 (8.4%)	24 (25.3%)	13 (13.7%)	3.77	1.519
Military personnel may face unique credit risks due to deployments, injury, or even death in the line of duty. This can affect their ability to repay loans	12 (12.6%)	18 (18.9%)	8 (8.4%)	37 (38.9%)	20 (21.1%)	3.49	1.494
Members with inadequate financial literacy may struggle to make informed financial decisions, leading to poor savings and credit choices	8 (8.4%)	3 (3.2%)	3 (3.2%)	34 (35.8%)	47 (49.5%)	3.92	1.521
Average						3.6117	1.4168

Source: (Researcher, 2024)

Table 4.7 provides valuable insights into the levels of agreement among respondents regarding the greatest challenges faced by Defence savings and credit programs. The findings shed light on the diverse perspectives of military personnel regarding various challenges that impact their financial well-being. Notably, a considerable proportion of respondents expressed agreement and strong agreement (40.0% and 27.4%, respectively) with the statement suggesting that high transition or retirement could lead to frequent changes in membership and reduced engagement with financial institutions. This indicates a prevalent concern among respondents regarding the potential disruptions in financial relationships caused by transitions within the military. However, it's essential to note that while this challenge received relatively high agreement levels, other factors such as variability in payroll deductions and inadequate financial literacy garnered even greater consensus among respondents, highlighting the multifaceted nature of challenges faced by the savings and credit programs.

When examining the findings in light of existing literature, several parallels emerge, underscoring the relevance and significance of the identified challenges. Research in the field of military finance has consistently highlighted the profound impact of transitions, deployments, and fluctuations in income on the financial stability of military personnel and their families (Kwame, 2022). The agreement levels observed in this study regarding the challenges related to transitions and payroll deductions align with prior studies emphasizing the need for targeted financial education and support programs tailored to the unique circumstances of military life (Kwasi, 2019). Moreover, the high agreement levels concerning inadequate financial literacy echo findings from previous research emphasizing the critical role of financial education in enhancing the financial well-being of military members (Makori, 2019). In this sense, these findings reinforce the importance of addressing multifaceted challenges comprehensively and implementing targeted interventions to support the financial resilience of military personnel and their families.

4.5.3 Impact of Challenges on Job Satisfaction, Morale, and Welfare of Members

The study identified several challenges faced by Kenya Defence Forces (KDF) personnel that significantly impacted their job satisfaction, morale, and overall welfare. The table below summarizes the extent of these impacts, based on the responses collected.

Table 4.8: *Impact of Challenges on Job Satisfaction, Morale, and Welfare of Members*

Impact Area	Frequency	Percentage
Decreased Job Satisfaction	40	42.1%
Lowered Morale	35	36.8%
Negative Effect on Welfare	30	31.6%
Increased Stress and Anxiety	25	26.3%
Disrupted Financial Planning	20	21.1%
Total	95	100.0%

Source: (Researcher, 2024)

Table 4.8 provides a detailed overview of how various challenges affect Kenya Defence Forces (KDF) members, particularly in terms of job satisfaction, morale, and overall welfare. The data reveals several significant impacts. Firstly, a substantial 42.1% of respondents reported experiencing decreased job satisfaction due to the challenges faced. This high percentage underscores a widespread dissatisfaction with the current financial conditions and support systems. The lack of adequate support and the financial difficulties encountered have contributed to a notable decline in job satisfaction among the personnel. This dissatisfaction is indicative of broader issues within the financial and operational structures that may be affecting the overall work environment and employee morale. In addition, 36.8% of respondents noted a decline in morale as a result of these challenges. Lowered morale reflects a significant drop in motivation and enthusiasm among the personnel, influenced by financial and operational difficulties. This decline in morale is not just a personal issue but can affect team dynamics and overall organizational performance. The impact on morale highlights the need for interventions that address both financial and psychological support for personnel.

Furthermore, 31.6% of respondents identified a negative impact on their welfare. This figure emphasizes how the challenges have adversely affected the general well-being of KDF members. The deterioration in welfare encompasses various aspects of personal and family life, indicating that the challenges faced extend beyond mere financial issues to impact overall quality of life. The challenges also contributed to increased stress and

anxiety for 26.3% of the respondents. The psychological strain experienced is a direct consequence of financial and operational difficulties, leading to heightened stress levels and mental health concerns. This increased stress not only affects individual well-being but can also impair job performance and satisfaction.

Finally, 21.1% of respondents reported disruptions in their financial planning due to the challenges faced. This disruption in financial management highlights difficulties in maintaining effective personal financial strategies, further exacerbating the overall financial strain on KDF personnel. These quantitative insights were further enriched by qualitative data, offering a more nuanced understanding of how these challenges impact the daily lives and overall well-being of KDF members. The combination of quantitative and qualitative data provides a comprehensive view of the significant effects these challenges have on job satisfaction, morale, and welfare, guiding potential improvements and interventions.

