

**AN ANALYSIS OF THE FACTORS AFFECTING LOAN UTILIZATION AMONG
ADMINISTRATION POLICE OFFICERS IN NAKURU COUNTY,
KENYA**

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DECLARATION

This is to declare that this research project is my original work and has not been presented in any University or Institution of Higher Learning for award of Diploma or Degree.

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DEDICATION

First and foremost, I dedicate this research project to God whose grace and provision has been helpful. Secondly I dedicate this work to my lovely wife Mercy Yator and my sample Roy Kimutai Birech, my mother Veronica, brother Nicholas and sisters Monica, Jela, Jebet and Tety for their support, love and understanding.

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ABSTRACT

In Kenya, the number of police officers accessing loans has been increasing significantly from only 12,000 officers in the year 2000 to 32,000 in the year 2012. Out of these only 62% are able to utilise properly the loans and able to repay within the prescribed time and therefore this tremendous increase does not match well on with its efficiency .The concept of police officer's loan utilisation has not been fully described and analysed. Therefore, this study was aimed at analysing the factors affecting loan utilisation among Administration Police Officers. Specifically, the study investigated the effect of frequent transfer of police officers on loan utilisation, the effect of investment site on loan utilisation, the effect of officer investment knowledge on loan utilisation and the effect of employers support on loan utilisation. The study was informed by theory of self-efficacy. The study target population was 1,474 police officers in Nakuru county. Yamane formula was used to get a sample size of 314 where systematical sampling techniques was used to select the respondents. Both primary and secondary data, both in quantitative and qualitative nature, was used. Structured questionnaire was used to collect primary data which was self administered. Descriptive statistics such as mean and standard deviation and inferential statistic such as Pearson correlation and multiple regression model was used in analyzing data. The study findings showed that there ware significant correlation between frequent transfer on police officer, officers kknowledge, investment site and employers support on loan utiliation.

Key words: Loan, Loan Utilisation and Loan Investment.

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CHAPTER ONE: INTRODUCTION

1.0 Overview of the Chapter.

This chapter discusses the background of the study which gives specific attention to the problem hence statement of the problem, objectives of the study, hypothesis based on objectives, significance of the study, limitation of the study and scope of the study.

1.1 Background of the Study

The Administration Police (AP) establishment and mandate is provided for under the National Police Service Act. (NPSA). Despite its humble origin which can be traced back to 1902 when the village headman ordinance Act enacted. AP of today has undergone positive transformation over the past century of its existence in mandate, Service delivery strategy and management systems.(National Police Service Act, 2011).

The Service is mandated to: assist all Government Officers in exercise of their lawful duties, execute all orders and warrants lawfully issued by competent authority, preservation of the public peace, prevention of commission of offences and apprehension of offenders, acting as messengers in any matter connected with the administration of public service and defense of Kenya in event of war or emergency.(Administration Police Strategic Plan, 2009-2013)

Research has shown that the major causes for loan default vary in different countries and have a multidimensional aspect both, in developing and developed nations. Theoretically there are so many reasons as to why loans fail to perform. Some of these include depressed economic conditions, high real interest rate, inflation, lenient terms of credit, credit orientation, high credit growth and risk appetite, and poor monitoring among others. Bercoff et al. (2002) categorizes

causes of non performing loans to inefficient loan utilization despite the strict qualification criteria put to credit acquisition put on borrowers.

The acquisition of loan and credit facilities by the Administration Police Officers has come a long way just like the origin of the service itself. To ensure accessibility to all borrowers without discrimination this has been made possible by major international organizations such as the World Bank, IMF and also the African union who not only influence governments to create favorable microeconomic environment but also ensure that institutional lenders have a favorable business environment to allow the flow of funds to the respective borrowers.

Despite all this effort the utilisation of borrowed funds by Administration Police Officers most often than do not meet their intended need. According Agnes (2001) the effectiveness in the utilisation of loan funds depends partly on whether the client (loan borrower) belong to a given group or association or he is an individual borrower. This is proven study that the level of effective loan utilisation is higher for group or union borrower compared to individual borrower who also present a higher chance of loan default.

Administration Police Officers are not exempted from accessing loans from various financial institutions such as Banks and Savings and Credit Societies and it has been increasing significantly from only 12,000 officers in the year 2000 to 32,000 in the year 2012 (Administration Police Annual Report, 2012) out of this 62% are able to utilise properly and able to repay within the prescribed time. These tremendous increase does not match well on with its efficiency in utilisation.

Nakuru county has the largest number of officers failing to service their loan with 12% of the defaulters (Administration Police Annual Report, 2012). The report further indicates that the

course of this defaults is associated with improper utilisation of loan hence becoming the basis of the research to analyse the factors that affect proper loan utilisation within Nakuru county.

Traditional microcredit projects throughout the world have faced loan diversion, borrowers using their loans not for the purpose given on the loan application form or prescribed by the project, but for another more pressing purpose. Some loans are diverted for providential or non-productive purposes, to meet emergency medical or education expenses (both of which, incidentally, can also be seen, in the long run at least, as productive). Loans are also diverted because the borrower sees another more viable or lucrative opportunity. Given that cash is fungible and the complexity of police household economies, it is increasingly clear that trying to tie loans to specific uses without addressing other needs and opportunities is naïve at best (Wright, 2001). According to Kobla (2009) institutions should organize training programmes in records keeping, credit management, marketing and management seminar. Thus, preparing their clients enough for the good utilization of the loan that they may contract and proper management of the business. The loan should be given at an appropriate time so that it can be used for the intended purpose. The mode of repayment of the micro loan should not be harsh for the beneficiaries. Institutions should make it flexible so that the actual loan would not be used to service the loan.

A study conducted in Uganda (Onobe, 2012) revealed that effectiveness of loan utilization is attributed to business characteristics, the inhibitive educational background, family size, grace period, loan amount and supervision. This is in agreement with earlier studies by Biryabarema (1998) who observed that non group borrowers have got big families, which eat into the finances of the business making it challenging to worn up to their financial obligations to their lenders

A study by International Monetary Fund (IMF, 2009) a non- performing loan is any loan in which interest and principal payments are more than 90 days overdue; or more than 90 days worth of interest has been refinanced .On the other hand the Basel Committee (2001) puts non performing loans as loans left unpaid for a period of 90 days, this study is attributed to inefficiency of loan utilization by individual borrowers such as the police (disciplined forces).

The study therefore tried to establish the effects of police officers knowledge, officers investment plan, loan payback period, family size, loans post acquisition service, and impact of employers support on loan utilization. Police salaries are low and police officers complain about their inability to cope up with rising inflation hence there is need to take up loans. Police in Kenya suffer from low levels of public confidence. Research has shown that the public associate the police with corruption and impunity. (Amnesty International, 2012). As a result the public is largely unwilling to cooperate with the police and share information on financial difficulties they are facing.

1.2 Statement of the Problem

Despite the fact that loan is major source of investible funds for small scale investors, Administration Police Officers are not exempted from accessing loans from various financial institutions such as Banks and Credit Societies. The trend of financing through Loans has been increasing significantly from only 12,000 Officers in the year 2000 to 32,000 in the year 2012. Out of this only 62% of these officers are able to utilise and repay within prescribed time. These tremendous increase of the loan intake does not match well with its efficiency in utilisation as Nakuru Couty bears the largest number of officers failing to service their loan with 12% of defaulters.(Administration Police Annual Report, 2012). The report further indicates that the course of the defaults is associated with improper utilisation of loan.

