

EFFECT OF INTELLECTUAL CAPITAL ON FINANCIAL SUSTAINABILITY OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN KENYA

Abdirizak Ali Farah

Masters of Business Administration, Kenya Methodist University, Kenya

James Nzili Mbebe

Kenya Methodist University, Kenya

Dr. Barbara Muyoka

Kenya Methodist University, Kenya

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ABSTRACT

The business environment within which the SACCOs operate has been very volatile. The increasing importance of intellectual capital as the main assets for organizations in the changing knowledge-based economy, where IC played an important role in the existence and continuity of those organizations, in addition to locating it between competitors. The study determined the effect of intellectual capital disclosure on financial sustainability of savings and credit cooperative societies in Kenya. The study specifically established the effect of human capital, structural capital, relational capital and customer capital on financial sustainability of Savings and Credit Cooperative Societies in Kenya. This study was hinged on stakeholder theory, legitimacy theory, resource-based theory, human capital theory and constraint induced financial innovation theory. The study adopted descriptive research design. The study target population was the management staff in the SACCOs in Kenya. Nassiuma (2000) formula was used to obtain the desired sample size of 315 for the study with the population of 1737. Stratified proportionate random sampling technique was used to select the respondents. The primary research data was collected from the management staff working at Saccos in Kenya. In this study drop and pick method is preferred for questionnaire administration so as to give respondents enough time to give well thought out responses. Data was analysed using Statistical Package for Social Sciences (SPSS Version 25.0). All the questionnaires received were referenced and items in the questionnaire were coded to facilitate data entry. After data cleaning

which entailed checking for errors in entry, descriptive statistics such as frequencies, percentages, mean score and standard deviation were estimated for all the quantitative variables. Inferential analysis was also done using correlation and regression analysis (multiple regression analysis). Finally, information was presented in form of tables and graphs. Relational capital was found to affect financial sustainability of Savings and Credit Cooperative Societies in Kenya very greatly. The study established that integrated communication systems and operations automation affect financial sustainability of Savings and Credit Cooperative Societies in Kenya to a great extent. The study found that employee's competence and qualifications affect financial sustainability of Savings and Credit Cooperative Societies in Kenya to a great extent. The study found that customer capital influences financial sustainability of Savings and Credit Cooperative Societies in Kenya greatly. The study concluded that customer capital had the greatest effect on financial sustainability of SACCOs in Kenya, followed by relational capital, then human capital while structural capital had the least effect on financial sustainability of SACCOs in Kenya. The study recommends that managers should therefore seek to understand their clients' background, discover their priorities, know their tastes and likes to ensure they serve them well thus creating a long-term business relationship with them, culminating in the SACCOs financial sustainability. Also, SACCOs should take part in corporate social responsibility activities as a way of relational capital initiative which will create goodwill and thereby spurring the firm's performance.

Key Words: *intellectual capital, financial sustainability, savings and credit cooperative societies, Kenya*

INTRODUCTION

As a rapidly expanding field of research, intellectual capital has attracted considerable interest from both academics and practitioners. Intellectual capital is generally conceptualized as intellectual material; knowledge, information, experience, core technique, intellectual property, and customer relationship that can be put to use to create wealth. IC plays an increasingly important role in sustaining competitive advantages and creating corporate value. The importance of intellectual capital efficiency on organizational success has become crucial in the context of what has become known as the knowledge-based economy which is characterized by a rapid expansion of knowledge-intensive industries and by a marked increase in the importance of creating and exploiting knowledge and information in all sectors of the economy (Mavridis, 2014).

Although the importance of intellectual capital has been recognized, not much can be said about the disclosure of these assets in Savings and Credit Cooperative Societies. However, despite the difficulties related to IC disclosure, there are several reasons for firms to disclose information on intellectual capital. The reduction of information asymmetry between a company and external users of information is one major reason for voluntary IC disclosure. Since late 1980s a few models have been developed in order to capture and visualize a company's intellectual capital efficiency but there are no standards, leaving it up to the companies themselves to decide how to present their hidden assets. Intellectual capital, therefore include; technology, customer information, brand name, reputation and corporate culture that are invaluable to a firm's competitive circumstance (Low & MacMillan, 2013). Intellectual capital also covers nonphysical sources of value related to employee capacities, organizational capabilities, ways of operating and the relationship with their stakeholders (Lonnqvist, 2014). It is considered important for the competitiveness of many companies regardless of the industry. However, this topic is especially important for knowledge-intensive companies as most of their key resources are intangible (Sveiby, 2011).

Furthermore, IC disclosure can help to increase the value relevance of financial statements. Failures to provide relevant information about intellectual capital may lead to a deterioration of the company's financial position and a loss of competitiveness in the long run. However, despite an increasing recognition of the importance of intellectual capital efficiency in the knowledge-based economy. Much of the studies on intellectual capital have focused on Western countries (particularly North America and Europe). To date, few scholars have focused on the effect of intellectual capital on organizational performance in the Kenyan banking sector. This is surprising given that many scholars for example, Yang and Lin (2009) argue that intellectual capital development is the hidden value that is not reflected in organizational financial statements but has the potential to contribute to organizational profitability and competitive advantage (Lonnqvist, 2014).

In the globalized and knowledge-based economy, financial institutions need to develop, manage and monitor their soft assets or intellectual capital (IC) to enhance their growth and competitiveness. Notably, Japan and the USA are the most advanced in terms of the level to which banks adopt and use IC in the world. There are several definitions for intellectual capital. Intellectual capital can be viewed as knowledge, information, intellectual property and experience that can be put to use to create wealth. This suggests causal relationships between intellectual capital and organizational value creation. At least three elements are common in almost all definitions: intangibility, knowledge that creates value and effect of collective practice. It is assumed that competitive advantage depends on how efficient the firm is in building, sharing, leveraging and using its knowledge (Mavridis, 2014).

Although the importance of intellectual capital has been recognised, not much can be said about the disclosure of these assets. Starting in the late 1980s a few models have been developed in order to capture and visualize a company's intellectual capital but there are no standards, leaving it up to the companies themselves to decide how to present their hidden assets. Intellectual capital, therefore include; technology, customer information, brand name, reputation and corporate culture that are invaluable to a firm's competitive circumstance. Intellectual capital also covers nonphysical sources of value related to employee capacities, organisational capabilities, ways of operating and the relationship with their stakeholders. It is considered important for the competitiveness of many companies regardless of the industry. In developing nations intellectual capital accounting encourages the business performance of organizations (Sharabati et al., 2010).