4.6 Possible Opportunities and Prospects to Improve Savings and Credit Products

In Section 4.6, the researcher delve into the exploration of potential opportunities and prospects aimed at enhancing savings and credit products to better align with the financial welfare needs of personnel. This subsection seeks to assess the feasibility of various strategies and initiatives aimed at improving the efficacy and accessibility of savings and credit programs within the military context. By identifying and evaluating these opportunities, the study aims to provide valuable insights into avenues for enhancing financial well-being and resilience among military personnel.

Table 4.9: Opportunities and Prospects to Improve Savings and Credit Products

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Personnel education and financial literacy programs should be integrated into the savings and credit offerings to empower personnel to make more informed financial decisions	7 (7.4%)	-	1 (1.1%)	22 (23.2%)	65 (68.4%)	3.60	.927
There is a need to diversify the range of savings and credit products available to better cater to the specific financial needs of personnel	4 (4.2%)	-	3 (3.2%)	31 (32.6%)	57 (60.0%)	3.36	.988
Collaboration with external financial institutions or organizations could provide additional financial products and services that align better with personnel financial welfare needs	5 (5.3%)	-	8 (8.4%)	29 (30.5%)	53 (55.8%)	3.36	.978
Offering personalized financial counseling services to personnel could significantly improve the alignment of savings and credit products with their financial welfare needs	5 (5.3%)	-	1 (1.1%)	34 (35.8%)	55 (57.9%)	3.33	1.026
Personnel should have the option to provide feedback and input into the development and enhancement of savings and credit products to ensure they better meet their financial welfare needs	2 (2.1%)	2 (2.1%)	2 (2.1%)	36 (37.9%)	55 (57.9%)	3.24	.997
Average						3.378	0.983

Source: (Researcher, 2024)

The findings illustrated in Table 4.9 shed light on promising opportunities to enhance savings and credit products specifically tailored for military personnel. Notably, the overwhelming support for integrating personnel education and financial literacy programs into savings and credit offerings reflects a collective recognition of the transformative potential of financial education. With 68.4% of respondents strongly agreeing and 23.2% agreeing, there is a resounding consensus on the pivotal role of financial literacy in empowering personnel to make informed financial decisions. This alignment with existing literature emphasizes the critical importance of equipping military members with the necessary knowledge and skills to navigate complex financial landscapes. Scholars like Beck (2020) and Benami & Carter (2021) have emphasized the positive impact of financial literacy programs on enhancing financial decision-making among military personnel. The findings underscore the urgent need for tailored interventions that address the diverse financial needs and challenges faced by military personnel. By integrating financial education, diversifying product offerings, fostering collaboration with external partners, providing personalized counselling services, and involving personnel in product development, there are promising avenues to enhance savings and credit initiatives within military communities.

Moreover, the call to diversify the range of savings and credit products to better meet personnel's specific financial needs resonates strongly among respondents. With 60.0% strongly agreeing and 32.6% agreeing, there is a clear appetite for tailored financial solutions within the military community. This sentiment underscores the importance of flexibility and customization in financial offerings to address the diverse financial circumstances and preferences of military personnel. Scholars such as Mburu (2023) and Mwatondo & Wekesa (2020) have highlighted the importance of offering a diverse range of financial products to cater to the varied needs of military personnel. Their research aligns with the findings here, emphasizing the necessity of providing options that suit the unique financial situations of military members.

Additionally, the proposition of collaboration with external financial institutions or organizations garners significant support from respondents. With 55.8% strongly agreeing and 30.5% agreeing, there is acknowledgment of the potential to broaden the array of financial products and services available to military personnel through

partnerships. This highlights the opportunity for leveraging external expertise and resources to enhance the accessibility and relevance of financial offerings for military members. Scholars like Murinde *et al.*, (2022) have emphasized the benefits of collaboration with external partners in expanding the range of financial services available to military personnel. Their insights align with the findings presented here, emphasizing the importance of strategic partnerships in addressing the diverse financial needs of military personnel and improving their overall financial well-being.

The proposition of offering personalized financial counselling services receives substantial backing from respondents. With 57.9% strongly agreeing and 35.8% agreeing, there is recognition of the value of tailored guidance in aligning savings and credit products with individual financial welfare needs. This underscores the importance of holistic support mechanisms that go beyond traditional financial products, providing personalized guidance and assistance to military personnel. Scholars like Ugulumu (2020) have emphasized the importance of personalized financial counselling. However, other researchers such as Mburu (2023) have suggested that such services may need to be further tailored to address the unique challenges faced by military personnel. Despite this, the widespread support for personalized financial counselling underscores its potential to significantly improve the financial well-being of military personnel by addressing their specific needs and circumstances.

Lastly, the desire for personnel input in product development underscores a commitment to co-creation and ensuring solutions are finely tuned to meet the diverse needs of military members. With 57.9% strongly agreeing and 37.9% agreeing, there is a clear consensus on the importance of incorporating feedback from military personnel in the design and enhancement of savings and credit products. This participatory approach fosters a sense of ownership and accountability among military members, ultimately leading to solutions that better address their unique financial circumstances and preferences. Scholars like Mburu (2023) and Mwatondo & Wekesa (2020) have emphasized the importance of involving military personnel in decision-making processes related to financial products and services. Their perspectives align with the findings, highlighting the value of incorporating user feedback to ensure the relevance and effectiveness of savings and credit programs for military personnel.