Moreover, most of the police officers are posted far from their original homestead others are posted in remote areas like Mandera, Marsabit among others. This is likely to affect their level of loan utilisation, whereby officers prefer investing in their original home area rather than where they are posted. However, there is limited research that has been conducted on how police officers utilise their loans. This research therefore tried to established factors that influence loan utilisation among Administration police officers in Nakuru County, hence giving a long term solution that will be influenced by all the stakeholders including the employers on how best to ensure objective loan utilization among the police officers bringing out practical solutions on how best to implement established policies.

1.3 Objective of the Study

1.3.1 General Objectives

To analyse the factors that influence loan utilization among police officers in Nakuru County, Kenya.

1.3.2 Specific Objectives:

- I. To evaluate the effect of frequent transfer of police officers on loan utilisation in Nakuru .
- II. To assess the effect of investment site on loan utilisation.
- III. To establish the effect of officer investment knowledge on loan utilisation
- IV. To analyze the effect of employers support on loan utilisation

1.3.3 Research Hypothesis

- I. There is no significant relationship between frequent transfer of police officers and loan utilisation.

- II. There is no significant relationships between investments site and loan utilisation.
- III. There is no significant relationship between officer investment knowledge and its utilisation.
- IV. There is no significant relationship between employers support and loan utilisation.

1.5 Significance of the Study

Currently, there is a demand for effective loan management among both public and private employees. It is becoming increasingly difficult for employees to effectively manage their loans. The soft issues addressed through loan utilisation among police officers attempt to add more value to an employee who have borrowed loans.

This study provides a valuable insight to the institutional lenders on how best to offer post lending services to borrower who in most cases have no concrete plan of investment. The findings of this study will be useful to government agencies that provide pension and investment advice to public servants

Police management may benefit from these study by using the outcome to train its officers on how well they should manage their loans. Scholars, researchers and Academicians interested in this field may also obtain information showing the gaps that require further studies.

1.6 Limitation of the Study

This study, focused on Administration police in Nakuru County. The study was be limited to use of questionnaires as method of data collection which requires a lot of time when distributing them.

1.8 Scope of the Study

This study sought to assess factors affecting loan utilisation among police officers, the research will be carried out in Nakuru County. The study unit of analysis will be Administration police officers in the nine Sub county headquarters in the county. The study aimed at describing the situation the way it was at that moment. These variables were selected due to their deep involvement in the success or failure of their loans.

1.9 Definition of Terms

Loan It can be defined as an arrangement in which the lender in this case Banks, Financial Institutions or Savings and Credit Societies gives money to the borrower in this case Administration Police Officers and agrees to Return Repay the money with interest at some future point and time Usually more than Twelve months and Less than Seventy Two months. Generally the lender bears the risk that the borrower may not repay in whole or some amount borrowed.

Investment It means the use of money in the hope of making more money .

Administration Police Officer. These are Persons appointed by National Police Service Commission to provide security to members of the public.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter reviews literature related to the study by other researchers and it will mainly focus on, the concept of loan utilization, Frequent Transfer of Job on Loan Utilization, loan utilization knowledge, investment plan, loan payback period, loans post acquisition service, employers support, and the conceptual framework

2.1 Concept of loan utilization.

Loan utilization has a ripple effect on the credit financing industry this is the reason why there are more than enough requirements to be met for any borrower to qualify for any form of loan facility from an institution. As Goosen et al.(1999) put it, banks provide channel (financial intermediation) for linking those who have excess funds with those who are in need of funds, thus ensuring the money available in economy is always put to good use. In so doing banks earn income when they lend money out at a higher interest rate than they pay depositors for use of their money. But when the credit given to borrowers is not well utilised, then not only the lending institution will have to suffer but also the individual lenders to the bank who do so at an interest rate.

In most developing economies the formal banking sector does not satisfy the growing demand for credit, and many borrowers turn to informal loan sources (relatives, private moneylenders, etc.) to meet their production and consumption needs. It has been estimated that only 5 percent of the farmers in Africa and about 15 percent in Asia and Latin America have had access to formal credit that is of benefit to their specific needs; and on an average, across developing countries, 5

percent of the borrowers have received 80 percent of the credit (Bali Swain, 2001) the level of return on investment on farming is directly affected by the extend of utilization of the credit obtained from the various source of finance

Research studies done by Agion & Morduch (2005), argue that due to microfinance activities in any given business environment, there exists many benefits that have replicated within developing nations these includes, extending of various industrial markets, significant reduction in poverty levels and fostering social change. Despite all these evident benefits there is wide spread concern that microfinance are just lending loans to borrowers without paying attention to the level of utilization among the borrowers, thus leading to a large rate of credit default. With a larger percentage of the economy heavily dependent on microfinance institutions for funding, credit default would pose a major risk to this sector if the rate of default as a result of poor loan utilization is not well solved.

State (2008) highlights the need for credit by civil servants in poorly paying salaries that are heavily taxed, access of credit though perceived to be difficult due to the strict demand for collateral by credit lending institutions civil servants have an added advantage of having a job security unlike other borrowers in the same business environment where there . In most developing economies relying heavily on agricultural activities micro-credit is regarded as an essential input to increase agricultural productivity with support of other factors of production such as, land and labor. The study argue that given full utilization of credit facility credit will positively boosts income levels, increase employment at household level and there by alleviate poverty Okurut et al (2004). In other words, small and easily repayable loans enable poor people to overcome liquidity constraints and under take some micro investments. Subsequently, increase the poor households' risk bearing ability and improves their coping strategies.

Small loans are a mitigation or survival strategy to cope with the hemorrhage of capital and poverty in most developing economies such as Kenya. In this case, indigenous rotating credit associations came in play to avail the poor with small loans. Access to micro-credit by police is also regarded as enhancing police's participation in economic development and there by elevating the socio-economic status of police as major contributors of economic development, Pitt and Khandker (1998). Mayoux (1998) holds the exposition that microfinance is an entry point in the context of a wider strategy for general economic and socio-political empowerment. Other gender lobbyists have also advocated credit targeting police because of higher levels of female poverty and police's responsibility for the household well being (Alejo 1993).

The assumption is that increasing police's access to micro-credit enables police to make a greater contribution to household income. Kuntala and Samanta (2006) also argued that police's access to credit does not only empower police, but also opens new opportunities to master financial skills and create economic enterprises. Clients in form of small loans for the purpose of micro-enterprises and income generating activities Micro-loans is a financial innovation which originated in developing countries where it has successfully enabled extremely impoverished people to engage in self-employment projects that allow the poor and voiceless to generate income, begin to build wealth and exit poverty.

Many development scholars argue that financially sustainable instrument meant to reach significant number of poor people who most are not able to access financial services from commercial banks. Small loans granted to borrowers are believed to bring significant improvement in the lives of civil servants by increasing their productive capacity. Credit enables the struggling civil servants such as the police to boost their investment in businesses activities, agriculture production and able to meet the household daily needs. In developing world like

Uganda, millions of people are suffering from poverty and its crippling effects despite the improved access of credit facilities but questionable utilization rates Lotter (1998).

2.3 Frequent Transfer of Employee on Loan Utilisation

Employees who have transfer are vital to the productivity of the businesses and industries. The health of our communities requires that these people do not leave good places and relocate only to find themselves have rough in fulfilling their family responsibilities. Thus, this issue deserves attention (Keller and hecman, 2004). Relocating employees need quality information about their new location to be able to accept a position and find a home that matches their needs.

