



Vol. 7, Iss. 1 (2026), pp 469 – 483, October 16, 2026. www.reviewedjournals.com, ©Reviewed Journals

EFFECT OF LOAN RECOVERY STRATEGIES ON CREDIT CONTROL AMONG SACCOS IN NYANDARUA COUNTY, KENYA

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Accepted: September 25, 2026

DOI: <https://doi.org/10.61426/business.v7i1.586>

ABSTRACT

Effective credit control is essential for the financial sustainability of Savings and Credit Cooperative Societies (SACCOS), particularly in managing loan delinquency and repayment challenges. This study examined the effect of loan recovery strategies on credit control among SACCOS in Nyandarua County, Kenya. Guided by the Loan Recovery Model, the study adopted a quantitative research design. The target population comprised employees directly involved in credit control in registered, active SACCOS in the county. Of the 204 targeted respondents, 188 participated, yielding a response rate of 92.2%. Data were collected using semi-structured questionnaires and analysed using descriptive statistics, Pearson's product-moment correlation, and simple linear regression. The findings revealed a positive, statistically significant relationship between loan recovery strategies and credit control ($r = .463$, $(p < .01)$). Regression analysis further indicated that loan recovery strategies significantly predicted credit control ($(B = 1.850)$, $(\beta = .463)$, $(t = 7.12)$, $(p < .001)$), explaining 21.4% of the variance in credit control ($(R^2 = .214)$). The study concludes that loan recovery strategies contribute significantly to credit control among SACCOS. It recommends strengthening systematic loan monitoring and follow-up, standardising recovery procedures, expanding appropriate loan restructuring mechanisms, enhancing staff capacity, and consistently applying guarantor, collateral, and formal enforcement mechanisms where appropriate.

Keywords: Loan Recovery Strategies, Credit Control, SACCOS, Loan Delinquency, Nyandarua County

CITATION: Kimani, A. W., Kahuthia, J., & Thiru, D. (2026). Effect of loan recovery strategies on credit control among SACCOS in Nyandarua County, Kenya. *Reviewed Journal International of Business Management*, 7 (1), 469 – 483.

INTRODUCTION

Savings and Credit Cooperative Organizations (SACCOs) are financially cooperative organizations based on shared membership, formed by members pooling savings to constitute a common fund, intended to provide cheaper loans to its members (Marango, 2023). SACCOs have an important role in community development, providing financial services and economic empowerment through mobilization of savings and extension of loans to their members, particularly those outside the reach of formal financial institutions (Mbunda, 2024; Sugiyanto, Nur'aeni, & Dewi, 2023). In Kenya, SACCOs have become financial institutions which extend credit to their members, especially those involved in agriculture, trade, education and other economic activities, and are managed by the SACCO Societies Regulatory Authority (SASRA) (Muriithi, 2024). Therefore, good credit control practices are crucial in ensuring liquidity, protecting the members' deposits, minimising the risk of default, and ensuring the survival of the SACCOs.

Loan recovery is part of credit control, as the continued sustainability of lending institutions is determined largely by the ability of SACCOs to recover outstanding loans efficiently. Through loan recovery systems, SACCOs are able to follow up on loan payments, enforce repayment rules, restructure loans where appropriate, and collect the amounts due from debtors and guarantors. Failure to recover loans results in loan delinquencies, increased non-performing loans, reduced cash flows and loan limit for further credit. In Kenya, studies have shown that collections policy is statistically significantly related to the performance of the loan portfolio among SACCOs, thus providing evidence that collections measures are central to loan recovery (Gichuhi & Omagwa, 2020). In another recent study, debt collection was identified as an important part of credit administration in Kenyan SACCOs, especially where customers had failed to repay their debts.

Loan recovery is especially crucial in developing economies where borrowers may be informal or irregular sources of income. In Africa, SACCOs often extend credit at low interest rates to farmers, micro-entrepreneurs and low income households but often have weak governance, monitoring and institutional capacity (Umeaduma, 2023, Obuobie, 2023). Informal income sources, lack of documentation and inadequate credit information systems can limit SACCO's ability to determine borrowers' repayment capacity to pay and make effective recovery efforts. In East Africa, heavy reliance on agriculture and seasonal incomes creates payment risks and SACCOs adopt contextually appropriate mechanisms such as social collateral, group guarantees and flexible payback terms (Moshi, 2023, Kasule & Kyeyune, 2026).

In Kenya, the importance of effective loan recovery has increased alongside the growth of SACCO membership and loan portfolios. Although SACCOs have expanded access to credit, loan defaults and non-performing loans remain important concerns because SACCOs depend heavily on loan repayments to maintain liquidity and sustain lending operations. Research in Nyandarua County found that collections policy had a statistically significant effect on SACCO loan portfolio performance (Gichuhi & Omagwa, 2020). Recent Kenyan evidence also indicates that non-performing loans create operational and financial challenges for SACCOs because defaulted loans reduce cash inflows, increase provisioning requirements and limit funds available for new lending (Moya, Kurere, & Ngacho, 2025). This underscores the importance of strengthening recovery mechanisms as part of effective credit control.