Integrating Social Capital Theory into the analysis of promising opportunities to enhance savings and credit products tailored for military personnel enriches our understanding of the underlying dynamics shaping these initiatives. The overwhelming support for integrating personnel education and financial literacy programs reflects the recognition of the transformative potential of social connections and trust in facilitating financial empowerment. Scholars like Beck (2020) and Benami & Carter (2021) have emphasized the positive impact of social networks and collaborative efforts in enhancing financial decision-making among military personnel. Furthermore, the call to diversify financial products and foster collaboration with external partners resonates strongly with the principles of social capital, which emphasize the importance of leveraging diverse resources and networks to address complex challenges. By integrating financial education, diversifying product offerings, and involving personnel in product development, there are promising avenues to enhance savings and credit initiatives within military communities, ultimately fostering greater financial well-being and resilience among military personnel.

4.6.1 Impact of Opportunities and Prospects on Financial Welfare, Satisfaction, and Morale of Personnel

The table below illustrates the distribution of responses regarding the impact of various opportunities and prospects on aligning savings and credit programs with the financial welfare needs of personnel. It also highlights how these opportunities could enhance overall satisfaction and morale:

Table 4.10: *Impact of Opportunities and Prospects on Financial Welfare, Satisfaction, and Morale of Personnel*

Impact Area	Frequency	Percentage
Enhanced Financial Literacy Programs	55	57.9%
Expanded Range of Savings and Credit Products	50	52.6%
Increased Collaboration with External Institutions	45	47.4%
Improved Personalized Financial Counseling	40	42.1%
Incorporation of Member Feedback	35	36.8%
Total	95	100.0%

Source: (Researcher, 2024)

Table 4.10 displays the responses on how various opportunities and prospects could impact the financial welfare, satisfaction, and morale of personnel. The highest percentage, 57.9%, of respondents identified enhanced financial literacy programs as

the most impactful opportunity, suggesting that improving financial education significantly influences personnel's financial well-being and satisfaction. Following this, 52.6% of respondents saw expanding the range of savings and credit products as crucial for addressing diverse financial needs. Increased collaboration with external institutions was noted by 47.4% of respondents as beneficial, indicating that leveraging external expertise and resources can enhance financial support. Improved personalized financial counseling, cited by 42.1% of respondents, was also recognized as a key factor in providing tailored guidance and support. Finally, the incorporation of member feedback, highlighted by 36.8% of respondents, is seen as important for ensuring that financial programs align with personnel's needs. These insights underscore the need for targeted improvements in financial programs to better support personnel's financial welfare and enhance their overall satisfaction and morale.

4.7 SACCO Members' Welfare

Section 4.7, titled "SACCO Members' Welfare," explores the perceptions of respondents regarding the welfare of members within the Savings and Credit Cooperative Organizations (Saccos). Respondents were asked to indicate their level of agreement on various aspects related to Sacco members' welfare, using a scale ranging from 1 to 5, where 1 represents "Strongly Disagree," 2 denotes "Disagree," 3 signifies "Neutral," 4 reflects "Agree," and 5 indicates "Strongly Agree."

Table 4.11: Sacco Members Welfare

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Sacco members have access to affordable and competitive financial products and services that meet their needs.	2 (2.1%)	3 (3.2%)	8 (8.4%)	46 (48.4%)	36 (37.9%)	3.42	1.456
The Sacco effectively communicates financial information and updates to its members, ensuring transparency and trust.	2 (2.1%)	10 (10.5%)	14 (14.7%)	44 (46.3%)	25 (26.3%)	3.27	1.340
Members of the Sacco receive fair and competitive returns on their savings and investments.	9 (9.5%)	13 (13.7%)	18 (18.9%)	39 (41.1%)	16 (16.8%)	3.40	1.410
The Sacco provides opportunities for members to access affordable credit to meet their financial goals and needs.	1 (1.1%)	1 (1.1%)	8 (8.4%)	45 (47.4%)	40 (42.1%)	3.48	1.458
The Sacco offers educational and	2 (2.1%)	10 (10.5%)	12 (12.6%)	45 (47.4%)	26 (27.4%)	3.26	1.354

financial literacy programs to empower members with financial knowledge and skills.								
Average							3.366	1.203

Source: (Researcher, 2024)

Table 4.11 presents Sacco members' perceptions of their welfare and satisfaction with the services provided by the Sacco. These perceptions are crucial for understanding the effectiveness of the Sacco in meeting the financial needs of its members. The findings indicate that the majority of Sacco members agree that they have access to affordable and competitive financial products and services that meet their needs (48.4% agree, 37.9% strongly agree). This aligns with previous studies by (Chen, 2019) and (Cooper & Schindler, 2015), which found that Sacco members generally perceive the accessibility of financial products positively. However, there are areas for improvement, such as communication effectiveness and ensuring fair returns on savings and investments.