An employee transfer initiative is no easy initiative to implement. It takes a real commitment between the employer and employees for the policy to be successful. Many issues have to be addressed in order for it to work smoothly for instance it consequences to employ family investment. Relocating employees is very expensive, and it is even more expensive when the transfer fails. Buying and selling houses, paying moving expenses, familiarizing a family with a new location, finding jobs for spouses of dual-earner households and many other matters need to be addressed before transfer can take place (Coomer, 2012).

There are emotional costs, too. Employees have to uproot their lives and start over in a new place where the only thing familiar to them is their jobs. They will have to learn about a new area as they search for a home and places to continue their hobbies. Some will have to sell their homes, which can be a daunting process on its own, and find ways to stay in touch with family and friends left behind. The employer will invest time, energy and resources in reassuring these employees that they will like the new location and benefit from the transfer (ibid, 2012).

2.3 Link between loan utilization knowledge and loan utilisation

Financial literacy plays an important role in achievement of individual personal goals for this reason it is important for financial institutions to adequately educate their clients on matters concerning investment and cash management this could be achieved through collaboration with educational institutions to provide short and affordable course tailored for investors interested in borrowing loan facilities. Scholars like Nachiket and Bindu (2008), assert that access to micro credit can help to alleviate poverty and improve on household wellbeing only if accompanied with other complementary inputs: typically training and skill development interventions. This implies that small business operations require business skills and knowledge by the micro-entrepreneur for empowerment purposes. Further, Rukunga (1999) also emphasized that for any business, no matter how small and humble, when started may grow over time depending on the determination and managerial skills of the entrepreneur. Here management is about planning, directing and controlling available resources to meet the desired results in any economic activity. This has a positive impact on the borrowers discipline in the utilization of credit obtained from financial institutions

Discussions of other scholars argue that high illiteracy levels not only hinder potential investors from accessing credit from general financial service institutions in an economy where MFIs, are regard as a bridge to access finance and in result to poverty alleviation, health care and education literacy (Ledgerwood, 2000). MFIs are providing many financial services including credit, savings, insurance credit cards, payment services etc. But almost all MFIs are lending credit by default. It is not necessary that every MFI should facilitate their customers by all these services but MFIs can facilitate anyone of these services or all. According to Ledgerwood (2000), “The

choice of which financial services to provide and the method of providing these services depend on the objectives of MFI, the demands of its target market and its institutional structure

According to Ledgerwood (2000) most institutional lenders prefer group borrowers who by virtue of their pooled resources act as a legible collateral for securing large amounts of loans as this is attributed to the fact that all the activities performed by the group are done so by virtue of shared responsibility and accountability, but in situations of an illiterate or poorly informed groups with viable investment plans but are characterized with high levels of inexperience about efficient business practices and viable investment knowledge, it is important for loan providers to take up the responsibility of enlightening them and enable them to not only select an investment mentor but also assist them in developing profitable investment networks that will enable them to get support and deal with challenging issues that arise during their loan utilization period. For this reason it's also paramount that, these members are provided with adequate training in record keeping, book keeping, accounting, and training about business activities and tactics, and negotiation skills. To ensure that loans granted to them is well utilized

Efficient utilization of Micro-credit facilities granted to individual borrowers is an essential input to increase productivity at household level. Many scholars in the development field argue that micro credit globally improves the borrowers, well being; boost income levels and increase employment of household members Okurut et al (2004). However, there are many variables which influence the extent of success at individual, households, organization and environmental level, for example, who are initially targeted, the borrowers' skill level, gender relation in the household and the external support available to the borrowers. For this reason it is perceived that the responsibility of creating a knowledgeable borrower base lies in the hands of the credit lenders.

2.4 Link between investment plans and loan utilisation

In the event of borrowing credit from a microfinance institution it is important that a borrower meticulously drafts a viable investment plan with very practical budget lines. In the current business environment characterized with limited financial resources credit providers demand investment plans a basic requirement for granting loans, this reduces credit default rate and increases the rate of loan utilization among respective borrowers. Recent publications and literatures suggested that working as private social entrepreneur gives three advantages in terms of orienting to planning, profit and innovation. Socially oriented purpose business ventures can draw upon a wealth of experience in terms of market analysis and the conduct of feasibility studies and coming up with viable investment plan (Campbell, 1998). Perhaps the single most important activity for the new business start-up, or the business that is charting a new course into proper loan utilization and this is an import and systematic process for generating and screening ideas that will enable an investor to establish a solid guideline for investing borrowed money thus owning up to the credit provider's financial obligations Thalhuber (1998).

Entrepreneurs assume greater latitude in adopting and adapting the popular business trends of the day much of this freedom or autonomy is held by value-driven, charismatic business leaders Cheney (2005). On the other hand, some scholars like Nachiket and Bindu (2008), assert that access to Loans can help to alleviate poverty and improve on household wellbeing only if accompanied with other complementary inputs: typically training and skill development interventions. This implies that small business operations require business skills and knowledge by the micro-entrepreneur for sustainability. Further, Rukunga (1999) also emphasized that for any business, no matter how small and humble, when started may grow over time depending on the determination and managerial skills of the entrepreneur. Here management is about planning,

directing and controlling available resources to meet the desired results in any economic activity. Business management is guided by a vision or a set of policies and strategies and strategic planning.

Developing economies are in most cases tied with redundant business practice that leave them behind in ensuring full utilization of the limited financial resource for this reason the micro-entrepreneur must know something about keeping the daily business records and how to manage the borrowed funds. According to, Harvey (2009) also argued that a significant number of micro-entrepreneurs in Uganda are family-owned businesses which either lack proper marketing strategies and formal plans or have failed to communicate through the family ownership and management team. Therefore my study comparatively assessed the organizational and operating capacity of MC users in terms of saving skills, marketing skills, business skills and credit servicing, and the borrowers knowledge and skills in business and investment which are cardinal for successful a business in both rural and urban communities.

2.7 Link between loans employers support and loan utilisation

Organizations play a very important role in providing support for their employees on matters of investment this is evident through ensuring that employees attend seminars or workshops that have investment insight and personal development modules. Employers purposefully encourage formation of investment groups within the organization on condition that it will not interfere with their duties, the support for such groups enables employees to secure loans from financial institutions and also get specialized attention on the investment of their choice. According to Padmanabhan (1989) in his book Rural Credit defines group credit as no individual credit in which credit is given to groups of farmers who are joined together to form an association such as a cooperative, credit union, user's society, etc., where such organizations play a role in securing,

management, use, and repayment of such credit. Thus, the association acts as an intermediary between the credit-granting authority and the ultimate user. The study argued that whether the groups are formed spontaneously, through the catalytic work of a trained animator, or a motivated bank worker in the field, or even through interaction with other groups, they must reflect the members' own motivation and aspirations. The members must perceive the group as an instrument for furthering their own economic and social interests and enhancing their human dignity. Obtaining credit is only one phase in this process but the long-term benefit will be in ensuring proper loan utilization and thus leading to reduced levels of credit default among borrowers.