The Kenyan financial institution offers a rich avenue for research on intellectual capital given that the majority of individuals that work in banks are knowledge workers. In Kenya, the financial system comprises banks, non-bank financial institutions, insurance companies, microfinance institutions, stock brokerage firms and fund managers. The banking industry with asset base of over Kshs. 1.3 trillion is the largest sector in the Kenyan financial sector. With a limited and under developed capital market, the banking sector plays pivotal role in intermediation process between savers and investors. Kenya boasts a market-based economy that is the most liberal economic system with the private sector being hailed as the most vibrant and dynamic in East Africa. Kenyan banking industry and business enterprises are increasingly being faced by the same challenges as those in the developed world a factor that led to adoption of use of the International Financial Reporting Standards (IFRS) (Kimenyi & Kibe, 2014).

Human capital refers to the intangible collective resources possessed by individuals and groups in an organization, which includes knowledge, talents and experience needed to accomplish the goals of the organization (Huff, 2015). Structural capital (SC) is the availability of information systems, knowledge applications, databases, processes and other infrastructure required to support the firm in executing its strategy. Relational capital (RC) takes account of the knowledge embedded in business network, which includes connections outside the organization such as customer loyalty, goodwill and supplier relations. According to Roos et al. (2017) in their study on measuring company's intellectual growth, they stated that customer capital is the relationship between firms and their customers.

STATEMENT OF THE PROBLEM

The business environment within which the SACCOs operate has been very volatile. The increasing importance of intellectual capital as the main assets for organizations in the changing knowledge-based economy, where IC played an important role in the existence and continuity of those organizations, in addition to locating it between competitors (Soler & Celesino, 2011). The competition from more liquid commercial banks, Micro Finance institutions, new entrants, money transfer services such as Mpesa and other informal financial institutions, social reforms, political anxieties, technological advancement and globalization are some of the challenges that have greatly affected the performance and growth of this sector (Nkuru, 2015). Bureaucratic bottlenecks and inefficiency in the administration of incentives and support facilities provided by the government discourage innovations which may lead to new products or services, as most of these SACCOS cannot afford to establish the research and development due to lack of institutional capacity development (Okelo, Raburu & Sirma, 2015). These changes pose serious strategic threat to existing firms and a good number of these organizations are not able to survive the new turn of events i.e. those, which are still surviving have had to adopt urgent measures in response to these changes. The SASRA Press Release (2015) indicated that the financial performance of the Saccos in Kenya has been on the decline with inadequate technical skills, both at board and management levels being identified as the key challenge. This confirms an earlier study by Kivuvo and Olweny (2014) found that the financial performance of the SACCO sector is extremely weak. In Kenya, 6,727 SACCOs were registered and employed directly 303,455 people as at December 2010 (GOK 2014). However, despite the significant government initiative, a significant 3457 (51%) of the SACCOs were not operational. This high failure rate of SACCOs continues to frustrate millennium development goals and vision 2030 objectives of increasing financial inclusion. Since knowledge is invisible and intangible, it is not easily captured by any of the traditional measures accounting or otherwise, which corporations master in their day to day operations. According to Maingi (2015) the Sacco sector has been inadequately prepared and ill equipped to effectively deal with the Sacco's problems like insufficient capital base, lack of or slow rate of Information Technology (IT) adoption, and inefficient loan pricing strategies among others. A study by WOCCU (2015) revealed that SACCOs are facing severe liquidity problems and majorities are unable to meet the demands of their clients for loans and withdrawal of savings. Ondieki *et al* (2011) contend that inadequate managerial skills and knowledge have adversely affected SACCOs in Kenya. Previously studies have been carried out on intellectual capital such as; Otor (2015) who established the influence of intellectual capital on the performance of small and medium enterprises a case of Mombasa county Kenya, Kariuki, K'Obonyo and Ogutu (2015) who determined the relationship between intellectual capital and performance of firms listed on Nairobi securities exchange, Waititu, Aduda, Gichira and Ngari (2013) who did an analysis of the relationship between intellectual capital accounting and business performance of pharmaceutical companies in Kenya. The studies found out that savings and credit co-operatives are increasingly becoming an important tool in economic development, the instability and inadequacy of services provided by them may compromise the quality of life and life span of average income groups in Kenya. This in the long run may affect the

country's income generation potential and the overall economic growth. However, none of the studies reviewed focused on the effect of intellectual capital disclosure on financial sustainability of savings and credit cooperative societies in Kenya a research gap that this study sought to bridge.

GENERAL OBJECTIVE

The study determined the effect of intellectual capital disclosure on financial sustainability of savings and credit cooperative societies in Kenya.

SPECIFIC OBJECTIVES

1. To establish the effect of human capital on financial sustainability of Savings and Credit Cooperative Societies in Kenya.
2. To determine the extent to which structural capital affect financial sustainability of Savings and Credit Cooperative Societies in Kenya.
3. To determine the effect of relational capital on financial sustainability of Savings and Credit Cooperative Societies in Kenya.
4. To determine how customer capital affects financial sustainability of Savings and Credit Cooperative Societies in Kenya.

THEORETICAL REVIEW

Stakeholder Theory

Stakeholder theory was advanced by Freeman (1984) and posited that in line with the stakeholder approach, organizations are accountable to the owners as well as other stakeholders. Therefore, the contrasting interest of the various stakeholders has to be considered when providing disclosures. This is because, depending on the varying stakeholder interests, this can affect an organizations ability to achieve its goals. Stakeholder theory is used to examine those groups to who an organization is responsible. According to André (2012), organizations operate for the benefit of the various interested parties in it. This includes owners, employees, customers, regulators, creditors and other stakeholders relevant to the organization. For instance, the owners have committed their capital to the business, employees have invested their time and intellectual capital, and customers have invested their trust and repeated business. Communities expect the organization to provide infrastructure, conserve environment and provide education to employees and the needy in the society.