Nyandarua County provides an important context for examining loan recovery strategies because its economy relies substantially on agriculture and other activities characterised by seasonal income fluctuations (Kirui, 2024). SACCOs serve farmers, traders and salaried employees whose repayment capacities may vary with agricultural output, market prices and broader economic conditions (Bargoge, 2024; Kirui, 2024). Previous research in Kenya has examined aspects of loan collection and SACCO loan portfolio performance (Gichuhi & Omagwa, 2020). However, the extent to which loan recovery strategies are associated with credit control, considered as a distinct institutional outcome, remains insufficiently established in the context of SACCOs in Nyandarua County. In particular, further empirical evidence is needed to establish the relationship between loan recovery practices and credit control outcomes within this local setting. This study addressed this gap by examining the effect of loan recovery strategies on credit control among SACCOs in Nyandarua County, Kenya.

Statement of the Problem

Savings and Credit Cooperative Societies (SACCOs) in Nyandarua County provide loans to farmers, traders and salaried employees to support household and business activities. However, credit control may be constrained by borrowers' seasonal incomes, income variability and fluctuations in market prices, which can

affect their ability to meet repayment obligations (Kirui, 2024; Bargoge, 2024). These challenges may delay loan repayments, complicate recovery efforts and increase the risk of loan delinquency. Inadequate loan recovery may further weaken SACCO liquidity, increase non-performing loans and reduce the funds available for subsequent lending (Moya, Kurere, & Ngacho, 2025).

Although loan recovery is an important component of credit control, the extent to which loan recovery strategies are associated with credit control among SACCOs in Nyandarua County remains insufficiently established. Existing research has examined loan collection practices and SACCO loan portfolio performance, but further context-specific evidence is needed to establish the relationship between loan recovery strategies and credit control in the county. This gap is important given the potential influence of seasonal income patterns and borrowers' varying repayment capacities on loan recovery. Without sufficient empirical evidence, SACCO management may lack context-specific guidance on strengthening recovery practices to improve credit control. Therefore, this study examined the effect of loan recovery strategies on credit control among SACCOs in Nyandarua County, Kenya.

Research Objective

To determine the effect of loan recovery strategies on credit control in SACCOs within Nyandarua County, Kenya.

LITERATURE REVIEW

Theoretical Review

Loan Recovery Model

Loan Recovery model is conceptually grounded in the work of Jain and Mansuri (2003) on microcredit recovery mechanisms. The model posits that successful lending depends not only on prudent loan origination but also on systematic recovery strategies that ensure timely repayment and liquidity sustainability. It frames recovery as a structured, multi-layered process involving early contact with defaulters, restructuring arrangements, use of social collateral, graduated sanctions, and, where necessary, legal enforcement (Abdikheir, 2025).

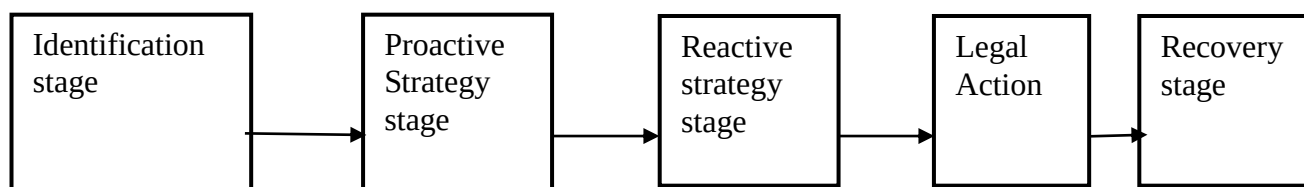


Figure 1: A Flowchart Diagram Showing the Process Followed by a Financial Institution When Recovering a Loan

The model emphasises that proactive and systematic loan recovery strategies can reduce repayment delays, strengthen accountability, improve cash flow and sustain lending capacity. Payment reminders encourage borrowers to meet their repayment obligations on time, while follow-up visits enable SACCOs to identify repayment difficulties and address delinquency promptly. Loan restructuring may help borrowers experiencing temporary financial difficulties resume repayment under revised terms, where appropriate. Social collateral, including guarantor arrangements and peer accountability, can reinforce repayment discipline. Legal enforcement provides a formal mechanism for addressing persistent defaults, while documented recovery procedures promote consistency, accountability and compliance in the recovery process.

In this study, the Loan Recovery Model provides the theoretical basis for examining the relationship between loan recovery strategies, the independent variable, and credit control, the dependent variable. The model suggests that payment reminders and follow-up visits can support early intervention and reduce the accumulation of overdue loans. Appropriate loan restructuring may facilitate repayment and limit further deterioration in loan portfolio quality. Social collateral can strengthen repayment accountability, while legal enforcement can provide remedies for unresolved defaults. Documented recovery procedures can improve the consistency, traceability and oversight of recovery activities. Collectively, these strategies may contribute to

improved credit control by reducing loan delinquency, supporting loan recovery, protecting liquidity and maintaining the quality of the loan portfolio.

However, the model has limitations when applied to SACCOs operating in rural and agricultural settings. It may not fully account for differences in borrowers' repayment capacities arising from seasonal incomes, fluctuating agricultural prices and other socioeconomic circumstances. Furthermore, excessive reliance on sanctions or legal enforcement may increase recovery costs and undermine relationships between SACCOs and their members. The effectiveness of loan recovery strategies therefore depends on their consistent, proportionate and context-sensitive application. Despite these limitations, the model provides a relevant theoretical foundation for examining how loan recovery strategies relate to credit control among SACCOs in Nyandarua County, Kenya.