2.9 Theoretical Framework

Theoretical Framework The conceptual base for this study was drawn from the theory of self-efficacy postulated by Bandura (1995). It "refers to beliefs in one's capabilities to organize and execute the courses of action required to manage prospective situations". Self-efficacy affects people's thoughts, feelings, actions, motivations, efforts, and determinations to confront the obstacles faced in life. High self-efficacy means that people are more likely to participate in activities in which they believe they can succeed. It promotes the premise that individuals have the potential to mitigate and improve their situations. Finally, the theory identifies factors that affect the success or failure of individuals, including their collective or group actions.

2.10 Conceptual Framework

The cost of living in developing nations is increasing as the day goes by for this reason most civil servants looking for alternative sources of income apart from employment income that is heavily taxed leaving a small amount of disposable income for investment, for this reason most

employees are looking for alternative sources of income that will not only meet their need but also ensure that investment opportunities are well utilized, despite the improved level of loan accessibility for most developing nations, loan utilization still remains a major challenge for most credit borrowers.

This study will try to establish the factors that influence loan utilization among disciplined forces more specifically the police officers in the north rift, study model will incorporate a comparison of five important variables; frequent transferable of police officers, Investment location, investment plan, employers support and loan utilization as the dependent variable . The conceptual model shows the relationship of the five factors that are perceived to influence loan utilization.

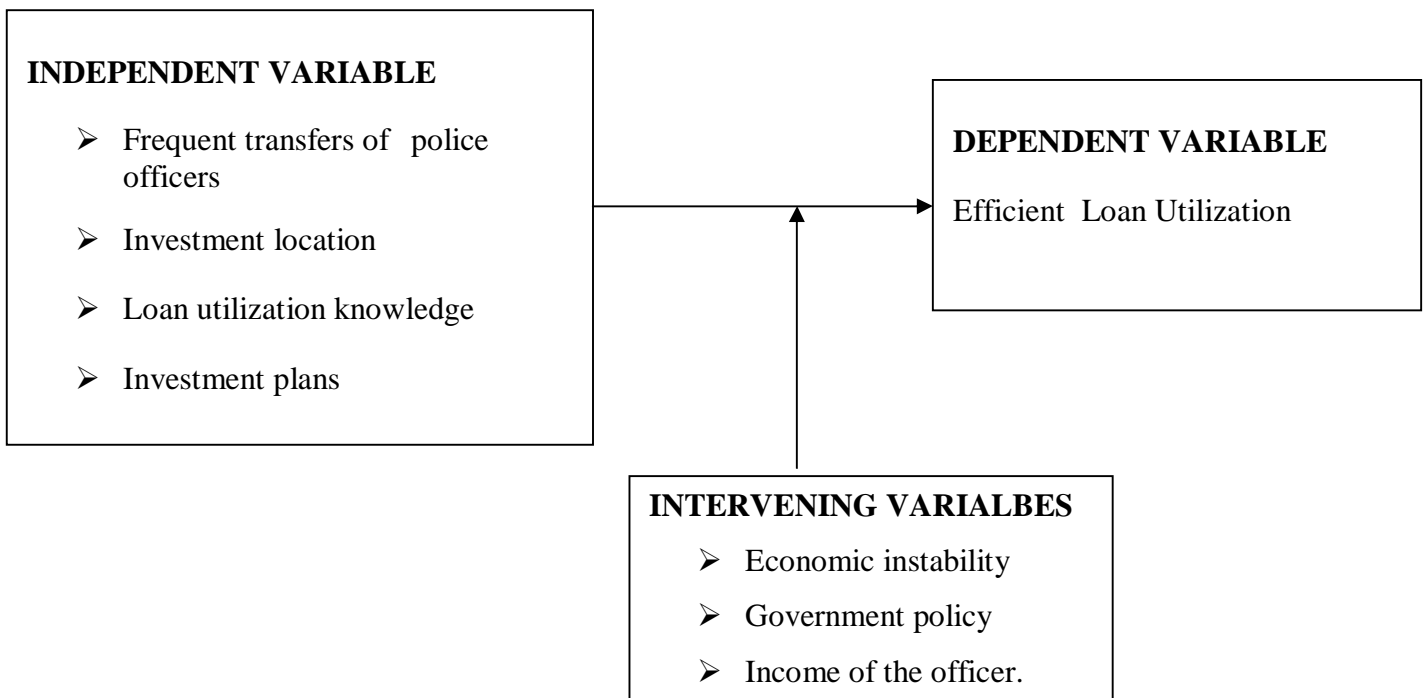


Figure 1.1: Conceptual Framework

Source : Researcher (2013)

CHAPTER THREE:
RESEARCH METHODOLOGY

3.1 Research Design

Explanatory research design was used in this study. According to Cooper and Schindler, (2000) explanatory research focuses on why questions. In answering the `why' questions, the study is involved in developing causal explanations. Causal explanations argue that phenomenon Y (loan utilization) is affected by factor X (investment location, Frequent transfer of the officer, Officers Knowledge). This design was chosen because it applied closely to the research objectives of the study hence practical in testing the study hypothesis.

3.2 Target Population

The study targeted 1,474 police officers in Nakuru County. Target population above was chosen since they are accessible to information required by the researcher and they are directly loans utilizers.

Table 3.1 Target Population

Sub Counties	Population	Target Population
Nakuru	392	375
Njoro	183	168
Molo	162	144
Kuresoi	181	164
Naivasha	201	189
Gilgil	103	81
Subukia	92	76
Nakuru North	156	130
Rongai	167	147
Total	1637	1474

Source (Administration Police database, 2013)

3.3 Sample and Sampling Procedures

From the target population of 1474, Taro Yamane (1973) sample size formula was used to select a sample size of 314 police officers as shown below:

$$n = N / [1 + N(e)^2] = 1474 / [1 + 1474(0.05)^2] = 314$$

Where

$$n = \text{Sample size} = 314$$

$$N = \text{Population size} = 1474$$

$$e = \text{the error of Sampling} = 0.05$$

This study allowed the error of sampling of 0.05. The study used stratified random sampling technique to select the police officers. Therefore, police officers was stratified into 9 stratas which are Sub Counties within Nakuru County where the sample size was distributed according to Neyman allocation formula (1934). The purpose of the method was to maximize survey precision, given a fixed sample size. With Neyman allocation, the best sample size for stratum h would be:

$$n_h = \left(\frac{N_h}{N} \right) n$$

Where,

n_h - The sample size for stratum h ,

n - Total sample size,

N_h - The population size for stratum h ,

N - The total population

Hence, distribution will be as follows;

Table 3.2 Sample Size

Sub Counties	Population	Population Target	Sample size $n_h = \left(\frac{N_h}{N}\right)n$
Nakuru	392	375	80
Njoro	183	168	36
Molo	162	144	31
Kuresoi	181	164	35
Naivasha	201	189	40
Gilgil	103	81	17
Subukia	92	76	16
Nakuru North	156	130	28
Rongai	167	147	31
Total	1637	1474	314

Source (Administration Police database, 2013)

The respondents was selected using simple random sampling from each strata.

3.4 Research Instruments and Data Collection Procedures.

The researcher used questionnaires as a tool for data collection and the questionnaires consisted of only closed ended questionnaires because they are easier to administer and analyze since each item is followed by an alternative answer. A self-administered questionnaire was accompanied by a covering letter, which explains the purpose of the study and assures respondents strict confidentiality. Closed ended questionnaire offer the respondent a list of responses, any of which they can choose. The list of responses must be defined clearly and meaningfully.

To collect the requisite information for further analysis, structured questionnaires was used. Apart from collecting data on factors affecting utilization of loan aspects covered by the study, data on police officers' salary was collected for further analysis by analyzing financial documents.