Stakeholder theory holds that business organizations should play an active role in the communities and societies in which they operate (Omran & Ramdhony, 2015). Stakeholder theory highlights the importance of all parties affected directly or indirectly by the organization's activities. According to the managerial facet of the stakeholder theory, organizations can respond to stakeholders who have a direct economic impact upon the organization. The ethical facet of stakeholder theory provides that all stakeholders have a right to know about an organization's affairs at all times, and this can be achieved through

providing the necessary disclosures. Stakeholder theory has been criticized in that there are instances where it is difficult to identify all possible stakeholders in an organization. This study assisted in explaining how customer capital affects financial sustainability of Savings and Credit Cooperative Societies in Kenya.

Legitimacy Theory

Legitimacy theory can be traced back to Dowling and Pfeffer (1975) that argued that the social perceptions of an organization's activities should be reported in accordance with the expectations of the society. Rahim (2017) considers legitimacy as a perception that the actions of an organization are desirable, proper or appropriate within some acceptable social norms, values, beliefs and definitions. Legitimacy theory has widely been used as an attempt to explain social and environmental reporting practices of an organization in order to fulfil the social contract that enables them achieve their objectives. Legitimacy assumes that an organization is expected to match its values with societal values in order to access resources, and gain approval of its aims and place in the society and be guaranteed of continued existence. Lokuwaduge and Heenetigala (2017) explained that organizational legitimacy occurs when an entity's values are congruent with those of the larger social system. The need for the congruency between organizational actions and societies' value system is to ensure the organization survives in the market

According to Luethge and Han (2012), social disclosure is the provision of financial and non-financial information relating to an organization's interaction with its physical and social environment, as stated in corporate annual reports or separate social reports. Luethge and Han (2012) posited that since the society gives legitimacy and status to business, the management should take societal needs into account. Legitimacy theory examines the social responsiveness of an organization to important issues in the society and the integration of an organization's objectives with those of all stakeholders in the organization. Legitimacy presupposes a contract between the organization and the society.

Legitimacy theory is seen as a means of explaining what, why, when and how certain items are addressed by an organization's management in their communication with outside audience. Since legitimacy theory is linked to the way a society perceives the organization. Lightstone and Driscoll (2018) posited that legitimization can occur through both mandatory and voluntary disclosures in the annual report. The theory has been criticized by its reliance on the social contract that is not binding in law – opponents argue that this social contract only exists in theory and that there are no real and direct sanctions on an entity that does not engage in socially responsible behavior. Other opponents or legitimacy theory argue that the engagement in social and environmental activities by organizations, unless compelled to do so, is a way of expropriating resources from the organization, contrary to the expectations of the owners.

Legitimacy theory was used in the present study because it provides a rationale for establishing social and environmental disclosures by SACCOs. Since SACCOs are seen as serving member interests only, the present study aimed at examining whether SACCOs

extend their legitimacy status by serving the larger society and providing social and environmental disclosures. The social and environmental disclosure themes examined were employee welfare, member welfare, products and services, community engagement and environmental conservation. Legitimacy theory was also been applied in the current study as it informed the variables under investigation. Gutierrez-Nieto, Fuertes-Callen and Serrano-Cinca (2018) argued that legitimacy theory envisages that a relationship exists between a company's size and its disclosure practices. This is because a larger organization carries out more activities, receives more attention from the public and has more shareholders who are concerned with its social programs than a smaller company. This theory helped in establishing how structural capital affects financial sustainability of Savings and Credit Cooperative Societies in Kenya.

Resource Based Theory

Resource Based View (RBV) is an approach to achieving competitive advantage that emerged in 1980s and 1990 but was posited by Barney (1991). According to resource-based theory, a company is perceived to achieve a sustainable comparable advantage by controlling both its tangible and intangible assets. Venturini and Benito (2015) advocate that value added is a more appropriate means for conceptualizing a company's performance.

Intangible resources have always existed in the operations of organizations. During the recent decades, many activities have been done on these issues and the importance of considering information related to intangibilities has had a great growth. But researches and studies for intangibilities have had some basic problems including the lack of standard phrase. There are many concepts and titles which have been presented in this field and each of the researchers would provide a different type of definition for this phrase. This scientific difference has caused the procedure of research development to be so slow and until now, no integrated definition has been presented in this field (Andriessen, 2014; Jourjsen, 2010). As stated in the theory the performance Savings and Credit Cooperative Societies is influenced by the resources available and how well these resources are employed within the organization. Structural capital such as databases, organizational charts, process manuals, strategies and routines will require resources to be developed and maintained. Therefore, Savings and Credit Cooperative Societies endowed with resources will be more likely to gain competitive advantage. The study assisted in determining the effect of relational capital on financial sustainability of Savings and Credit Cooperative Societies in Kenya.

Human Capital Theory

Human Capital theory was proposed by Schultz (1961) and developed extensively by Becker (1964). Schultz in an article entitled Investment in Human Capital introduces his theory of Human Capital. He argues that both knowledge and skill are a form of capital, and that this capital is a product of deliberate enterprise growth. The concept of human capital implies an investment in people through education and training. Schultz compares the acquisition of knowledge and skills to acquiring the means of production. The difference in earnings between people relates to the differences in access to education and health. Schultz argues

that investment in education and training leads to an increase in human productivity, which in turn leads to a positive rate of return and hence of growth of businesses.

This theory emphasizes the value addition that people contribute to an organization. It regards people as assets and stresses that investments by organizations in people will generate worthwhile returns. The theory is associated with the resource based view of strategy developed by Adamides (2015), the theory proposes that sustainable competitive advantage is attained when the firm as a human resource pool that cannot be imitated or substituted by its rival. For the employer investments in training and developing people is a means of attracting and retaining people. These returns are expected to be improvements in performance, productivity, flexibility and the capacity to innovate that should results from enlarging the skills base and increasing levels of knowledge and competence. According to Hessels and Terjesen (2010), entrepreneurial human capital refers to an individual's knowledge, skills and experiences related to entrepreneurial activity. Entrepreneurial human capital is important to entrepreneurial development.

Previous empirical research have emphasized that human capital is one of the key factor in explaining enterprise growth. Eesley (2016) argues that greater entrepreneurial human capital enhances the productivity of the founder, which results in higher profits and, therefore, lower probability of early exit. Moreover highly educated entrepreneurs may also leverage their knowledge and the social contacts generated through the education system to acquire resources required to create their venture. In addition to education, specific human capital attributes of entrepreneurs, such as capabilities that they can directly apply to the job in the firm, may be of special relevance in explaining enterprise growth. The specific human capital can be attained through precise trainings and previous experience. More focused business training can provide entrepreneur with a specific knowledge, compared to a formal education. This kind of specific human capital also includes knowledge of how to manage a firm, that is, entrepreneur-specific human capital. In particular, entrepreneurs with great industry-specific and entrepreneur-specific human capital are in an ideal position to seize neglected business opportunities and to take effective strategic decisions that are crucial for the success of the new. The human capital theory is important in guiding the decision maker in such a case. This theory was relevant to this study as helped in establishing the effect of human capital on financial sustainability of Savings and Credit Cooperative Societies in Kenya.