Empirical Review

Wambele and Ssenyange (2022) investigated the relationship between loan recovery rates, monitoring practices, and SACCO performance in Mbale District, Uganda. Using a descriptive correlational survey design and questionnaires administered to SACCO employees, they found that both loan recovery rates and monitoring practices significantly influenced SACCO performance. The study emphasized the importance of structured follow-up and recovery systems. However, its scope was limited to a single district in Uganda, restricting generalizability to other institutional and regulatory contexts such as Kenya. This contextual gap is addressed by the current study, which examines debt recovery strategies within SACCOs in Nyandarua County to provide context-specific evidence for Kenya's cooperative financial sector.

Maina et al., (2020) examined management practices influencing non-performing loans in Kenyan deposit-taking SACCOs, focusing on loan restructuring, guarantor practices, monitoring mechanisms, and recovery strategies as independent variables, with non-performing loans serving as the dependent variable. Using regression analysis and targeting senior credit managers, the study found that all predictor variables significantly influenced non-performing loan performance. While offering valuable insights into recovery practices, the study predates 2022, meaning its findings may not reflect recent regulatory and operational developments. This knowledge gap motivates the current study to provide updated empirical evidence on debt recovery strategies and their influence on credit control in SACCOs in Nyandarua County.

Cheruiyot et al., (2024) assessed the effect of guarantor type on recovery of non-performing loans in Nakuru County SACCOs. Employing a descriptive survey and census of SACCO officers, they found that guarantor strength significantly enhanced repayment performance. However, other recovery strategies like restructuring, reminders, legal enforcement, or field follow-ups were not included in the study because it concentrated only on guarantor features. The necessity for more comprehensive investigation is highlighted by this conceptual gap. In order to address this, the current study looks at a wide range of debt recovery techniques and how they affect credit control in SACCOs in Nyandarua County.

Nkonge (2022) examined loan repayment management practices in Tharaka Nithi SACCOs, finding repayment strategies significantly impacted financial performance. Regression analysis underscored organized collection mechanisms as vital for sustainability and institutional resilience. However, the methodological rigor of this thesis was limited, as it lacked peer-reviewed validation and broader academic scrutiny. Consequently, its findings, though useful, remain contextually narrow and insufficiently generalizable. The current study fills this methodological and contextual gap by employing robust statistical tools, verified instruments, and structured empirical analysis. Moreover, it extends inquiry beyond repayment strategies to include comprehensive institutional determinants, such as credit risk management, policy enforcement and staff competence. It thereby strengthens the theoretical and practical understanding of credit control in rural SACCOs.

Onongo et al., (2025) studied credit management practices and financial performance of deposit-taking SACCOs. Financial performance was the dependent variable, whereas repayment conditions and collection effort were independent variables. The results showed that financial success was highly impacted by collection effort, highlighting the significance of reliable follow-up procedures. However, rather than specifically looking at debt recovery tactics as factors influencing credit control, the study focused on financial results. The current study fills this conceptual gap by examining how debt recovery techniques affect credit control procedures like monitoring, delinquency management, and recovery mechanisms.

Conceptual Framework

The conceptual framework illustrates the expected relationship between loan recovery strategies and credit control in SACCOs within Nyandarua County, Kenya. Loan recovery strategies constitute the independent variable, while credit control represents the dependent variable. The framework is based on the proposition of the Loan Recovery Model that systematic and timely recovery mechanisms can improve repayment, reduce loan delinquency and enhance the quality and sustainability of the loan portfolio.

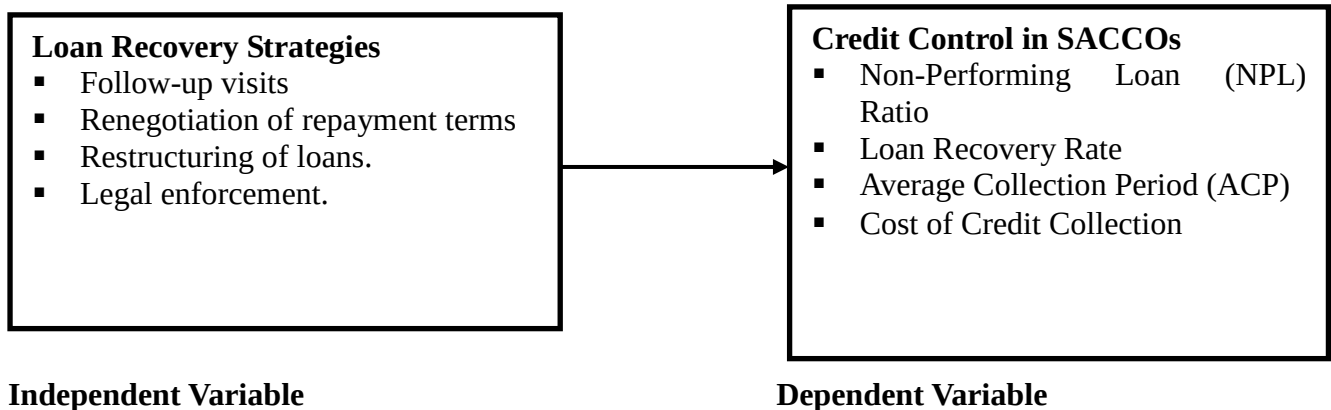


Figure 2: Conceptual Framework

METHODOLOGY

Research Design

The study adopted a quantitative research design to examine the effect of loan recovery strategies on credit control among SACCOs in Nyandarua County, Kenya. The design enabled the collection and statistical analysis of numerical data from credit managers and credit committee members using a structured questionnaire. Descriptive statistics were used to summarise respondents' perceptions of loan recovery strategies and credit control, while Pearson's product-moment correlation and simple linear regression were used to examine the relationship between the study variables and assess the predictive contribution of loan recovery strategies to credit control. The quantitative approach was appropriate because the study sought to establish the direction, strength and statistical significance of the relationship between the variables.