Data collected was primary data and follow-up was conducted by the researcher to ensure the questionnaires were filled in accordance with the research objectives. Primary data was collected because the research was explanatory and data was easily obtained.

The research used random sampling technique to administer questionnaires to respondents whom after answering questions was collected by the researcher. This type of administration is best because the researcher was able to identify where the respondents had some difficulties. Only quantitative data was collected and the questionnaires was administered by research assistants.

3.4.1 Reliability and validity of the instruments.

McMillan and Schumacher (1993) says validity is the extent to which the inferences made on the basis of scores from an instrument are appropriate, meaningful and useful. It is the judgment of the appropriateness of a measure for specific inference or decision that results from the scores generated. In this case, The reliability of the questionnaire was tested using Cronbach α measurements. Prior to data analysis, the research instrument was assessed for its reliability as well as construct validity. Cronbach's coefficient alpha was computed for each variable to test for reliability (Tan et al, 2000).

Reliability can be defined as the consistency over time, a measure etc. In this case the questionnaires was administered to different groups of police officers and also using the alpha coefficient (from SPSS). Construct validity measures "the degree to which a scale measures what it intends to measure" (Garver and Mentzer, 1999) and it is assessed by factor analysis in this research.

3.5 Data Analysis Procedures and Presentation.

The study adopted Correlation and Regression analysis to estimate the causal relationships between factors under study on loan utilisation, and other chosen variables. SPSS software was used for Correlation and Regression analysis. The primary and secondary data were analysed using multiple regressions and correlation analysis, the significant of each independent variable was tested at a confidence level of 95%. The regression equation of the study was applied as shown below

$$y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon$$

Where,

y = loan utilisation

α = Constant

$\beta_1 \dots \beta_5$ = the slope representing degree of change in independent variable by one unit variable.

x_1 = frequent job transfer

x_2 = Investment location

x_3 = Loan utilisation knowledge

x_4 = Investment plans

ε = error term

In the above tests the null hypothesis was rejected because the p- value was less than one a. As a result the tests was two tailed and a significant level was measured at 95% confidence.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents results of this study based on the formulated objectives and hypotheses as presented in chapter one. The chapter analyzes the variables involved in the study and estimate the conceptual model described in chapter two. In the first two sections data description and analysis is presented. The model estimation and the analysis of the results are then interpreted. Finally concluding remarks are made. Data description involved a discussion on the sources of data and definitions of the dependent and the independent variables. Data collected was quantitatively analyzed and presented in Tables. In the first two sections data description and analysis is presented. The model estimation and the analysis of the results are then interpreted. Hypothesis are also tested with the study accepting or failing to accept them depending to the p values and t test value

Demographic Information

Demographic information shows the characteristics of the elements in the sample size: it helps the researcher understand the general view of his respondents based on the research objectives. As such the study sought to establish the general information of the respondents, which forms the basis under which the interpretations are made.

Demographic information results in Table 4.1 revealed the gender, age bracket and level of education of the respondents. Demographic factor one revealed the age of the respondents.

Research findings showed that the majority of the respondents 75.7% (224) were male whereas 24.3% (72) were female.

Demographic factor two affirmed that majority of the respondents 44.6% (132) are between the age brackets of 26-30 followed by 40.5% (120) who are between the age bracket of between 31-35 whereas 8.1% (24) between the age bracket of 21-25 years of age. Finally, respondents over the age of 41 were 6.8% (20).

Demographic factor three inferred that majority of the respondents 67.6% (200) were at secondary level of education whereas 32.4% (96) of the respondents were graduates. Therefore the respondents could be described as averagely educated, or rather; education was not put into much consideration.

Table 4.1 Demographic Information

		Frequency	Percent
Gender	Male	224	75.7
	Female	72	24.3
	Total	296	100
Age bracket	21-25yrs	24	8.1
	26 -30yrs	132	44.6
	31-35yrs	120	40.5
	Over 41yrs	20	6.8
	Total	296	100
Level of education	Secondary school	200	67.6
	Graduate	96	32.4
Total		296	100

Mode of Financing

The researcher sought to establish the financial situations of the respondents. Research findings revealed that respondents either had a monthly salary or alternative income. Respondents with a monthly salary were subdivided into three. Those earning between ksh 15,000-25,000 were 8.1% (24), between ksh 26,000-35,000 were 60.8% (180) while those earning between ksh 36,000-45,000 were 31.1% (92).

Respondents on alternative income were 42.6% (126) whereas those not on alternative income were 57.4% (170). Further findings showed that those on alternative income accessed an investment loan between ksh 15,000-25,000. Majority 54.7% (162) of those who applied for the loan did it for personal development whereas 12.5% (37) of the respondents did it for purchase of house for renting.

Table 4.2 Mode of Financing

		Frequency	Percent
monthly salary	between Kshs 15000 - 25000	24	8.1
	Between Kshs. 26000 - 35000	180	60.8
	between Ksh 36000 - 45000	92	31.1
	Total	296	100
alternative income	Yes	126	42.6
	No	170	57.4
	Total	296	100
If yes, how much per month?	between shs 15000 - 25000	126	42.6
accessed an investment loan from any institutions			
reasons for applying for that loans			
- personal development	Yes	162	54.7
purchase of houses for renting	Yes	37	12.5

Frequent Transfer of Police Officers.

The researcher considered it important to establish information about frequent transfer of police officers. Research findings were illustrated in Table 4.3. In relation to the number of times police officers have been transferred, findings showed that majority of the respondents agreed they had been transferred many times as shown by (mean=3.63). Also, respondents affirmed that they had been transferred from their favourite investment area (mean=3.39). In addition, respondents have never stayed in stations for more than 3 years due to frequent transfer (mean=2.23). Respondents inferred that they cannot invest due to constant worries of being transferred to another station (mean=4.07) and it has never been easy for them to cope up with frequent transfer (mean=3.96). Finally, whenever respondents are transferred, they lose a lot of money relocating the family (mean=4.12). This summed up frequency transfer of employees to a mean=3.565, standard deviation 1.13819, skewness -0.501, kurtosis -1.328.

Table 4.3 Frequent Transfer of Police Officers

	Std.			
	Mean	Deviation	Skewness	Kurtosis
I have been transferred many times?	3.63	1.553	-0.67	-1.201
I have been transferred far away from my favorite investment area	3.39	1.396	-0.092	-1.405
I have never stayed in stations for more than 3 years due to frequent transfer	2.23	1.103	0.397	-1.172
I cannot invest due to constant worries of being transferred to another station	4.07	1.203	-0.649	-1.321
It has never been easy for me to cop up with frequent transfer	3.96	1.382	-0.671	-1.489
Whenever transferred i lose a lot of money relocating my family	4.12	1.187	-0.825	-1.017
Frequent transfer of Police Officers	3.565	1.13819	-0.501	-1.328

As stipulated by hypothesis statement, frequent transfer of police officers has no significant effect on loan utilization (H_{01}), research findings show inconsistency with the hypothesis since frequent transfer of police officers recorded a beta coefficient (β) of (-0.467, $\rho = 0.000 < 0.05$), hence frequent transfer of police officers was negatively correlated with loan utilization. The

findings concur with (Keller and hecman, 2004) stating that frequent transfer of police officers affect the health of the communities since the employee leave good places and relocate to places that they find it rough in fulfilling their family responsibilities.