EMPIRICAL REVIEW

Human Capital

Khan and Khan (2010) conducted a research on the human capital disclosure practices of top Bangladeshi companies. Using the technique of content analysis, three years of annual reports of 32 leading manufacturing and service sector companies listed on the Dhaka Stock Exchange (DSE), selected on the basis of the market capitalization, were examined to identify any HC reporting trends. The findings reveal that the HC reporting practices of leading Bangladeshi firms are not as low as projected in relation to the total list of items reported. The most commonly disclosed HC items are information on employee training,

number of employees, career development and opportunities that firms provide, and employee recruitment policies. Moreover, as a result of a degree of intervention on the part of some Bangladeshi regulators, the extent of reporting has increased during 2009/2010.

Abeysekera (2018) explored the motivations behind human capital disclosure in annual reports. This study uses the perspective of the political economy of accounting to understand motivations. Using the method of content analysis, this paper examines human capital disclosure practices in annual reports of a sample of firms in Sri Lanka, a developing nation. Eleven case study interviews from the sample explore the motivations behind the disclosure practices of firms. Findings reveal that firms use disclosure to reduce tension between firms and their constituents, in the interest of further capital accumulation.

Abeysekera and Guthrie (2014) surveyed the human capital reporting in a developing nation. Using the method of content analysis, this paper reports on human capital reporting (HCR) practices taken from a sample of firms in Sri Lanka, a developing nation. The paper aimed first to examine the disclosure patterns of HCR observed in the Sri Lankan sample, and second to speculate upon the differences in disclosure patterns between Sri Lanka and developed nations.

Beattie and Smith (2010) did a research on human capital, value creation and disclosure. A questionnaire survey of (HR) directors of UK listed companies was conducted. Responses are compared to those from FDs obtained from a previous survey on the broader concept of intellectual capital disclosure. In total, 13 follow up interviews were conducted. The matched views of the (HR) specialist and the FD are compared for eight case companies. Employee skills and education, employee commitment, positive employee attitudes and behaviour, and employee motivation are considered to contribute to value creation the most. Information on employee turnover, employee training and development, and workplace safety is frequently collated. There also appears to be attempts to capture information on aspects such as employee satisfaction, motivation, and commitment. Marked differences exist between the extent to which information is internally collated and externally disclosed. External disclosure appears to be a valuable recruitment tool. However, giving away information which may harm competitive advantage is a serious concern. The annual report was considered the most effective written form of communication for disclosing HC externally. Despite some disparity in views, there is evidence to suggest recognition by FDs of the value of human capital and commitment to its external disclosure. Contrary to prior research, evidence from the small matched sample indicates no significant difference in views between the two functional specialists regarding the importance to value creation of four key HC components.

Abhayawansa and Abeysekera (2018) did an explanation of human capital disclosure from the resource-based perspective. The paper begins by reviewing the literature on intellectual capital disclosure (ICD) to examine the level of HCD in various company media and the use of such information by the capital market. It then critically analyses the conceptualisation of HC in those studies with a view to forming an opinion about the adequacy of that conceptualization. Then the resource-based view is justified as providing a more appropriate

conceptualization of HC to meet demands of the capital market. Substantial ICD literature conceptualizes HC using HC theory as a collection of knowledge and competences possessed by employees individually and collectively in firms. This has resulted in HC disclosure scores being considerably low compared to external and internal capital disclosure and does not portray HC in a way that is useful to the capital market. A resource-based perspective enables HC to be depicted in a way that closely resembles the value creation potential of firms' employees.

Ax and Marton (2018) researched on human capital disclosures and management practices. The paper used two sets of data. Disclosure data were collected from annual reports. Data on management practices was collected by e-mail questionnaire. Sixteen of the most traded companies on the Stockholm Stock Exchange (SSE) were included in the study. Results indicated that there is limited association between the two sets of data. Even though the association was significant on an aggregate level, more detailed testing showed no systematic associations. There was, however, a significant association between internal management practices and companies' perceived importance of disclosure, even though this was not reflected in actual disclosure.

Lafuente and Rabetino (2011) carried a study on human capital and growth in Romanian small firms. The study found out that Human capital matters for explaining small firms' employment growth. An active involvement of the entrepreneur in managerial tasks increases the intensity with which the entrepreneur makes use of his/her human capital, and this leads to higher employment growth rates. However, the study failed to enrich the analysis, therefore future research should attempt to further explore the impact of human capital components on Institutions growth in other transition economies.

Nerdrum and Erikson (2011) examined the intellectual capital a human capital perspective in Norway the study found that intellectual capital is a result of either formal education or informal on-the-job training. However Future research should attempt to assess the interrelationship between forms of training with organizational growth. Further, a research should be conducted to investigate into the multiplicative effects and interdependencies of intellectual capital items as well as between intellectual capital and more general human capital.

Wagciengo and Belal (2012) majored on Intellectual capital disclosures by South African companies: A longitudinal investigation. The study uses content analysis method to scrutinize the patterns of intellectual capital disclosures during the study period. The results show that intellectual capital disclosures in South Africa have increased over the 5 years study period with certain firms reporting considerably more than others. Out of the three broad categories of intellectual capital disclosures human capital appears to be the most popular category. This finding stands in sharp contrast to the previous studies in this area where external capital was found to be most popular category.

Customer Capital

Ann, Ling-Ching and Wen-Ying (2012) carried a study on measuring customer capital in China according to the study, the base aspect, customer targeting, significantly influences ability to identify customers' needs and construction and management of a customer information system. In addition, these two aspects directly affect customer service capability, which further improves customer loyalty and market intensity however the study can be criticized in that it only concentrated on large firms hence a study needs to be carried out in small firms.