Target Population

The target population comprised employees directly involved in credit control procedures in registered and active SACCOs in Nyandarua County. These included SACCO credit managers and credit committee members because of their direct involvement in loan assessment, monitoring, recovery and credit control activities. According to the Nyandarua County Director of Cooperatives (2025), there were 104 registered and active SACCOs in the county. The target population therefore comprised 104 credit managers and 312 credit committee members, giving a total population of 416 respondents.

Sampling Technique and Sample Size

The study employed stratified random and purposive sampling. Stratification was used to ensure representation of the two respondent categories—credit managers and credit committee members—while simple random sampling was used to select respondents within the respective strata. Stratification enhances representation of heterogeneous subgroups and can improve the precision of estimates (Kumar, 2022).

The sample size was determined using Yamane (1967) formula for finite populations:

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

Where:

(n) = sample size

(N) = population size (416)

(e) = margin of error (0.05)

$$n = \frac{416}{1 + 416(0.05^2)}$$
$$n = \frac{416}{1 + 1.04} \qquad n = \frac{416}{2.04} = 203.92 \approx 204$$

Sample =204

The resulting sample of 204 respondents was proportionately allocated between the two strata according to their respective population sizes. Based on the study's sampling distribution, 51 credit managers and 153 credit committee members were selected, representing 25% and 75% of the total sample, respectively. This allocation maintained the relative representation of the two respondent categories in the sample.

Data Collection and Analysis

Data were collected using a semi-structured questionnaire administered to credit managers and credit committee members in the sampled SACCOs. The questionnaire comprised predominantly closed-ended Likert-scale items measuring loan recovery strategies and credit control, together with a limited number of open-ended questions. The Likert scale ranged from 1 = Strongly Disagree to 5 = Strongly Agree. Questionnaires were administered physically and electronically through Google Forms to enhance accessibility and facilitate participation. Respondents were given approximately two weeks to complete the questionnaire, after which completed questionnaires were checked for completeness, coded and securely stored.

Quantitative data were analysed using the Statistical Package for the Social Sciences (SPSS), version 24. Descriptive statistics, including frequencies, percentages, means and standard deviations, were used to summarise respondents' characteristics and responses. Composite scores for loan recovery strategies and credit control were computed from the respective Likert-scale items. Where mean scoring was used, item responses for each construct were averaged to produce a composite score ranging from 1 to 5, with higher scores indicating stronger reported loan recovery strategies or better credit control, respectively. Any negatively worded items were reverse-coded before composite scores were calculated. Pearson's product-moment correlation was used to assess the direction and strength of the relationship between loan recovery strategies and credit control. Simple linear regression was then conducted to determine the extent to which loan recovery strategies statistically predicted credit control. Simple linear regression was subsequently employed to determine the effect of loan recovery strategies on credit control. The regression model was specified as:

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

Where:

(Y) = Credit Control

(X₁) = Loan Recovery Strategies

(β₀) = Constant term

(β₁) = Regression coefficients

(ε) = Error term

Statistical significance was tested at the 5% (p ≤ 0.05) level.

Qualitative responses were analyzed thematically. Responses were coded and organized into recurring themes relating to loan follow-up, repayment enforcement, restructuring, guarantor mechanisms and other recovery practices. The qualitative findings were used to complement and contextualize the quantitative results.

Validity and Reliability

Content validity was established through expert review by specialists in cooperative management and finance at St. Paul's University. The experts assessed whether the questionnaire items adequately represented the constructs of loan recovery strategies and credit control. Construct validity was enhanced by aligning the questionnaire items with conceptual definitions and relevant empirical literature. A pilot study involving 22 respondents from SACCOs in Laikipia County was conducted to assess the clarity, relevance and adequacy of the instrument before the main data collection (Khanal & Chhetri, 2024). Laikipia County was selected because of its comparable socio-economic characteristics with Nyandarua County, while the pilot respondents were excluded from the main study.

Reliability was assessed using the split-half method. Data from the 22 pilot respondents were divided into two sets of items, and the Spearman-Brown prophecy formula was applied to determine the reliability coefficient using SPSS. A coefficient of 0.70 or higher was considered acceptable. Items that reduced the internal consistency of the instrument were reviewed and refined before the final questionnaire was administered.

Ethical Considerations

Ethical principles were observed throughout the research process. Following receipt of an authorisation letter from St. Paul's University (SPU), the researcher applied for a research licence from the National Commission for Science, Technology and Innovation (NACOSTI) and obtained permission from the participating SACCOs. Participants were informed of the study's objectives, the voluntary nature of their participation, and their right to withdraw at any time without penalty. Confidentiality was maintained by anonymising responses and securely storing the collected data. No identifying information was published in the reporting of the findings. The study was guided by the American Psychological Association's *Ethical Principles of Psychologists and Code of Conduct* (American Psychological Association, 2017) and applicable Kenyan research ethics requirements.