It is also in agreement with (Coomer, 2012) that frequent transfer of police officers affects negatively employer family investments since relocating employees is very expensive and many factors have to be considered before a transfer is initiated. For instance, buying and selling new houses and also seeking employment for spouses of dual earner household and the employer will invest a lot of time, energy and resources in reassuring the employees that they will benefit from the transfer (ibid, 2012) thus this impacts negatively on loan utilization.

Investment location

The research considered it important to identify the investment location of respondents. It was revealed that respondents are always in dilemma when choosing the best place to invest (mean=2.48). Respondents strongly agreed that they work in a station where they are not interested to invest (4.6) and they fear choosing an investment site where they will lose their capital (mean = 4.77). Finally respondents affirmed that most of the sites they choose to invest in is very costly (mean = 2.91). In general, investment location summed up to mean=3.6883, standard deviation 0.32187, skewness 1.15 and kurtosis 0.828.

Table 4.4 Investment Location

	Std.			
	Mean	Deviation	Skewness	Kurtosis
Am always in dilemma when choosing the best place to invest	2.48	1.117	0.391	-1.323
I work in a station where am not interested in investing in that particular region	4.6	0.49	-0.431	-1.827
I fear choosing investment site where i will lose my capital	4.77	0.585	-2.366	4.121
Most of the sites I choose to invest are very costly	2.91	0.842	1.003	0.783
Investment location	3.6883	0.32187	1.15	0.828

As stated by hypothesis statement, investment location has no significant effect on loan utilization (H_{O2}), research findings show inconsistency with the hypothesis since investment location recorded a beta coefficient (β) of (-0.474, $\rho = 0.001 < 0.05$), hence investment location was negatively correlated with loan utilization. Investment location is one of the important factors in the current global economy and is an important element in making investment decision.

Loan utilization knowledge

It was deemed important by the researcher to establish loan utilization knowledge by the respondents. Results were illustrated in Table 4.5. Findings showed that respondents are not experienced in using loan to investments (mean = 2.57). Respondents agreed that they have never attended any classes, workshops, seminars on how to use loan granted (mean = 4.20) and know what kind of investment will generate more money (mean = 4.00). Also, respondents consult financial experts on how to invest (mean=2.78). Finally, respondents know what kind of investment will generate money (mean=3.84). In general, loan utilization knowledge summed up to mean=3.477, standard deviation 0.2294, skewness -0.252 and kurtosis -1.08.

According to hypothesis statement, loan knowledge has no significant effect on loan utilization (H_{O3}), research findings show inconsistency with the hypothesis since loan knowledge recorded a beta coefficient (β) of (0.983, $\rho=0.000<0.05$), hence loan knowledge was positively correlated with loan utilization. This is in agreement with Nachiket and Bindu (2008) that access to micro credit can help eliminate poverty and improve wellbeing of households only if accompanied by complementary factors. Specifically, training and skill development interventions on loan utilization. Research findings also concur with Rukunga (1999) that borrower's discipline, particularly managerial skills such as planning, directing and controlling available resources has a positive effect on the growth of the business.

The research finding is also in agreement with (Ledgerwood, 2000) who asserts that high illiteracy level hinders potential investors from accessing loans from micro finance institutions as most microfinance institutions prefer group borrowers who by virtue of their pulled resources act

as a legible collateral for securing large amounts of loans as compared to illiterate or poorly informed groups with viable investment plans characterized with high levels of inexperience about efficient business practices and viable investment knowledge.

Table 4.5 Loan Utilization Knowledge

	Std.			
	Mean	Deviation	Skewness	Kurtosis
Am not experienced in using loan to investments	2.57	0.756	0.906	-0.672
I have never attended any classes, workshops , seminars on how to use loan granted	4.20	0.753	-1.306	2.447
I know what kind of investment will generate money	4.00	0.602	-0.186	0.41
I always consult financial expert on how to invest	2.78	0.794	0.407	-1.304
I know what kind of investment will generate more money	3.84	0.369	-1.842	1.404
Loan utilization knowledge	3.477	0.2294	-0.252	-1.089

Investment plans

The researcher sought to establish investment plans by the respondents. The results were illustrated in Table 4.6. Findings show that respondents have always created a budget to track on their expenses (mean=4.00) and had planned on what and how to invest for a very long time (mean=3.84). Further findings revealed that respondents are investment planners (mean=3.87) and invest in a diversified investment program (mean=2.71). In general investment plan was attained at mean=3.603, standard deviation 0.4553, skewness 0.161 and kurtosis -1.214.

Table 4.6 Investment Plans

		Std.		
	Mean	Deviation	Skewness	Kurtosis
I always create a budget and track my expenses	4	0	.	.
I had planned on what and how to invest for a very long time	3.84	0.369	-1.842	1.404
Am a self investment planner	3.87	0.871	-0.361	-0.575
I invest in a diversified investment program	2.71	0.855	0.604	-1.364
Investment plans	3.603	0.45513	0.161	-1.214

As stipulated by hypothesis statement, investment plan has no significant effect on loan utilization (H_{04}), research findings show inconsistency with the hypothesis since investment plan recorded a beta coefficient (β) of (0.072, $\rho=0.224<0.05$), hence investment plan was positively correlated with loan utilization. It has been noted that borrowers who have drafted an investment plan are best placed to be granted loans as credit providers are assured that there will be no credit default rate and increased loan utilization among the respective borrowers.

The research findings concur with Thalhuber (1998) asserting that investment plan is the single most important activity for any business start-up, or the business that is charting a new course into proper loan utilization this is because the investment plan acts as a compass to guide key business decisions and hence establishing stability in the business and consistency with investment goals. Study findings are also in agreement with Rukunga (1999) that for any business, no matter how its situation when started up may grow over time depending on the management, particularly on planning, directing, controlling available and enhancing loan utilization to meet desired goals.

Employee support

Research findings on employee support were illustrated in Table 4.7. Findings revealed that respondents' employer always train respondents on matters concerning finance (mean=1.78) and they also get briefs from the employer (mean=1.49). In addition, respondents get consent clearance from the employer before taking any loans (mean=3.65). Finally respondents' employer is always determined on how much loan respondents take at any given time (mean=2.38). In general, employee support summed up to mean=2.3252, standard deviation 0.36541, skewness -0.736 and kurtosis -0.279.

Table 4.7 Employee support

	Std.			
	Mean	Deviation	Skewness	Kurtosis
My employer always train me on matters concerning finance	1.78	0.534	-0.144	-0.132
Before taking any loan i normally get briefs from my employer	1.49	0.501	0.041	-2.012
I normally get consent/clearance from my employer before taking any loans	3.65	0.727	-1.691	1.053
My employee are always determined on how much loan i should take at any given time	2.38	0.75	1.575	0.652
Employer support	2.3252	0.36541	-0.736	-0.279

Loan utilization

The researcher sought to establish loan utilization by the respondents. The results were illustrated in Table 4.8. Findings showed that all projects invested into by the respondents are expanding (mean=3.4) and respondents are making a lot of profit from the investment projects (mean=2.81). In addition respondents' life has improved both socially and economically (mean =3.65). Finally, respondents are intending to apply for another loan (mean=4.56). In general,

loan utilization summed up to mean =3.6039, standard deviation 0.53518, skewness -0.177 and kurtosis -0.601.