According to Roos, Pike and Fernstrom (2017) in their study on measuring company's intellectual growth, they stated that customer capital is the relationship between firms and their customers. The study concluded that knowledge of marketing channels and customer relationships is the main theme of customer capital. Frustrated managers often do not recognize that they can tap into a wealth of knowledge from their own clients.

Orens, Aerts and Lybaert (2013) researched on the customer value disclosure and cost of equity capital. The content of corporate websites from four continental European countries was analysed on the presence and precision of customer value information and empirically test whether content and precision were associated with the firm's implied cost of equity capital. The results showed a negative association between cross-sectional differences in the extent of customer value disclosure and cross-sectional differences in a firm's cost of equity capital. In addition, the precision of the customer value information disclosed affects this association. It was observed that a negative relationship between quantitative (or hard) customer value disclosure and a firm's cost of equity capital, but not for qualitative (or soft) customer value disclosure. As expected, industry competition intensity attenuates the association between quantitative customer value disclosures and a firm's cost of equity capital.

Afshar Jahanshahi, Asghar, Nawaser, Khaled, Brem and Alexander (2018) conducted a study on the effects of customer capital on customer response speed and innovativeness: the mediating role of marketing capability. For this, a unique environment in post-sanctions Iran is chosen. By using the original survey data from 107 small and medium-sized enterprises (Institutions), our results confirm that durable relationships that a company builds with its customers over the time enhance the market information within firms. This, in turn, enables firms to respond faster to market changes with innovative products and services. Furthermore, the lifetime relationship with the customers enhances the awareness of firms about customers' needs and demands in a timely manner. Accordingly, it accelerates the process of responding the customers' requirements before competitors can catch up.

Chang and Tseng (2015) ventured into building customer capital through relationship marketing activities: The case of Taiwanese multilevel marketing companies. The authors used survey research to collect data from members of four Taiwanese multilevel companies. They explored the mediating roles of the drivers of customer equity in the "relationship

marketing activities customer capital” effect. A total of 306 valid responses were analyzed using structural equation modeling analysis.

Yıldız, Meydan and Güner (2014) determined the measurement of intellectual capital components through activity reports of companies. The method of the study used was the content analysis. The sample group of the study was comprised of 3 banks that operate in 3 different sectors (public, private, participation bank). Measurements were conducted by ranking the criteria of intellectual capital components in activity reports of banks between 2007 and 2011. In accordance with findings, Turkish banks primarily disclosed the customer capital, which is followed by structural capital and then human capital. Considering the sectoral differences, it was determined that respectively, bank with private capital, bank with participation capital and the public bank gave more importance to the intellectual capital.

Structural Capital

Zangouezhad and Moshabaki (2009) carried a study on the role of structural capital on competitive intelligence in Iran the study found out that Information systems (as the structural capital) and the content factors (as the organizational capital) of the structural-organizational intelligence (SOI) are significantly related in attaining CI. However, the companies chosen for the study were mainly large companies thus; the results may not be applicable to Institutions. The survey was limited to one country (Iran). 40 percent of the respondents were from state companies, which because of using state budget and being active at the monopolistic markets inside the country might be a negative effect on the amount of using SOI.

Walsh and Ungson (2011) researched on organizational memory. In developing a more coherent theory, the research addressed possible concerns about anthropomorphism; define organizational memory and elaborate on its structure; and discuss the processes of information acquisition, retention, and retrieval. Next, these processes undergird a discussion of how organizational memory can be used, misused, or abused in the management of organizations. Some existing theories are reassessed with explicit attention to memory. The paper closed with an examination of the methodological challenges that await future researchers in this area.

Rezvan, Mehrdad and Mohammad (2016) carried out a study on the intellectual, human and structural capital effects on firm performance as measured by Tobin's Q. The empirical data is collected from 100 firms listed on Tehran Stock Exchange (TSE) during the period 2000–2006. The results support the hypothesis that human and intellectual capital are positively related to performance (Tobin's Q), and intellectual capital can be taken into consideration for improving the performance of Iranian firms. Also, value added intellectual coefficient proves to be an effective tool that can be used by current decision-makers in Iran's capital market. The findings and discussions provided in this paper can be of interest to managers and capital market stakeholders. We emphasize that intellectual capital is the main source of value creation in the modern economy.

Gogan, Duran and Draghici (2015) did research on structural capital-a proposed measurement model. Measuring structural capital (SC) is done by the development of effective models that must be implemented to effectively capture and manage this form of capital; only then will the benefits of these invaluable intangible resources be reaped. For this reason, in the last decades, the relevance of measuring SC has rapidly increased. Therefore it is important to come up with a model that focuses on the constituents of structural capital, which will help in the measurement of the SC.

Beattie and Smith (2013) majored on value creation and business models: refocusing the intellectual capital debate. These conceptual linkages between IC, value creation and business models are illustrated by means of interview evidence from eleven company cases. It is concluded that the business model concept offers a powerful overarching concept within which to refocus the IC debate. The concept is holistic, multi-level, boundary-spanning and dynamic. The analysis supports the current calls for integrated disclosure around the central business model story. Suggestions for future research are offered.

Aramburu, Sáenz and Blanco (2013) explored on the structural capital, innovation capability, and company performance in technology-based Colombian firms. The population subject to study is made up of technology-based Colombian firms. In order to gather information about the relevant variables involved in the research, a questionnaire was designed and addressed to the CEOs of the companies making up the target population. The sample analyzed is made up of 69 companies and is large enough to carry out a statistical study based on structural equation modelling (partial least squares approach) using PLS-Graph software (Chin & Frye, 2003). The results obtained show that structural capital explains to a great extent both the effectiveness of the new idea generation process and of innovation project management. However, the influence of each specific organizational component making up structural capital (organizational design, organizational culture, hiring and professional development policies, innovation strategy, technological capital, and external structure) varies.

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Relational Capital

Delerue-Vidot (2011) carried out a study on opportunism and commitment: the moderating effect of relational capital in Canada. The study found that unilateral commitments have a positive effect on perceived opportunistic behavior. By creating a basis for exchange, relational capital moderates the relationship between unilateral commitments and the perception of opportunistic behavior. However, the study did not focus on Institutions hence a study needed to focus on relational capital on growth of Institutions.