FINDINGS & DISCUSSION

Response Rate

The study achieved an overall response rate of 92.2%, with 43 of the 51 sampled SACCO credit managers (84.3%) and 145 of the 153 sampled credit committee members (94.7%) completing the questionnaire. Overall, 188 of the 204 targeted respondents participated in the study. The high response rate provided an adequate basis for the subsequent statistical analysis and reduced the potential for non-response bias.

Table 1

Response Rate

Category/Designation	Target Population (N)	Sample	Responded	Rate
SACCO Credit Managers	104	51	43	84.3
Credit Committee Members	312	153	145	94.7
Total	416	204	188	92.2

Loan Recovery Strategies

The study sought to determine the effect of loan recovery strategies on credit control in SACCOs within Nyandarua County, Kenya. Respondents were asked to indicate their level of agreement with statements relating to loan recovery practices, including timely payment reminders, routine follow-up visits, loan restructuring, use of social collateral, legal enforcement, and documentation of recovery procedures. The findings are presented in Table 2.

Table 2*Loan Recovery Strategies*

Variable	Parameter	Frequency (F)	Percent (%)
Timely payment reminders to delinquent borrowers	Strongly Disagree	41	21.8
	Disagree	30	16.0
	Not sure	32	17.0
	Agree	85	45.2
Routine visits carried out for overdue loans	Strongly Disagree	14	7.4
	Disagree	127	67.6
	Agree	47	25.0
Loan restructuring options for borrowers facing genuine hardship	Disagree	41	21.8
	Not sure	32	17.0
	Agree	77	41.0
	Strongly Agree	38	20.2
Social collateral is effectively used in recovery	Disagree	79	42.0
	Agree	109	58.0
Legal action used as a last resort when necessary	Disagree	100	53.2
	Agree	88	46.8
Recovery procedures documented and consistently followed	Disagree	79	42.0
	Agree	68	36.2
	Strongly Agree	41	21.8

As shown in Table 2, 45.2% of respondents agreed that their SACCOs issued timely payment reminders to delinquent borrowers, while 21.8% strongly disagreed, 16.0% disagreed, and 17.0% were not sure. Thus, 37.8% expressed disagreement with the statement, compared with 45.2% who agreed. The findings indicate that timely payment reminders were used as a recovery mechanism in a considerable proportion of SACCOs, although their application was not uniform across the institutions. Regular payment reminders are an important component of loan recovery because they maintain communication with borrowers and encourage them to meet their repayment obligations. The finding is consistent with Wambeke and Ssenyange (2022), who examined loan monitoring and recovery practices among SACCOs in Mbale District, Uganda, and emphasized the role of structured loan portfolio management and recovery practices in SACCO performance. Similarly, Woor (2024) found that credit risk management strategies are relevant to loan recovery among SACCOs in Mukono District, Uganda. These findings suggest that systematic borrower engagement and recovery processes can support timely repayment and strengthen loan recovery.

Regarding routine visits for overdue loans, 67.6% of respondents disagreed that such visits were carried out, while 7.4% strongly disagreed and only 25.0% agreed. Overall, 75.0% of respondents therefore expressed disagreement with the statement. This indicates that physical follow-up visits were not widely practiced among the SACCOs represented in the study. Limited physical follow-up may constrain opportunities for SACCOs to establish the reasons for repayment difficulties, engage borrowers directly, and negotiate appropriate repayment arrangements before delinquency escalates. The finding contrasts with the emphasis placed on structured monitoring and recovery practices in SACCO lending by Wambeke and Ssenyange (2022). It also accords with the broader evidence from Maina Gatimu et al. (2020), who found that management practices including loan monitoring and loan recovery strategies were associated with non-performing loans among deposit-taking SACCOs in Kenya. The findings therefore point to the importance of strengthening systematic follow-up of overdue accounts.

With regard to loan restructuring for borrowers experiencing genuine hardship, 41.0% of respondents agreed and 20.2% strongly agreed that their SACCOs provided restructuring options. In contrast, 21.8% disagreed and 17.0% were not sure. Overall, 61.2% expressed agreement with the availability of restructuring options. This suggests that loan restructuring was used by a majority of the SACCOs represented in the study as a mechanism for addressing temporary repayment difficulties. Restructuring may enable SACCOs to accommodate genuine borrower difficulties while maintaining the prospect of loan recovery. This finding is

consistent with the Loan Recovery Model, which conceptualizes recovery as a structured process that can include borrower engagement and restructuring arrangements. Abdikheir (2025) similarly examined loan restructuring as a mechanism for managing repayment challenges and sustaining loan performance. Evidence from Maina Gatimu et al. (2020) also indicates that loan restructuring forms part of the management practices relevant to non-performing loans in Kenyan deposit-taking SACCOs. The finding therefore suggests that appropriately designed restructuring arrangements can form part of a broader recovery framework, particularly where repayment difficulties are temporary rather than indicative of unwillingness to repay.

On the use of social collateral in loan recovery, 58.0% of respondents agreed that social collateral was effectively used, whereas 42.0% disagreed. The finding indicates that social relationships and collective accountability constituted an important recovery mechanism within the SACCOs studied. Social collateral may involve group guarantees, peer accountability, and member relationships that encourage borrowers to honour their repayment obligations. This finding is consistent with Cheruiyot et al. (2024), who found a significant relationship between the type of guarantor and recovery of non-performing loans among SACCOs in Nakuru County. Their findings underscore the relevance of guarantor arrangements in supporting loan recovery. The present finding therefore suggests that guarantor and social-accountability mechanisms may complement other recovery approaches within SACCOs.