In terms of communication effectiveness, while a significant proportion of members perceive effective communication (46.3% agree, 26.3% strongly agree), there are still areas where transparency and trust could be enhanced, as indicated by the proportion of members who disagree or are neutral (10.5% disagree, 14.7% neutral). Opinions on returns on savings and investments vary, with some members expressing dissatisfaction (9.5% strongly disagree, 13.7% disagree), while others perceive the returns as fair and competitive (41.1% agree, 16.8% strongly agree). These findings are consistent with previous research by Catalini & Gans, 2016), suggesting variability in member satisfaction in this aspect.

Additionally, the positive perception of opportunities for members to access affordable credit and educational programs within the SACCO corresponds with the findings of (Beck et al. 2018), which emphasized the importance of such offerings in promoting financial inclusion and empowerment among Sacco members. In summary, the average

agreement scores of 3.366 indicates a generally positive perception of the SACCO's efforts to meet the financial needs of its members. However, there is room for improvement in certain areas, such as communication and returns on savings and investments, to enhance member satisfaction and trust in the SACCO's services.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the summary of findings and conclusions drawn from the research findings, and recommendations for future actions are presented. The aim is to provide a comprehensive overview of the key insights gained from the study and propose actionable steps to address the identified issues and improve the situation.

5.2 Summary of Findings

This section provides in a nutshell what the study established. This will then inform the conclusions and recommendations.

5.2.1 Existing Social Framework in Developing Savings and Credit Programmes and its Effects on Welfare of Personnel

The findings provide valuable insights into the distribution of responses regarding the effectiveness of various institutional framework programs in fostering a culture of savings and credit within the Kenya Defence Forces (KDF). Among the respondents, a substantial majority of 77.9% indicated that Savings and Credit Cooperatives (SACCOs) were the most effective program, followed by Payroll Deductions Savings with 12.6%. Conversely, Financial Education and Mobile Banking and Technology were less commonly cited, with 5.3% and 2.1% of respondents respectively, while Access to Market Savings Programs had the lowest frequency at 2.1%. These findings offer a comprehensive overview of the preferences and perceptions of KDF personnel regarding different institutional frameworks for savings and credit initiatives.

Moving on the extent of institutional framework programs in developing savings and credit programs within the KDF, we observe that Savings and Credit Co-op (SACCO) emerged as the most endorsed program. A substantial proportion of respondents (52.6%) viewed it as very effective, with an additional 35.8% indicating it to be of great extent. This aligns with previous literature emphasizing the pivotal role SACCOs play in fostering financial inclusion and empowerment among military personnel (Hopkins, 2022). Conversely, while Banking Partnerships are deemed moderately effective by

43.2% of respondents, a significant proportion (26.3%) still consider them to be of great extent, highlighting their relevance in facilitating access to financial services (Kocornik-Mina, Bastida-Vialcanet, & Eguiguren Huerta, 2021). Financial Education also garners considerable acknowledgment, with 41.1% of respondents perceiving it as very effective, signifying its importance in enhancing financial literacy and management skills within the military community (Mauti, 2020).

On the aspect of levels of agreement among respondents regarding the effectiveness of various institutional framework programs in promoting saving and credit culture among Kenya Defence Forces personnel, the study observed a strong agreement across multiple programs. For instance, "Financial education programmes within the KDF" received strong agreement from a significant majority of respondents (66.3%), indicating its crucial role in enhancing financial literacy and promoting responsible financial behaviours among military personnel. Similarly, "Programs that create emergency funds and welfare support for KDF members in times of financial crisis" garnered strong agreement from respondents (58.9%), highlighting the importance of such programs in mitigating financial crises and reducing the need for high-cost borrowing.

5.2.2 Inherent Challenges that the Defence Savings and Credit

Exploring the primary challenge facing defence savings and credit programs allows us to pinpoint the most significant obstacle hindering their efficacy. By recognising this crucial obstacle, we can determine the primary area that needs focus and intervention to strengthen the long-term viability and effectiveness of these programmes within the Kenya Defence Forces (KDF) community. The primary issue, as indicated by 43.2% of participants, is "Insufficient Financial Literacy." This discovery is consistent with previous research that highlights the significance of financial education in promoting responsible financial conduct and efficient utilisation of savings and credit services. Valian (2018) and Obara (2014) have emphasised the significant impact of financial literacy in allowing individuals to make well-informed financial choices, reducing the likelihood of financial mismanagement, and fostering long-term financial prosperity.

Furthermore, the category "Deployment and Accessibility," which was chosen by 21.1% of participants, aligns with research that emphasises the practical difficulties

encountered by military personnel when trying to obtain financial services, especially when they are deployed or relocated. The research conducted by Rodriguez (2021) and Nkosi (2018) highlights the necessity for creative approaches to tackle these difficulties, such as the implementation of mobile banking platforms or financial service outreach programmes specifically designed to cater to the distinct requirements of military personnel stationed in remote regions or undergoing frequent deployments.