Bianchi, Corvino, Doni and Rigolini (2016) focused on the relational capital disclosure, corporate reporting and company performance: Evidence from Europe. This research did a cross-country analysis on a sample of 80 companies and a content analysis based on 51 items inherent to the relational capital (RC) framework of mandatory and voluntary reports. An RCD index has been used in certain bivariate and multivariate statistical analyses to investigate whether RCD is positively correlated to particular indicators adopted as proxies for measuring company performance. The results show that RCD supports statistically significant relationships with revenues, net operating cash flow and capital expenditures. In contrast, there is no statistically significant association with enterprise value.

Mura, Radaelli, Spiller, Lettieri and Longo (2014) majored on the effect of social capital on exploration and exploitation: modelling the moderating effect of environmental dynamism. The model considers three social capital dimensions – structural, relational and cognitive. It also considers the moderation effect of environmental dynamism on the link between social capital and knowledge exploration and exploitation. Head physicians from Italian hospitals were surveyed using a structured questionnaire. The data set consists of 174 observations, analyzed using seemingly unrelated regression techniques. This research provides evidence of the positive effect of structural, relational and cognitive social capital on knowledge exploration and exploitation – thus adding to a literature which has thus far concentrated on contextual and structural properties. Cohesive and strong ties are instrumental to gain access to external knowledge assets and stimuli, and to recombine the knowledge available within the unit.

Ortiz, Donate and Guadamillas (2016) examined the relational and cognitive social capital: Their influence on strategies of external knowledge acquisition. The study is based on an empirical research applied to a sample of Spanish companies from biotechnology and pharmaceutical industries. The paper mainly focuses on the effect of trust, as the basic component of relational social capital, on two types of knowledge acquisition strategies: alliances and direct purchases of external knowledge. Moreover, this paper proposes an interaction effect of a company's cognitive social capital on the relationships between relational social capital and alliances as a method of knowledge acquisition. The argument is that shared visions and common values could moderate the relationship between trust and the acquisition based on narrower relationships between agents. The results of the study show that, although relational social capital has a significant influence on both types of strategies (alliances, direct purchases), such influence is more important for the case of alliances,

although it is not finally affected by the interaction between cognitive and relational social capital.

Huang and Liu (2018) researched on the impacts of social capital and knowledge acquisition on service innovation: an integrated empirical analysis of the role of shared values. Using a conceptual framework and empirical analysis, we hypothesize that social capital may influence service innovation through knowledge acquisition and creativity. We also argue that shared values strengthen the relationship between knowledge acquisition and creativity and further enhance service innovation when creativity is increased. The integrated mediation-moderation model is tested using data from 554 hotel employees from developing regions in Taiwan and Mainland China. The results provide support for the proposed hypotheses and the integrated model. Theoretical and managerial implications are discussed.

Stevenson and Radin (2009) conducted a study on the social capital and social influence on the board of directors. In a survey of all the board members in 14 companies we found that ties to others in a network of strong ties among those who meet outside of board meetings were more important predictors of social influence than human capital or ties across boards. These ties within the board represent the social capital of members in the form of prior relationships with other directors, ties to others on the board, and membership in cliques within the board's network of ties. These results support a social capital perspective on influence that emphasizes relationships with others on the board as important factors in the social dynamics of board decision making.

Prashantham and Dhanaraj (2010) determined the dynamic influence of social capital on the international growth of new ventures. Using longitudinal case studies in the software industry, we model the dynamic influence of social capital on new venture internationalization. We theorize that new ventures of founders from a globally-connected environment, such as with return migration or MNC experience, have higher stocks of initial social capital than others. We provide a nuanced analysis of the dynamic processes involved in the evolution of social capital, and highlight the mechanisms of decay and replenishment over time. Network learning plays a critical role in new ventures' ability to realize the potential contribution of social capital to international growth.

RESEARCH METHODOLOGY

Research Design

A research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Polit & Beck, 2013). The study adopted descriptive research design, because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data. This enabled the researcher to collect original data from the population in order to save time and resources. Thus, this approach was suitable for this study, since the study intended to collect comprehensive information through descriptions that were helpful for identifying variables. Bryman and Bell (2011) assert that a descriptive design seeks to get information that describes existing phenomena by asking questions relating to individual

perceptions and attitudes. In a descriptive study, researchers observe, count, delineate, and classify. They further describe descriptive research studies as studies that have, as their main objective, the accurate portrayal of the characteristics of persons, situations, or groups or the frequency with which certain phenomena occur.

Population of Study

Target population is the specific population about which information is desired. It consists of a group that share common characteristics from which individuals or units of analysis are then chosen out of the population for the study. According to Babbie (2010), a population is a well-defined set of people, services, elements and events, group of things or households that are being investigated. The study target population was 1,737 management staff in the SACCOs in Kenya because they are familiar with the daily operations of the institutions.

Sample Size and Sampling Technique

Sampling is a deliberate choice of a number of people who are to provide the data from which a study draws conclusions about some larger group whom these people represent. The sample size is a subset of the population that is taken to be representatives of the entire population (Welman & Kruger, 2014). To obtain the desired sample size of 315 for the study with the population of 1737, Nassiuma (2000) formula was used as shown;

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

Where: n = sample size; N = population (1737); Cv = coefficient of variation (0.6); e = tolerance of desired level of confidence (0.05 at 95% confidence level)

$$n = \frac{1737 (0.6^2)}{0.6^2 + (1737-1) 0.05^2} = 314.96 \text{ (rounded to 315)}$$

Stratified proportionate random sampling technique was used to select the respondents. Stratified random sampling is unbiased sampling method of grouping heterogeneous population into homogenous subsets then making a selection within the individual subset to ensure representativeness. The goal of stratified random sampling is to achieve the desired representation from various sub-groups in the population (Garg & Kothari, 2014).

Data Collection Instruments

The primary research data was collected from the management staff working at Saccos in Kenya. Andre (2012) explains that primary data is data that is used for a scientific purpose for which it was collected. Closed ended questions were used in an effort to conserve time and money as well as to facilitate an easier analysis as they are in immediate usable form; while the open-ended questions were used as they encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information (Sproul, 2011). With open ended questions, a respondent's response gives an insight to his or her feelings, background, hidden motivation, interests and decisions.

Data Collection Procedure

The researcher obtained an introduction letter from the university, which was presented to each relevant authority to be allowed to collect the necessary data from the respondents. Further, the researcher obtained a research permit from The National Commission for Science, Technology and Innovation (NACOSTI). The drop and pick method was preferred for questionnaire administration so as to give respondents enough time to give well thought out responses. The researcher booked appointment with respondent organizations at least two days before visiting to administer questionnaires. The researcher personally administered the research instruments to the respondents. This enabled the researcher to establish rapport, explain the purpose of the study and the meaning of items that were not clear (Bryman & Bell, 2011).