Regarding legal action as a last resort, 53.2% of respondents disagreed that legal action was used when necessary, compared with 46.8% who agreed. The relatively divided responses indicate variation in the use of formal legal enforcement mechanisms among the SACCOs. This may reflect differences in institutional recovery procedures and the preference for borrower engagement, negotiation, restructuring, guarantor enforcement, or other recovery measures before formal legal action is initiated. Kowa et al. (2023), in their analysis of loan policies and loan recovery in a Ugandan SACCO, highlighted the importance of formal loan policies and recovery mechanisms in the management of loan repayment. The finding therefore suggests that legal enforcement was not uniformly applied across the SACCOs and may have been incorporated differently within their broader recovery procedures.

Finally, 36.2% of respondents agreed and 21.8% strongly agreed that recovery procedures were documented and consistently followed, giving a combined agreement of 58.0%. However, 42.0% disagreed with the statement. These findings suggest that although a majority of respondents perceived their SACCOs to have documented and consistently followed recovery procedures, a substantial proportion reported weaknesses in this area. Inconsistent application of recovery procedures may lead to variations in how delinquent accounts are handled and may reduce the consistency and accountability of recovery activities. This finding is consistent with Kowa et al. (2023), who emphasized the importance of loan policies and recovery processes in managing loan repayment. It also accords with Maina Gatimu et al. (2020), whose study identified loan recovery and monitoring practices among the management practices relevant to non-performing loans in Kenyan deposit-taking SACCOs. The findings therefore indicate a need for SACCOs to strengthen the documentation, communication, and consistent implementation of recovery procedures.

Overall, the findings demonstrate variation in the application of loan recovery strategies among SACCOs in Nyandarua County. Loan restructuring and social collateral were relatively more widely reported, whereas routine physical follow-up of overdue loans and the use of legal enforcement were less consistently reported. The findings therefore suggest that strengthening borrower follow-up, standardizing recovery procedures, and appropriately combining engagement, restructuring, social collateral, and formal enforcement mechanisms may support stronger credit control. These findings provide the basis for the subsequent inferential analysis examining the relationship between loan recovery strategies and credit control.

Credit Control

Credit control was the dependent variable in the study. Respondents were asked to indicate their level of agreement with statements assessing credit control practices within their SACCOs. The indicators included maintenance of non-performing loans (NPLs) within recommended limits, achievement of loan recovery targets, loan collection periods, debt recovery expenditure, and timely execution of credit-control actions. The findings are presented in Table 3.

Table 3*Credit Control*

Variable	Parameter	Frequency (F)	Percent (%)
Sacco maintains its NPL within SASRA recommended limit	Strongly Disagree	41	21.8
	Disagree	70	37.2
	Agree	77	41.0
Institution achieves set recovery rate on all monthly payments	Strongly Disagree	41	21.8
	Agree	109	58.0
	Not sure	41	21.8
Collection period of loans is maintained at 30 days or less	Agree	38	20.2
	Strongly Disagree	30	16.0
	Disagree	120	63.8
Debt recovery expenditure is within approved annual budget	Agree	38	20.2
	Strongly Disagree	28	14.9
	Disagree	2	1.1
	Not sure	79	42.0
Actions executed within specified timeline	Agree	79	42.0
	Strongly Disagree	41	21.8
	Disagree	70	37.2
	Not sure	30	16.0
	Agree	47	25.0

Table 3 shows respondents' perceptions regarding the extent to which SACCOs maintained non-performing loans within the recommended SASRA limit. Of the respondents, 41.0% agreed that their SACCO maintained non-performing loans within the recommended limit, whereas 37.2% disagreed and 21.8% strongly disagreed. Thus, 59.0% expressed disagreement with the statement, compared with 41.0% who agreed. The findings suggest that a substantial proportion of respondents' perceived challenges in controlling non-performing loans and that the effectiveness of credit-control practices varied across the SACCOs represented in the study. This finding is consistent with Nyambati and Otworko (2024), who found that credit-risk monitoring, including payment tracking and loan classification, had a positive and significant influence on the quality of loan portfolios among deposit-taking SACCOs in Nairobi Metropolitan. The findings therefore underscore the importance of continuous monitoring and systematic management of loan portfolios in maintaining credit quality.

Regarding the achievement of set recovery rates on monthly payments, the reported responses indicate that 58.0% of respondents agreed with the statement, while 21.8% were not sure. The remaining 20.2% represents the additional response category recorded in the study data and should be verified against the original questionnaire or SPSS output before the table is finalized. Subject to that verification, the responses suggest that a substantial proportion of respondents perceived their SACCOs as achieving established recovery targets. Achievement of recovery targets is an important component of credit control because effective recovery supports the timely recycling of funds into lending and limits the accumulation of arrears. The finding is consistent with Woor (2024), whose study of SACCOs in Mukono District examined credit-risk-management strategies in relation to credit recovery. It is also consistent with Maina Gatimu et al. (2020), who identified loan recovery, monitoring, restructuring and guarantee practices among management practices relevant to non-performing loans in Kenyan deposit-taking SACCOs.