Table 4.8 Loan Utilization

	Mean	Std. Deviation	Skewness	Kurtosis
All my projects invested into are expanding	3.4	0.919	-0.874	-1.245
Am making a lot of profit from my investment projects	2.81	0.622	0.156	-0.537
My life has improved both socially and economically	3.65	0.92	-0.747	-0.411
Am intending to apply for another loan	4.56	0.779	-2.09	4.098
Loan utilization	3.6039	0.53518	-0.177	-0.601

Correlation Statistics

Correlation statistics is a method of assessing the relationship between variables/factors. To be precise, it measures the extent of association between the ordering of two random variables although; a significant correlation does not necessarily indicate causality but rather a common linkage in a sequence of events. Thus, the study analyzed the relationships that are inherent among the independent and dependent variables as well as among the independent variables/factors. The results regarding this were summarized and presented in Table 4.9.

Pearson Correlations results in Table 4.9 showed that frequent transfer of police officers was negatively correlated to loan utilization ($r = -0.477$, $\rho < 0.05$). Thus frequent transfer of police officers had 47.7% negative relationship with loan utilization. Investment location was positively correlated with loan utilization ($r = 0.394$, $\rho < 0.05$) an indication that investment location had 39.4% significant positive relationship with loan utilization. Also loan knowledge was positively correlated with loan utilization ($r = 0.386$, $\rho < 0.05$). Loan knowledge had 38.6% significant positive relationship with loan utilization.

In addition, investment plan was negatively associated with loan utilization ($r = -0.065$, $\rho < 0.05$). Investment plan therefore had 6.5% negative relationship with loan utilization. Finally, employer support was positively correlated with loan utilization ($r = 0.391$, $\rho < 0.05$). Employer support had 39.1% positive relationship with loan utilization.

Findings provides enough evidence to suggest that there was linear relationship between frequent transfer of police officers, investment location, loan knowledge, investment plan and employer support with loan utilization.

Table 4.9 Correlation Results

	Loan utilization	Frequent transfer	Investment location	Loan knowledge	Investment plan	Employer support
loan utilization	1					
Frequent transfer of PO	-.477** (0.000)	1				
Investment location	0.394** (0.001)	-.393** (0.000)	1			
Loan knowledge	.386** (0.000)	-.173** (0.003)	.172** (0.003)	1		
investment plan	-0.065 (0.265)	.431** (0.000)	.120* (0.039)	-.135* (0.02)	1	
Employer support	0.391 (0.008)	0.074 (0.203)	-.393** (0.000)	.754** (0.000)	-.326** (0.000)	1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Model summary

Table 4.10 illustrates the model summary of multiple regression model, the results showed that all the five predictors (employer support, frequent transfer, investment location, investment plan and loan knowledge) explained 43.5 percent variation of loan utilization, this showed that using the five tested variables loan delivery can only be predicted by 43.5% (R squared =0.435). This relationship was significant considering the coefficient of determination value of 0.435

Table 4.10 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.659	0.435	0.425	0.40583

Predictors: (Constant), employer support, frequent transfer, investment location, investment plan, loan knowledge

Dependent Variable: Efficient loan utilization

Analysis of Variance(ANOVA)

Study findings in ANOVA Table 4.11 indicated that the above discussed variation was significant as evidence of F ratio of 44.606 with p value 0.000 <0.05 (level of significance). Thus, the model was fit to predict loan utilization using employer support, frequent transfer, investment location, investment plan and loan knowledge.

Table 4.11 ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	36.732	5	7.346	44.606	.000b
Residual	47.761	290	0.165		
Total	84.493	295			

Dependent Variable: loan utilization

a Predictors: (Constant), employer support, frequent transfer, investment location, investment plan, loan knowledge.

Multiple Regression Results

4.12. Hypothesis testing

Hypothesis testing was conducted using 0.05 level of significance. Findings indicate that there was no multicollinearity among the independent variables since the variance inflation values were all less than 4, which is the rule of thumb recommended value.

The regression results in Table 4.12 show that each of the predicted parameters in relation to the independent factors were significant; $\beta_1 = -0.467$ (p-value = 0.000 which is less than $\alpha = 0.05$) which implies that we reject the null hypothesis stating that there is no significant relationship between frequent transfer and loan utilization. This indicates that for each unit increase in the negative effect of frequent transfer, there is -0.467 units decrease in loan utilization.

The Table also shows that $\beta_2 = -0.474$ (p-value = 0.001 which is less than $\alpha = 0.05$) which indicates that we reject the null hypothesis stating that there is no significant relationship

between investment location and loan utilization. This implies that for each unit increase in investment location there is up to -0.474 unit decrease in loan utilization.

The findings also showed that β_3 was 0.983 (p-value = 0.000 which is less than $\alpha = 0.05$) which implies that we reject the null hypothesis that states that there is no significant relationship between loan knowledge and loan utilization. This implies that there is up to 0.983 unit increase in loan utilization for each unit increase in loan knowledge. The effect of loan knowledge is four times the effect attributed to the error, this is indicated by the t-test value =8.502.

The findings also showed that β_4 was 0.072 (p-value = 0.224 which is less than $\alpha = 0.05$) which implies that we reject the null hypothesis that states that there is no significant relationship between investment plan and loan utilization. This implies that there is up to 0.072 unit increase in loan utilization for each unit increase in investment plan. The effect of investment plan surpasses the effect attributed to the error, this is indicated by the t-test value =1.219

Findings also showed that β_5 was 0.778 (p-value = 0.000 which is less than $\alpha = 0.05$) which implies that we reject the null hypothesis that states there is no significant relationship between employer support and loan utilization. This implies that there is up to 0.778 unit increase in loan utilization for each unit increase in employer support. The effect of employer support is more than the effect attributed to the error, this is indicated by the t-test value =6.042

Table 4.12 Coefficients of the estimates

	Unstandardized		Standardized			Collinearity	
	Coefficients		Coefficients			Statistics	
	Std.						
	B	Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	1.66	0.49		3.388	0.001		
Frequent transfer	-0.219	0.028	-0.467	-7.932	0.000	0.563	1.776
Investment location	-0.788	0.131	-0.474	-6.031	0.000	0.316	3.164
Loan knowledge	2.293	0.27	0.983	8.502	0.000	0.146	3.856
Investment plan	0.085	0.07	0.072	1.219	0.224	0.552	1.812
Employer support	1.139	0.188	0.778	6.042	0.000	0.118	3.495

a Dependent Variable: loan utilization

CHAPTER FIVE

SUMMARY , CONCLUSION AND POLICY RECCOMENDATIONS

5.1 Summary of the Findings.

The ultimate purpose of this study is to analyze the factors that influence loan utilization among police officers in Nakuru County, Kenya. The target population of the study comprised 1,474 police officers in Nakuru County . In order to meet this it was necessary to meet certain goals; evaluate the effect of frequent transfer of police officers on Loan utilization, assess the effect of investment location on Loan utilization, establish the effect of officer investment knowledge on Loan utilization and analyze the effect of investment plan on Loan utilization. Once this was achieved the researcher was able to proceed.

Findings on gender brought to light the fact that there are more males than females among the police officers. It was also affirmed that majority of the respondents were between the age bracket of 26-30 years and they were reliable to give sufficient information desired by the researcher. It was also brought out to light that majority of the respondents were fairly educated with a high percentage having reached a secondary level of education followed by those with an undergraduate degree.