Data Analysis and Presentation

Data was analysed using Statistical Package for Social Sciences (SPSS Version 25.0). All the questionnaires received were referenced and items in the questionnaire were coded to facilitate data entry. After data cleaning which entailed checking for errors in entry, descriptive statistics such as frequencies, percentages, mean score and standard deviation were estimated for all the quantitative variables and information presented in form of tables and graphs. Descriptive statistics were used because they enabled the researcher to meaningfully describe distribution of scores or measurements using few indices. The qualitative data from the open-ended questions was analysed using conceptual content analysis. Inferential analysis was also done using correlation and regression analysis (multiple regression analysis). Multiple regression analysis was used to establish the relations between the independent and dependent variables. Multiple regression tools were used because it is the procedure that uses two or more independent variables to predict a dependent variable. Multiple regression attempts to determine whether a group of variables together predict a given dependent variable (Babbie, 2010). Since there were four independent variables in this study the multiple regression model generally assumed the following equation;

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

Where: Y= financial sustainability; β_0 =constant; $\beta_1, \beta_2, \beta_3, \beta_4$ = Beta coefficients; X_1 = Social capital /relational capital; X_2 = structural capital; X_3 = human capital; X_4 = customer capital; ε = Error term

In addition, multicollinearity was tested using Variance Inflation Factor (VIF). This measures multicollinearity in the model. If no two independent variables are correlated, then all the VIFs was 1. If VIF for one of the variables is around or greater than 5, there is multicollinearity associated with that variable. In this case one of these variables must be removed from the regression model.

RESEARCH RESULTS

The study sought to determine the effect of relational capital on financial sustainability of Savings and Credit Cooperative Societies in Kenya. Relational capital was found to affect financial sustainability of Savings and Credit Cooperative Societies in Kenya very greatly. The study found that supplier's integration and collaborations affect financial sustainability of SACCOs in Kenya to a very great extent. The study also found that business networks affect financial sustainability of SACCOs in Kenya to a great extent while employees' relations affect financial sustainability of SACCOs in Kenya to a moderate extent.

The study sought to assess the extent to which structural capital affects financial sustainability of Savings and Credit Cooperative Societies in Kenya. The study found that structural capital affects financial sustainability of Savings and Credit Cooperative Societies in Kenya very greatly. The study established that integrated communication systems and operations automation affect financial sustainability of Savings and Credit Cooperative Societies in Kenya to a great extent. The study also found that hierarchy of management affect financial sustainability of Savings and Credit Cooperative Societies in Kenya to a moderate extent.

The study sought establish the effect of human capital on financial sustainability of Savings and Credit Cooperative Societies in Kenya. The study found that human capital greatly affects financial sustainability of Savings and Credit Cooperative Societies in Kenya. The study found that employee's competence and qualifications affect financial sustainability of Savings and Credit Cooperative Societies in Kenya to a great extent. The study also established that employee commitment and strategic leadership affect financial sustainability of Savings and Credit Cooperative Societies in Kenya to a moderate extent.

The research sought to determine how customer capital affects financial sustainability of Savings and Credit Cooperative Societies in Kenya. The study found that customer capital influences financial sustainability of Savings and Credit Cooperative Societies in Kenya greatly. The study further found that integrated customer relationship management, customer loyalty and retention level and market competitiveness influence financial sustainability of Savings and Credit Cooperative Societies in Kenya to a great extent.

The study sought to establish the trend of the aspects of financial sustainability of Savings and Credit Cooperative Societies in Kenya for the last 5 years. The study found that profitability trends and liquidity ratios had improved over the last five years. Loan write-offs, firm's capital base being wide enough to sustain operations and position to cover the cost of funds were found to have remained constant over the five years.

INFERENTIAL STATISTICS

Pearson Moment Correlation is used to show the association between variables as shown in Table 1.

Table 1: Correlations

		Financial Sustainability of SACCOs	Relational Capital	Structural Capital	Human Capital	Customer Capital
Financial Sustainability of SACCOs	Pearson Correlation	1				
	Sig. (2-tailed)					
Relational Capital	Pearson Correlation	.859**	1			
	Sig. (2-tailed)	.000				
Structural Capital	Pearson Correlation	-.425**	-.183**	1		
	Sig. (2-tailed)	.000	.004			
Human Capital	Pearson Correlation	-.228**	-.061	.615**	1	
	Sig. (2-tailed)	.000	.345	.000		
Customer Capital	Pearson Correlation	.893**	.935**	-.327**	-.271**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

The analysis of correlation results between the financial sustainability of SACCOs and relational capital shows a positive coefficient 0.859, with p-value of 0.000. It indicates that the result is significant at $\alpha = 5\%$ and that if the relational capital increases it will have a positive impact on the financial sustainability of SACCOs. The correlation results between structural capital and financial sustainability of SACCOs also indicates that there is a negative impact where the correlation coefficient is -0.425 and a p-value of 0.000 which significant at $\alpha = 5\%$.

The results also show that there is a negative association between human capital and financial sustainability of SACCOs where the correlation coefficient is -0.228, with a p-value of 0.000. Further, there is a positive association between customer capital and financial sustainability of SACCOs where the correlation coefficient is 0.893, with a p-value of 0.000. Nevertheless, the positive relationship indicates that when the practice of the afore-mentioned factors is in place the levels of financial sustainability of SACCOs increases. While a negative relationship indicates that when the practice of the afore-mentioned factors is in place the levels of financial sustainability of SACCOs decreases.

Multiple Regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. The regression results are as shown on Table 2, 3 and 4.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.916 ^a	.838	.836	.87124

Predictors: (Constant), Customer Capital, Human Capital, Structural Capital, Relational Capital

The adjusted R² from the Table 2 was found to be 0.836 implying that 83.6% of the variations in financial sustainability of SACCOs in Kenya are explained by changes in relational capital, structural capital, human capital and customer capital. The remaining 16.4% accounted for the effect of intellectual capital disclosure on financial sustainability of savings and credit cooperative societies in Kenya that are not covered in this study.