With respect to the loan collection period, 63.8% of respondents disagreed and 16.0% strongly disagreed that loans were collected within 30 days or less, while 20.2% agreed. The combined 79.8% disagreement indicates that most respondents did not perceive the 30-day collection period as being consistently achieved. This suggests that delays in loan collection constituted a challenge to credit control among the SACCOs studied. Prolonged collection periods may increase exposure to repayment risk, contribute to the accumulation of arrears, and delay the recycling of funds into new lending. The finding is consistent with Nyambati and Otworko (2024), who reported that credit-risk monitoring, payment tracking and

loan classification were important to loan-portfolio quality among deposit-taking SACCOs. It also accords with Woor (2024), whose study linked credit-risk-management strategies with loan recovery in SACCOs.

On whether debt-recovery expenditure was maintained within the approved annual budget, 42.0% of respondents agreed, 42.0% were not sure, 1.1% disagreed, and 14.9% strongly disagreed. The relatively high proportion of respondents who were unsure indicates limited certainty regarding the management of debt-recovery expenditure. At the same time, 42.0% perceived recovery expenditure to be within the approved budget. These findings suggest that the management of recovery costs was not uniformly understood or perceived across the respondents. Effective management of recovery expenditure is important because the resources devoted to recovering delinquent loans need to be managed efficiently in relation to the amounts recovered. The finding is broadly consistent with Etenyi et al. (2024), who emphasized the importance of effective credit-risk-management techniques in the performance of deposit-taking SACCOs in Kenya. Rather than interpreting the finding as evidence of excessive recovery costs, the results point to the need for SACCOs to maintain clear budgeting and monitoring procedures for recovery activities.

Regarding the timely execution of credit-control actions, 37.2% of respondents disagreed and 21.8% strongly disagreed that actions were executed within specified timelines. A further 16.0% were not sure, while 25.0% agreed. Therefore, 59.0% expressed disagreement with the statement, compared with 25.0% who agreed. The findings indicate that timely implementation of credit-control activities remained a challenge in the SACCOs studied. Delays in loan monitoring, arrears follow-up, restructuring and recovery actions may reduce opportunities for early intervention when repayment difficulties arise. This finding is consistent with Nyambati and Otworko (2024), who found that credit-risk monitoring; payment tracking and loan classification were significant components of loan-portfolio quality management. It is also consistent with Etenyi et al. (2024), whose study emphasized effective credit-risk-management techniques in strengthening the performance of deposit-taking SACCOs in Kenya. Woor (2024) similarly demonstrated the relevance of credit-risk-management strategies to loan recovery among SACCOs.

Overall, the findings indicate variation in credit-control practices among SACCOs in Nyandarua County. A majority of respondents reported difficulties in maintaining non-performing loans within the recommended limit, achieving the stated loan-collection period, and implementing credit-control actions within specified timelines. At the same time, a substantial proportion perceived their SACCOs as achieving established recovery rates and maintaining recovery expenditure within approved budgets, although uncertainty was evident on some indicators. The findings are consistent with evidence that effective credit-risk monitoring, payment tracking, recovery practices and related management procedures are important for maintaining loan-portfolio quality and supporting SACCO performance (Nyambati & Otworko, 2024; Etenyi et al., 2024; Woor, 2024). These descriptive findings provide the basis for the subsequent inferential analysis examining whether loan recovery strategies are statistically associated with credit control among SACCOs in Nyandarua County.

Inferential Statistics

Inferential analysis was conducted to examine the relationship between loan recovery strategies and credit control among SACCOs in Nyandarua County, Kenya. Pearson product-moment correlation analysis was used to establish the direction and strength of the association between loan recovery strategies and credit control. Simple linear regression analysis was subsequently conducted to determine whether loan recovery strategies significantly predicted credit control. Statistical significance was assessed at the 5% level.

Correlation Analysis

Pearson correlation analysis was conducted to establish the relationship between loan recovery strategies and credit control. The results are presented in Table 4.

Table 4

Correlation between Loan Recovery Strategies and Credit Control

Variables	Loan Recovery Strategies	Credit Control
Loan Recovery Strategies	1	.463**
Credit Control	.463**	1
Sig. (2-tailed)	—	0
N	188	188

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

The results in Table 4 indicate a positive and statistically significant relationship between loan recovery strategies and credit control among SACCOs in Nyandarua County ($r = .463$, $p < .01$, $N = 188$). This indicates that higher levels of loan recovery strategy implementation were associated with higher levels of credit control. The magnitude of the correlation suggests a moderate positive association between the two variables. However, the correlation coefficient indicates an association rather than a causal relationship. Therefore, regression analysis was conducted to establish whether loan recovery strategies significantly predicted credit control.

Simple Linear Regression Analysis

A simple linear regression analysis was conducted to determine the effect of loan recovery strategies on credit control. Unlike the multiple regression model used in the broader thesis, the analysis for this standalone article included loan recovery strategies as the sole explanatory variable.

The regression model was specified as:

$$CC = \beta_0 + \beta_1 LRS + \varepsilon$$

Where CC represents credit control, LRS represents loan recovery strategies, β_0 is the constant term, β_1 is the regression coefficient for loan recovery strategies, and ε represents the error term.