The findings revealed that frequent transfer of police officers was negatively correlated to loan utilization). Thus frequent transfer of police officers had 47.7% negative relationship with loan utilization. Investment location was positively correlated with loan utilization an indication that investment location had 39.4% significant positive relationship with loan utilization. Also Officer's knowledge was positively correlated with loan utilization. Officer's knowledge had 38.6% significant positive relationship with loan utilization.

In addition, investment plan was negatively associated with loan utilization (Investment plan therefore had 6.5% negative relationship with loan utilization. Finally, employer support was positively correlated with loan utilization). Employer support had 39.1% positive relationship with loan utilization.

Findings provides enough evidence to suggest that there was linear relationship between frequent transfer of police officers, investment location, loan knowledge, investment plan and employer support with loan utilization.

5.2 Conclusions.

The study affirms that frequent transfer of police officers has a negative effect on loan utilization. From the study findings there is enough evidence that frequent transfer of police officers negatively impacts on loan utilization since a transfer will require a police officer to invest a lot of time and resources adapting to the new location and also family investment in the previous location will be negatively affected due to the transfer.

The study also provides some precautionary evidence that investment location seem to play an important role in loan utilization. Specifically, employers with a suitable investment location are highly likely to utilize the loan in order to achieve the desired investment objectives.

The study results also suggest that loan knowledge has a momentous effect on loan utilization. An employee with the appropriate skills, knowledge and know how on management of credit is most likely to utilize loan granted as compared to one that is illiterate and has no background knowledge on credit utilization.

Finally, results confirm that investment plan has a significant effect on loan utilization. This is because once an individual drafts an investment plan; he/she clearly states the objectives to be achieved and a time frame to achieve the desired goals. Therefore, he/she is unlikely to go contrary to the objectives as a result of the investment plan and this enhances loan utilization.

5.4 Recommendations.

From the study findings it was conceived that transfer of police officers has a negative effect on loan utilization, therefore police officers should stay in a police station/post for at least three years before they are transferred and the police department should support fully police officers that are transferred to new locations both socially and financially in order to enable them to settle.

The study finds strong support for the argument that investment location has a negative effect on loan utilization, therefore police officers should consult investment analysts for advice on investment decisions and how to efficiently maximize on their capital in investment and not losing it as a result of choosing poor investment sites.

The study also reveals that loan knowledge has a significant effect on loan utilization. Therefore, police officers should be encouraged by the police department to consult financial experts before making investment decisions in order to enhance loan utilization. Also seminars/workshops on how to efficiently use loan granted should be conducted by the police department so that employees have sufficient knowledge on loan utilization.

5.5 Further Research Recommendations

The limitation of this study is 1,474 police officers in Nakuru County. Other police officers from other counties were not included in the research. Thus for future research, the researcher should try to include police officers from other counties so that there is sufficient and conclusive research on factors influencing loan utilization. Further the study should also put into consideration the influence of security measures by the government on loan utilization by the police officers.

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APPENDICES

Appendix 1: Cover Letter

Kabarak University,
School of Business,
Private Bag – 20157,
Kabarak, Kenya.

Dear sir/Madam,

RE: MBA Research Project

This letter is to introduce you to Daniel Birech a student from Kabarak University undertaking a research for the requirement of Master's degree in Business Administration Finance option. The topic under study is "Analysis of the factors affecting loan utilisation among Administration Police Officers within Nakuru County". This study is expected to be of importance to policy makers, Employers and Police Officers who are small businesspersons and small entrepreneurs, financial reforms that favors proper loan utilization so that it can contribute significantly to meeting millennium development goals and vision 2030.

I kindly request your cooperation and adequate information that will be of importance in attaining the objective of this study.

Yours Faithfully,

.....

Daniel Birech

Researcher.

Appendix II: Work plan

Activity	Duration
Proposal writing	3 months (February, March and April)2013
Proposal defence	May 2013
Field work	2 months June, July) 2013
Data analysis and writing of the first draft of the project	1 month(July) 2013
Presenting to supervisor for marking	1 month(August) 2013
Compiling and writing final project	September 2013
Submission for examination	October 2013

Source, Researcher (2013)

Appendix III: Budget

Item	Amount (Shs)
Travelling expenses(within Nakuru county)	3,000
Field subsistence while on the field collecting data	12,000
Photocopier services @ shs. 3 per page	4,000
Printing services @ shs. 10 per page	6,000
Internet services	3,000
Stationery services (3 reams of foolscap, pens, ruler)	1,000
TOTAL	27,000

Source, Researcher (2013)

APPENDIX IV: QUESTIONNAIRE

Part A: Demographic information: Use either of these marks (√) or (×) where applicable.

1. What is your gender? (Choose one.)

Male

Female

2. What is your age bracket? (Choose one.)

≤ 20 years
21-25 years
26-30 years

31-35 years
36-40 year
Over 41 years

3. What is your level of education? (Choose one.)

Primary school
Secondary School
Diploma

Graduate
Masters and above

4. How much do you earn monthly as your Salary

Between Shs 15,000 to 25,999
Between Shs 26,000 to 35,999
Over Shs 55,000

Between Shs 36,000 to 45,999
Between Shs 46,000 to 55,000

5. Apart from monthly Salary do you have any other income?

Yes No

If yes, how much per month

Between Shs 15,000 to 25,999

Between Shs 26,000 to 35,999

Over Shs 55,000

Between Shs 36,000 to 45,999

Between Shs 46,000 to 55,000

Part B: Factors Affecting loan utilization

Frequent Transfers of Police Officers

Please tick the appropriate box in the questionnaire where choices are provided.

Key: SA -Strongly Agree, **A**-Agree, **N**-Neutral, **D**-Disagree, **SD**- Strongly Disagree

	Circle your response	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	I have been transferred many times					
2	I have been transferred far away from my favorite investment area					
3	I have never stayed in stations for more than 3 years due to frequent transfers					
4	I cannot invest due to constant worries of being transferred to another station.					

Investment location

Please make the number that best reflects your level of agreement in following statements.

	Circle your response	Strongly Disagree (1)	Disag ree (2)	Neut ral (3)	Agree (4)	Strongl y Agree (5)
1	Am always in dilemma in choosing the best place to invest.					
2	I work in a station where am not interested in investing in that particular region.					
3	I fear of choosing investment site where I will lose my capital..					
4	Most of the site I choose to invest are very costly .					

Loan utilization knowledge

Please mark the number that best reflects your level of agreement in the following statements.

	Circle your response	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	Am not experienced in using loan to investment					
2	I have never attended any class, workshop, seminar on how to use loan granted.					
3	I know what kind of investment will generate money					
4	I always consults financial expert on how to investment.					

Investment plans

Please mark the number that best reflects your level of agreement in the following statement.

	Circle your response	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	I always create budget and track my expenses					
2	I had planning on what and how to invest for a very long time					
3	Am self investment planner					
4	I invest in a diversified investment program					

Employers Support

Please mark the number that best reflects your level of agreement in the following statement

	Circle your response	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1.	My employer always trains me on matters concerning finances					
2	Before taking loan , I normally gets briefs from my employer					
3.	I normally get Consent/clearance from my employer before taking any Loan.					
4.	My employer always determine how much loan i should take.					

Loan utilization

Please mark the number that best reflects your level of agreement in the following statement.

	Circle your response	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	All my project invested into are expanding					
2	Am making a lot of profit from my investment project(s)					
3	My life has improved economically.					
4	Am intending to apply for another loan					

Thanks for your participation.