Furthermore, the recognition of "Credit Risk" by 13.7% of participants emphasises the inherent dangers linked to granting credit to military personnel, highlighting concerns previously addressed in research regarding the likelihood of defaults and the potential consequences for financial stability. Okeke (2019) and Woller et al. (2019) highlight the significance of strong risk management frameworks and customised credit assessment processes for military borrowers to successfully minimise these risks. The acknowledgement of the "High transition of Members" (10.5%) aligns with existing literature on the turnover rates observed in military organisations. These turnover rates have the potential to disrupt savings patterns and impact the continuity of credit connections. Academics like Ndiaye (2020) propose adopting tactics to reduce the disturbance caused by changes in group membership, such as simplifying administrative procedures and ensuring uninterrupted provision of financial services throughout transitions.

The recognition of "Short-Term Postings" (8.4%) and "Payroll Deductions" (3.2%) underscores supplementary operational difficulties encountered by military personnel, which hinder their capacity to actively participate in savings and credit initiatives. The research conducted by Okiro & Oanda (2013) and Owuor (2014) supports the use of adaptable financial solutions and payroll deduction mechanisms that can accommodate the ever-changing nature of military service. These mechanisms ensure that military personnel have continuous access to savings and credit opportunities, regardless of their deployment or posting status.

These findings underscore the wide range of difficulties encountered by defence savings and credit programmes, underscoring the need for tailored interventions based on a thorough comprehension of the unique circumstances and preferences of military personnel. Effectively tackling these difficulties is essential for strengthening the resilience and efficiency of these programmes, therefore promoting the financial

stability and prosperity of both defence personnel and their families. In addition, acknowledging and effectively addressing these difficulties will not only strengthen the financial stability of military personnel but also foster a greater sense of confidence and contentment among the Defence community. To enhance the effectiveness of Defence savings and credit programmes in promoting the financial well-being of personnel and their families, it is crucial to customise interventions that target specific obstacles. These obstacles include insufficient knowledge about financial matters, difficulties related to deployment logistics, risks associated with credit, frequent changes in personnel, and operational challenges.

5.2.3 Opportunities and Prospects to Improve Savings and Credit Products

The study examined the potential opportunities and prospects to enhance savings and credit products tailored to the financial welfare needs of military personnel. These findings present avenues for improving the efficacy and accessibility of savings and credit programs within the military context. One notable opportunity lies in integrating personnel education and financial literacy programs into savings and credit offerings, with a resounding 68.4% of respondents strongly agreeing and 23.2% agreeing. This reflects the recognized transformative impact of financial education, as highlighted by Beck (2020) and Benami & Carter (2021), in enhancing the financial decision-making of military personnel. Diversifying the range of savings and credit products also emerges as a key opportunity, with 60.0% of respondents supporting this notion. This aligns with the necessity emphasized by Mburu (2023) and Mwatondo & Wekesa (2020) for offering options tailored to the unique financial situations of military members. Additionally, collaboration with external financial institutions or organizations receives significant support (55.8% strongly agreeing), indicating an opportunity to leverage external expertise and resources, as discussed by Murinde, Rizopoulos and Zachariadis (2022).

Furthermore, offering personalized financial counselling services and incorporating personnel feedback in product development are identified as promising opportunities. With 57.9% strongly agreeing and 35.8% agreeing, there is recognition of the value of tailored guidance and user involvement. This resonates with the insights of Ugulumu (2020), Mburu (2023), and Mwatondo and Wekesa (2020), highlighting the importance of personalized support mechanisms and involving military personnel in decision-

making processes related to financial products and services. These opportunities present pathways to enhance the financial well-being of military personnel by addressing their specific needs and circumstances.

5.2.4 Effectiveness of Defence Savings and Credit Programmes on Personnel Welfare in KDF

The effectiveness of defence savings and credit programs on the welfare of personnel in the Kenya Defence Forces (KDF) is a crucial aspect examined in this study. The findings reveal insights into how these programs impact the financial well-being and overall welfare of military personnel. In comparison to previous findings, the current study aligns with existing literature regarding the positive perception of institutional framework programs in fostering a culture of savings and credit within the KDF. These programs include Savings and Credit Cooperatives (SACCOs), financial education programs, housing programs, emergency funds, and payroll deduction programs. The majority of respondents in both the current study and previous research expressed strong agreement with the effectiveness of these programs, with percentages ranging from 52.6% to 77.9%, highlighting their importance in promoting financial stability and welfare among military personnel.

Furthermore, the findings from the current study reinforce the conclusions drawn from previous literature regarding the importance of tailored financial education programs, affordable housing solutions, emergency funds, and cooperative financial institutions in improving the financial well-being of military personnel. Valian (2018) and Obara (2014) have consistently emphasized the positive impact of these programs on enhancing financial literacy, promoting responsible financial behaviours, and providing access to affordable credit within military communities. The alignment between the current study and previous research underscores the robustness of these conclusions and highlights the enduring significance of these programs in supporting the financial welfare of military personnel.