Table 5

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.463 ^a	.214	.210	.1413

1. Predictors: (Constant), Loan Recovery Strategies
2. Dependent Variable: Credit Control

The model summary in Table 5 indicates a positive relationship between loan recovery strategies and credit control, with $R = .463$. The coefficient of determination ($R^2 = .214$) indicates that loan recovery strategies explain approximately 21.4% of the variation in credit control among the sampled SACCOs. The adjusted R^2 of .210 indicates that approximately 21.0% of the variation remains explained after adjustment for the model specification. The remaining 78.6% of the variation in credit control is attributable to other factors not included in the model and random error. The findings suggest that loan recovery strategies constitute an important explanatory factor in credit control, although they do not account for all variation in the outcome.

The ANOVA results in Table 6 show that the simple regression model is statistically significant ($F(1,186) = 50.73$, $p < .001$). This indicates that the regression model provides a statistically significant explanation of variation in credit control. Therefore, the observed relationship between loan recovery strategies and credit control is unlikely to have arisen by chance at the 5% significance level.

Table 6

ANOVA (Simple Regression)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	9.879	1	9.879	50.73	.000 ^b
Residual	36.234	186	0.1948		
Total	46.113	187			

^a Dependent Variable: Credit Control

^b Predictors: (Constant), Loan Recovery Strategies

The coefficient results in Table 6 indicate that loan recovery strategies have a positive and statistically significant relationship with credit control ($B = 1.850$, $\beta = .463$, $t = 7.12$, $p < .001$). The positive coefficient indicates that an increase in the implementation of loan recovery strategies is associated with an increase in credit control. Specifically, holding the model structure constant, a one-unit increase in the loan recovery strategies score is associated with an estimated 1.850-unit increase in the credit control score. The standardized beta coefficient of .463 indicates a positive relationship of moderate magnitude.

Table 7*Regression Coefficients (Simple Regression)*

Model	Unstandardized B	Std. Error	Standardized Beta	t	Sig.
(Constant)	18.42	1.084	—	16.99	0
Loan Recovery Strategies	1.85	0.26	0.463	7.12	0

^a Dependent Variable: Credit Control

The estimated regression equation is:

$$CC = 18.420 + 1.850LRS + \varepsilon$$

where CC represents credit control and LRS represents loan recovery strategies.

Overall, the regression results indicate that loan recovery strategies significantly predict credit control among SACCOs within Nyandarua County. The finding is consistent with the correlation analysis, which also established a positive and statistically significant association between the two variables.

Hypothesis Testing

The study tested the null hypothesis:

H₀₁: Loan recovery strategies have no statistically significant effect on credit control in SACCOs within Nyandarua County, Kenya.

The regression results indicate that loan recovery strategies significantly predict credit control ($B = 1.850$, $\beta = .463$, $t = 7.12$, $p < .001$). Since the p-value is less than the 0.05 significance level, the null hypothesis is rejected. The study therefore establishes a statistically significant positive relationship between loan recovery strategies and credit control. The finding indicates that differences in the implementation of loan recovery strategies are associated with differences in credit control among the SACCOs included in the study.

CONCLUSION & RECOMMENDATION

The study examined the effect of loan recovery strategies on credit control among SACCOs within Nyandarua County, Kenya. The findings established a positive and statistically significant relationship between loan recovery strategies and credit control. The correlation analysis showed a moderate positive association between the two variables ($r = .463$, $p < .01$), while the simple linear regression results indicated that loan recovery strategies significantly predicted credit control ($B = 1.850$, $\beta = .463$, $t = 7.12$, $p < .001$). The regression model explained 21.4% of the variation in credit control.

The study therefore concludes that effective loan recovery strategies are an important component of credit control in SACCOs. Practices such as timely follow-up of delinquent borrowers, regular monitoring of overdue loans, appropriate loan restructuring, effective use of guarantor or social collateral mechanisms, and consistent application of recovery procedures can contribute to improved management of credit portfolios. However, the proportion of variance explained by the model also indicates that credit control is influenced by other factors beyond loan recovery strategies.

The findings further suggest that the effectiveness of recovery strategies depends not merely on their existence but also on their consistent implementation. The variation reported across the individual recovery practices indicates the need for SACCOs to strengthen areas where recovery processes are inconsistently applied, while maintaining appropriate flexibility for borrowers experiencing genuine temporary repayment difficulties.

Based on the findings, the study makes the following recommendations. First, SACCO management should strengthen systematic loan monitoring and follow-up. SACCOs should establish clear procedures for identifying emerging repayment problems and contacting borrowers before arrears become prolonged. Timely reminders, regular account reviews and appropriate borrower engagement can help identify repayment challenges at an early stage. Second, SACCOs should standardize their loan recovery procedures. Recovery policies should clearly specify the actions to be taken at different stages of delinquency, the responsibilities of credit staff and committees, documentation requirements, and the circumstances under which cases should be

escalated. Consistent implementation can reduce variations in recovery practices across borrowers and loan accounts. Third, SACCOs should strengthen appropriate loan restructuring mechanisms. Where borrowers experience genuine and temporary repayment difficulties, particularly where income is affected by seasonal economic activities, restructuring or rescheduling may provide an alternative to immediate enforcement. Such arrangements should be based on documented assessment of repayment capacity and should remain consistent with the SACCO's credit policy and applicable regulatory requirements. Fourth, SACCOs should strengthen the capacity of staff involved in loan recovery. Credit officers and relevant committee members should receive periodic training in delinquency identification, borrower communication, negotiation, restructuring, documentation and applicable recovery procedures. Improved staff capacity can support more consistent implementation of recovery policies.

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