Table 3: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	937.417	4	234.354	308.741	.000 ^b
	Residual	180.657	238	.759		
	Total	1118.074	242			

a. Dependent Variable: Financial Sustainability of SACCOs

b. Predictors: (Constant), Customer Capital, Human Capital, Structural Capital, Relational Capital

The results show that the regression relationship was highly significant in predicting the effect of relational capital, structural capital, human capital and customer capital in financial sustainability of SACCOs in Kenya as shown by p-value (0.000) <0.005 and F calculated at 5 percent level of significance (308.741)>F critical (value = 2.410).

Table 4: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.127	.712		10.014	.000
Relational Capital	.336	.106	.282	3.172	.002
Structural Capital	-.318	.044	-.244	-7.192	.000
Human Capital	.124	.049	.095	2.535	.012
Customer Capital	.713	.115	.576	6.208	.000

a. Dependent Variable: Financial Sustainability of SACCOs

The established model for the study was:

$$Y = 7.127 + 0.336X_1 - 0.318X_2 + 0.124X_3 + 0.713X_4$$

As per regression equation, it was established that taking all the factors constant at zero financial sustainability of SACCOs in Kenya will be 7.127. The findings presented also shows that relational capital positively affects financial sustainability of SACCOs in Kenya as shown by r=0.336. This variable was significant since p=0.002 is less than 0.05. These findings were in line with Haythornthwaite (2012) who noted that in line with relational capital people with strong ties are more likely to adopt new media and influence others to do the same compared with those who have weak ties.

The study further revealed that structural capital negatively affects financial sustainability of SACCOs in Kenya as shown by $r=-0.318$. This variable was significant since $p=0.000$ which is less than 0.05. These findings were consistent with Walsh and Ungson (2011) who assert that structural capital as the supportive infrastructure that enables human capital to function which includes hardware, software, databases, organizational structure, process manuals, strategies, routines and anything that is valuable to the organization.

Moreover, the study showed that human capital positively affects financial sustainability of SACCOs in Kenya as shown by $r=0.124$. This variable was significant since $p=0.012$ was less than 0.05. These findings were consistent with Huff (2015) who affirms that human capital involves the intangible collective resources possessed by individuals and groups in an organization, which includes knowledge, talents and experience needed to accomplish the goals of the organization.

Finally, the study revealed that a customer capital positively affects financial sustainability of SACCOs in Kenya as shown by $r=0.713$. This variable was significant since $p\text{-value}=0.000$ was less than 0.05. These findings were in line with Wong and Aspinwall (2014) who added that youth enterprise's close proximity to their customers have enabled them to acquire knowledge via a more direct and faster flow than large organizations.

Overall, customer capital had the greatest effect on financial sustainability of SACCOs in Kenya, followed by relational capital, then human capital while structural capital had the least effect on financial sustainability of SACCOs in Kenya. All the variables were significant since $p\text{-values}$ were less than 0.05.

CONCLUSION

The study concluded that there was a positive association between the financial sustainability of SACCOs and relational capital. Relational capital was concluded to have a positive significance on the financial sustainability of SACCOs in Kenya. The study concluded that people who have strong ties engage in frequent interactions, self-disclosure of emotions, and knowledge exchanges; by contrast, members with weak ties participate in fewer knowledge exchanges.

The study concluded that structural capital negatively affects financial sustainability of SACCOs in Kenya. The study also concluded that the correlation results between structural capital and financial sustainability of SACCOs indicates that there is a negative impact. The study concluded that structural capital includes all the non-human storehouses of knowledge in organisations which include the databases, organisational charts, process manuals, strategies, routines and anything whose value to the company is higher than its material value.

The study concluded that there is a negative association between human capital and financial sustainability of SACCOs. The study concluded that human capital positively affects financial sustainability of SACCOs. The study further deduced that human capital is important because it is a source of innovation and strategic renewal. Further, the essence of human capital is the sheer intelligence of the organisational member.

The study concluded that there is a positive association between customer capital and financial sustainability of SACCOs. The study also concluded that customer capital positively affects financial sustainability of SACCOs in Kenya. The study concluded that the main theme of customer capital is the knowledge embedded in the marketing channels and customer relationships that an organisation develops through the course of conducting business.

RECOMMENDATIONS

Understanding of customer capital is a key ingredient of IC to creating a solid relationship between an enterprise and its customers. The study recommended that the managers should therefore seek to understand their clients' background, discover their priorities, know their tastes and likes to ensure they serve them well thus creating a long-term business relationship with them, culminating in the SACCOs financial sustainability. The study also recommends that there should be promotion of customer capital as it entails establishing a solid stock of connections, interactions, relationships, linkages, closeness, goodwill, and loyalty between a firm and its customers, downstream clients, strategic partners or other external stakeholders as this has a positive and significant influence on the financial sustainability of SACCOs in Kenya. Owner/managers should therefore maintain a close and direct contact with their customers and may even know them socially and personally through developing a stronger knowledge channel to improve their ability to capture such customer knowledge and consequently enhance the performance

There is need for employees of SACCOs to possess technical, interpersonal, and conceptual skills to effectively plan, lead, organize and control the firms effectively leading to increased performance and consequently growth.

More importantly, the managers should guide their employees towards utilizing the SACCOs structural capital which comprises the hardware, software, social capital databases, organizational structure, process manuals, strategies, routines and anything that is valuable to the organization as properly developed structural capital helps develop knowledge among employees.

SACCOs should take part in corporate social responsibility activities as a way of relational capital initiative which will create goodwill and thereby spurring the firm's performance. When SACCOs take part in corporate social responsibility; they show the community around them that they are not only interested in securing their profits but they are able to give back to the community hence appeal to the communities who are then drawn as clients to the organization increasing and spurring the financial sustainability of the SACCOs.

SACCOs should strive to ensure that their employees are considered the best in the industry as a way of utilizing human capital and hence spurring firm's performance. When the reputation of the employees of an organization is widely recognized in the industry as the best there is in that industry; clients will be drawn to the SACCOs since they are assured that they are going to get the best service in the industry and therefore this will help to improve the financial sustainability of the SACCOs.

SACCOs should update their database promptly to enable utilization of structural capital to spur performance. Updating their data bases promptly will ensure that their information is often secured and it does not get lost or misplaced in their processes. Therefore, this information will serve as sources of structural capital that the organization can utilize to spur the financial sustainability of the SACCOs

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