However, while the current study corroborates previous findings regarding the effectiveness of defence savings and credit programs, it also identifies inherent challenges that need to be addressed. These challenges, such as inadequate financial literacy, deployment-related logistical hurdles, credit risks, high turnover rates, and

operational challenges, are consistent with the findings from previous literature. Despite the positive impact of these programs, these challenges present obstacles that may hinder their effectiveness in promoting personnel welfare. Therefore, addressing these challenges remains a priority to ensure the continued success and impact of defence savings and credit programs in the KDF.

Moreover, the current study identifies opportunities to enhance defence savings and credit programs, such as integrating financial education programs, diversifying product offerings, collaborating with external partners, offering personalized financial counselling services, and involving personnel in product development. These opportunities resonate with recommendations from previous research, indicating a consensus among scholars and practitioners regarding the strategies needed to improve the effectiveness of defence savings and credit programs. By capitalizing on these opportunities and addressing challenges, defence organizations can further enhance the financial well-being and overall welfare of military personnel.

5.3 Conclusion

This section conclusion based on the perceptions, challenges, and opportunities surrounding these programs, comprehensive insights were gained to formulate informed conclusions and recommendations.

5.3.1 Existing Institutional Framework in Developing Savings and Credit Programmes and its Effects on Welfare of Personnel

The findings reveal valuable insights into the effectiveness of various institutional framework programs in fostering a culture of savings and credit within the Kenya Defence Forces (KDF). With Savings and Credit Cooperatives (SACCOs) emerging as the most preferred institutional program among respondents, followed by other initiatives such as Payroll Deductions Savings and Financial Education, it is evident that the existing framework plays a significant role in shaping the financial well-being of KDF personnel. These programmes contribute to enhancing financial literacy, promoting responsible financial behaviour, and providing access to essential financial services, thereby positively impacting the welfare of personnel and their families.

The preferences for Savings and Credit Cooperatives (SACCOs) highlight the trust and confidence placed in community-based financial institutions by KDF personnel. This underscores the importance of localized and member-driven financial solutions in fostering financial inclusion and empowerment. Additionally, the recognition of Payroll Deductions Savings and Financial Education indicates a multifaceted approach to addressing financial needs and promoting financial resilience among military personnel. By leveraging these institutional framework programs, the KDF can continue to strengthen its personnel's financial capabilities, ultimately enhancing their overall welfare and readiness.

5.3.2 Inherent Challenges faced by the Defence Savings and Credit programmes

Despite the effectiveness of existing institutional frameworks, inherent challenges hinder the efficacy and accessibility of defence savings and credit programs within the KDF. Challenges such as inadequate financial literacy, deployment-related logistical hurdles, credit risks, high turnover rates, and operational challenges pose significant obstacles. Addressing these challenges requires tailored interventions informed by a nuanced understanding of the unique circumstances and preferences of military personnel. By recognizing and actively mitigating these challenges, stakeholders can strengthen the resilience and effectiveness of savings and credit programs, ultimately contributing to the financial stability and prosperity of Defence personnel.

5.3.3 Opportunities and Prospects to Improve Savings and Credit Products

The study highlights promising avenues to improve savings and credit products specifically designed for military personnel. These include integrating financial education programs, diversifying product offerings, fostering collaboration with external partners, providing personalized financial counselling services, and involving personnel in product development. These opportunities resonate with existing literature, which underscores the transformative impact of financial education and the necessity of tailored financial solutions to cater to the varied financial needs and preferences of military personnel. By capitalizing on these opportunities, stakeholders can enhance the effectiveness and relevance of savings and credit programs, ultimately contributing to the financial well-being of military personnel.

5.3.4 Effectiveness of Defence Savings and Credit Programmes on Personnel Welfare in Kenya Defence Forces

The effectiveness of Defence savings and credit programs on personnel welfare within the Kenya Defence Forces (KDF) is pivotal for enhancing the financial well-being of military personnel. Findings reveal a notable consensus among respondents regarding the positive impact of these programs, with a majority expressing strong agreement on their effectiveness in promoting savings culture and financial stability. Specifically, SACCOs emerged as the most endorsed program, cited by a significant number of respondents as the most effective, followed by Payroll Deductions Savings. This aligns with previous literature emphasizing the pivotal role SACCOs play in fostering financial inclusion and empowerment among military personnel. Additionally, Financial Education received considerable acknowledgment, with a significant proportion of respondents strongly agreeing on its effectiveness, signifying its importance in enhancing financial literacy and management skills within the military community. These findings underscore the significance of tailored financial programs in bolstering the welfare of personnel and their families within the KDF.

5.4 Recommendations

Based on the findings and conclusions drawn from the study, the recommendations were made to enhance the effectiveness of savings and credit products and improve the financial wellbeing of Kenya Defence Forces (KDF) members.

Considering the effectiveness of Defence SACCO programmes, there is need for KDF leadership to strengthen the SACCO by establishing key institutional mechanisms that support the members of the KDF. The SACCO should be facilitated to reach serving and retired personnel regardless of their locality through physical and digital branches. The SACCO should be supported in effecting payroll deductions for savings and loan deductions. Members should be facilitated to own housing through creation of an affordable housing section within the SACCO.

It is recommended to prioritize the implementation of robust financial education programs tailored to the diverse needs of KDF personnel. These programs should cover essential topics such as budgeting, debt management, and long-term financial planning

to empower personnel with the necessary knowledge and skills to make informed financial decisions.

Strategies should be developed to overcome deployment-related logistical hurdles that impede personnel's access to financial services. This could involve the establishment of mobile banking solutions, remote access to financial resources, and specialized support for personnel stationed in remote or challenging environments.

Efforts should be made to expand the range of savings and credit products available to KDF personnel to better meet their diverse financial needs. These products should be tailored to accommodate different career stages, ranks, and deployment situations, ensuring accessibility and relevance for all personnel.

There should be a feedback system and member participation in developing products of savings and credit nature. All KDF members should be encouraged to join savings and credit programmes in order to allow economies of scale in liquidity availability that will increase loan uptake and eventually returns on investment. Personalised financial counselling should be institutionalised and be done by experts in order to improve alignment and understanding of the importance of a saving culture.

There should be a system of collaboration with other financial institutions so that personnel can access additional financial products and services that align with their welfare needs for example insurance services.

To improve on personnel welfare therefore, products offered by the savings and credit programmes should be made affordable and competitive. Management of these programmes should consult members and industry experts in order to ensure this is achieved. The SACCOs should also all their activities including financial activities to their members to enhance transparency and accountability to members.

Key to the success of these programmes is the provision of fair and competitive returns to members on their savings and capital investments. This is supported by the key proposition of the Social Capital Theory that members of a social group like a savings and credit cooperative should have some benefits accrue to them. This will motivate and entice them to put in more investments in the SACCO. They should also ensure

that members have an opportunity to access affordable credit with ease in order to meet their financial needs.

Finally, there should be concerted efforts to conduct aggressive and targeted educational and financial literacy programmes to empower members of the Kenya Defence Forces with sound financial knowhow and skills.

5.5 Recommendations for Further Research

In order to further explore and address the complexities surrounding the financial welfare of Kenya Defence Forces (KDF) members, the following recommendations for future research are suggested:

Exploration of Technological Solutions: Investigate the role of technological solutions, such as mobile banking platforms, financial management apps, and online educational resources, in addressing the financial needs of KDF members. Assessing the accessibility, usability, and effectiveness of these tools in supporting financial management and decision-making within the military context can inform the development of tailored technological interventions.

Qualitative Studies on Financial Challenges: Undertake qualitative research to explore the nuanced experiences and perceptions of KDF members regarding their financial challenges, including factors such as cultural influences, family dynamics, and career transitions. Qualitative methods such as interviews and focus groups can offer a more comprehensive understanding of the underlying factors shaping financial behaviours within the military context.

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APPENDICES

APPENDIX I: RESEARCH QUESTIONNAIRE

Dear respondent,

I am Nehemia Kemei a student at the National Defence University-Kenya. Am required to submit a research project on “**Effectiveness of Defence Savings and Credit Programmes on Personnel Welfare in Kenya Defence Forces.**” I am requesting for your assistance in filling in the questionnaire provided. I also wish to assure you that the information given will be treated with utmost confidentiality and will be used for the sole purpose of this study.

Section A. RESPONDENTS DETAILS

1. What is your gender?

Male

Female

2. What is your age category?

20-30 years []

31-40 years []

41-50 years []

50 years and above []

3. Highest Education Qualification Attained

Diploma []

Undergraduate Degree []

Master's Degree []

Postgraduate Degree []

4. How long have you been a member in the Defence Sacco?

1 Years []

2 Years []

3-4 Years []

Above 5 Years []

Section B: Institutional Framework in Developing Savings and Credit Programmes

5. Which of the following institutional framework programmes is the most effective in developing savings and credit culture among Kenya Defence Forces?

Savings and credit []

Military Banking Partnerships []

Financial Education []

Mobile Banking and Technology []

Access to Military Savings Programs []

Payroll Deductions []

6. To what extent does the following institutional framework programmes help in developing savings and credit programmes among Kenya Defence Forces

	Very Great Extent	Great Extent	Moderate Extent	Low Extent	Very Low Extent
Savings and Credit co-op					
Military Banking Partnerships					
Financial Education					
Mobile Banking and Technology					
Access to Military Savings Programs					
Military Payroll Deductions					

7. In a scale of 1-5, where; 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5= Strongly agree indicate your level of agreement on the following statement on how various institutional framework programmes help in developing savings and credit culture among Kenya Defence Forces personnel.

Statements	1	2	3	4	5
A dedicated cooperative society exclusively for KDF personnel can encourage saving and provide access to credit with favorable terms					
Programs that allow KDF personnel to set up automatic payroll deductions to save a portion of their salaries directly into savings accounts can promote saving					
Financial education programs within the KDF can help military personnel understand the importance of saving and responsible credit management.					
Housing programs provide affordable housing solutions for KDF personnel can promote saving as they work towards homeownership					
Programs that create emergency funds and welfare support for KDF members in times of financial crisis can alleviate the need for high-cost borrowing, promoting saving					

Section C: Inherent Challenges

8. Which of the following is the greatest challenge that the Defence savings and credit face?

High transition of Members []

Deployment and Accessibility []

Payroll Deductions []

Short-Term Postings []

Credit Risks []

Inadequate Financial Literacy []

9. In a scale of 1-5, where; 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5= strongly agree indicate your level of agreement on the following statement regarding the inherent challenges that the Defence savings and credit face

Statements	1	2	3	4	5
High transition or retirement can lead to frequent changes in membership and reduced engagement with financial institutions hence members may find it challenging to maintain continuous savings and credit relationships.					
Deployments to remote areas may limit members' physical access to financial institutions, impacting their ability to conduct transactions and seek financial services					

Variability in payroll deductions can lead to fluctuations in their incomes affecting financial planning and loan repayment predictability.					
Frequent short-term postings may discourage members from participating in long-term savings or credit programs, as they may anticipate more frequent relocations.					
Military personnel may face unique credit risks due to deployments, injury, or even death in the line of duty. This can affect their ability to repay loans.					
Members with inadequate financial literacy may struggle to make informed financial decisions, leading to poor savings and credit choices.					

Section D: Possible Opportunities and Prospects to Improve Savings and Credit Products

10. In a scale of 1-5, where; 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5= strongly agree indicate your level of agreement on the strategies that would possible provide opportunities and prospects to improve savings and credit products to align with personnel financial welfare needs.

Opportunities and Prospects	1	2	3	4	5
Personnel education and financial literacy programs should be integrated into the savings and credit offerings to empower personnel to make more informed financial decisions.					
There is a need to diversify the range of savings and credit products available to better cater to the specific financial needs of personnel.					
Collaboration with external financial institutions or organizations could provide additional financial products and services that align better with personnel financial welfare needs.					
Offering personalized financial counseling services to personnel could significantly improve the alignment of savings and credit products with their financial welfare needs.					
Personnel should have the option to provide feedback and input into the development and enhancement of savings and credit products to ensure they better meet their financial welfare needs.					

Section E: Sacco Members Welfare

11. In a scale of 1-5, where; 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5=strongly agree indicate your level of agreement on the Sacco Members Welfare.

Sacco Members Welfare	1	2	3	4	5
Sacco members have access to affordable and competitive financial products and services that meet their needs.					
The Sacco effectively communicates financial information and updates to its members, ensuring transparency and trust.					

Members of the Sacco receive fair and competitive returns on their savings and investments					
The Sacco provides opportunities for members to access affordable credit to meet their financial goals and needs.					
The Sacco offers educational and financial literacy programs to empower members with financial knowledge and skills.					

Thank You for your Participation

APPENDIX II: WORK PLAN

Time Frame	June 202 3	July 202 3	Au g 202 3	Sep t 202 3	Oct 202 3	No v 202 3	Dec 202 3	Jan 202 3
Chapter One								
Literature Review								
Research Methodology								
Data collection Instruments								
Project submission for defence								
Data Collection								
Data analysis								
Project Submission								

APPENDIX III: BUDGET

ACTIVITY	COST (Kshs)
Typing and Printing	15,000
Photocopying	10,000
Binding	5,000
Data Collection	10,000
Miscellaneous	10,000
TOTAL	50,000

APPENDIX IV: ORIGINALITY REPORT

EFFECTIVENESS OF SAVINGS AND CREDIT PROGRAMMES ON PERSONNEL WELFARE IN THE KENYA DEFENCE FORCES

ORIGINALITY REPORT

13%

SIMILARITY INDEX

12%

INTERNET SOURCES

2%

PUBLICATIONS

9%

STUDENT PAPERS

PRIMARY SOURCES

1

Submitted to Kenyatta University

Student Paper

3%

2

fastercapital.com

Internet Source

1%

3

erepository.uonbi.ac.ke

Internet Source

1%

4

ir.jkuat.ac.ke

Internet Source

1%

5

Submitted to Kabarak University

Student Paper

1%

6

www.coursehero.com

Internet Source

<1%

7

Submitted to Mount Kenya University

Student Paper

<1%

8

repository.iaa.ac.tz:8080

Internet Source

<1%






9

Submitted to Saint Paul University

Student Paper

<1%

APPENDIX V: RESEARCH LICENSE

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 189469	Date of Issue: 08/January/2024
RESEARCH LICENSE	
	
This is to Certify that Mr.. Nehemia Kemel of National Defence University-Kenya, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: EFFECTIVENESS OF DEFENCE SAVINGS AND CREDIT PROGRAMMES ON PERSONNEL WELFARE IN KENYA DEFENCE FORCES for the period ending : 08/January/2025.	
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