

**THE IMPACT OF SAVING AND CREDIT COOPERATIVE SOCIETIES IN  
IMPROVING LIVELIHOOD OF CLIENTS IN MOSHI RURAL DISTRICT**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
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**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by The Open University of Tanzania a dissertation entitled: "*The Role of SACCOS on Improving Livelihood of Clients in Moshi Rural District*". In partial fulfillment of the requirements for the award of degree of Master of Business Administration of The Open University of Tanzania.

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**(Supervisor)**

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Date

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**DECLARATION**

I, **Thomas M. Mallya**, declare that, the work presented in this dissertation is original. It has never been presented to any other University or Institution. Where other people's works have been used, references have been provided. It is in this regard that I declare this work as originally mine. It is hereby presented in partial fulfillment of the requirement for the Degree of Master of Business Administration of The Open University of Tanzania.



.....  
Signature

.....  
Date

**DEDICATION**

This work is dedicated to my beloved wife Romana Mallya and my family. Your strong desire for learning and acquiring knowledge is the reason for this MBA. You are lovely and charming beyond measure with great desire for my postgraduate studies. Keep working hard and charming to the family. I will continue to make you Proud.

## **ACKNOWLEDGEMENT**

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## ABSTRACT

This study determined the contribution of SACCOs in improving the household wellbeing in Moshi rural district. This was an analytical cross-sectional study conducted from July 2019 to August 2019 at KKIKALORA SACCOS. Simple random sampling was used to obtain 120 members of the SACCOS for an interview. Data collection was done using questionnaire and Focus Group Discussion (FGD) methods. Quantitative data was analyzed with help of SPSS Version 23.0. Numerical data was summarized using mean and standard deviation while categorical data was summarized using frequency and percent. Paired t-test was employed to test the significance influence of SACCOS on clients' livelihood at 5% level of significance. The quantitative results were presented using tables and figures. Thematic analysis was employed for qualitative data and was presented in narrative method. The result showed that SACCOS has raised assets, education and health support, food adequacy and improved business capital to its members. The study concludes that SACCOS has positive impact on saving mobilization, assets, education, health, business and investment. It has significant impact on food adequate and diet improvement. The education on savings in totality is a vital strategy to improve savings mobilization in SACCOs members. Despite these strengths there are existing challenges that limit its proper utilization include lack of knowledge in entrepreneurship and financial management, failure to return loans on time, and misallocation of loans. This study recommends that the government should closely supervise SACCOS so as to increase their contributions on livelihood improvement.

**Keywords:** *Household wellbeing, KKIKALORA SACCOS, Moshi rural district, saving mobilization*

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**LIST OF ABBREVIATIONS**

AU	African Union
BOT	Bank of Tanzania
ELCT	Evangelical Lutheran Church of Tanzania
FGD	Focus Group Discussion
FINCA	Foundation of International Community Association
GDP	Gross Domestic Product
IGA	Income Generating Activity
MFI	Microfinance Institutions
NBST	National Bureau of Statistics Tanzania
PRIDE	Promotion of Rural Initiatives and Development Enterprises
ROSCAs	Rotating Savings and Credit Association
SACA	Savings and Credit Associations
SACCOS	Savings and Credit Cooperation Societies
SDGs	Sustainable Development Goals
SEDA	Small Enterprises Development Association
SPSS	Statistical Package for Social Science
TAS	Tanzanian shillings
UNCTAD	United Nation Conference on Trade and Development
URT	United Republic of Tanzania
USAID	United States Agency for International Development
USD	United States Dollar

VICOBA	Village Community Bank
WB	World Bank

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview**

This chapter contains the introductory information concerning the research problem and its context. The sections contained here are background to the study, statement of the research problem, research objectives, research questions and relevance of the study.

#### **1.2 Background to the Study**

Saving and Credit Co-operative Societies (SACCOS) is a financial institution made-up of a group of people whose goal is to collect money and exchange or to trade directly and to share benefits (Cheruiyot *et al.*, 2009; Frank *et al.*, 2015). These are community based financial organizations that are owned and controlled by their members, operate primarily on the funds generated through members' savings and have savings and credit supply as their main activity (Ritchie, 2007; Sebhatu, 2017). SACCOS are an integral part of the financial system by which communities are mobilized to engage in productive activities so as to generate income, create employment opportunities, stimulate the economy of a well-defined area and thereby improve their livelihood situation (Sebhatu, 2012). Before SACCOS there was ROSCAs in 1920 and they were common in cash crop producing areas (Adalbertus, 2018).

Alleviation of poverty needs systematic plan and financial support that can be determined by the economic status in the areas (Krantz, 2001). Over the past several



decades, there has been serious concern on poverty reduction, especially in developing countries. It has been demonstrated that the success of utilization of microcredit for poverty reduction at individual and household level depends on borrowers entrepreneurial skill level, gender relations in the household and often times, the purpose of microcredit is solely for direct investment, smoothening consumption or indirect investment (Mugabi, 2010).

It is reported that SACCOS has better option for accessing microcredit that can sustainably reduce poverty among the poor people and is belong to local members that being easier to control (Ikua, 2015; Nnyanja, 2017; Oluyombo, 2016). It allows members equity as a major source of funds with which to offer themselves financial services (Cheruiyot *et al.*, 2009).

In order to co-ordinate effectively SACCOS in Tanzania, the Cooperative Societies Act, 2013 was approved by parliament and came into effect in 2014 to enable the revival of cooperative societies in Tanzania. Following enactment of this law, members of cooperatives are free to decide whether or not to form middle level structures depending on their demands (URT, 2009). According to BOT, the financial stability report in 2013, there were 5,559 SACCOS operating in Tanzania of which 3,043 were in rural areas. Membership stood at 1.15 million of which 1.13 million were individuals and 24,631 were community based organizations including VICOBAAs indicating outreach to unbanked population (BOT, 2013).

Many studies found that SACCOS help in raising standard of living of clients (Dainah, 2012; Frank *et al.*, 2015; Nnyanja, 2017; Odoyo, 2012). Studies that

revealed positive impacts of SACCOS to the livelihood of clients include Magali (2013) and Girabi and Mwakaje (2013). The studies which concentrate only on women clients include Mwangi (2016), Josephat et al. (2017), Kato and Kratzer (2013), Kyara (2013) and shekilango (2012). However, some studies which revealed the negative impacts of SACCOS include Kato and Kratzer (2013) and Magali (2013). This study assesses the impacts of SACCOS on the wellbeing of the clients in rural setting, especially in Moshi rural district in Kilimanjaro region.

### **1.3 Statement of the Research Problem**

Within Africa, the Sub-Saharan region is the poorest region where poverty is unique in the sense that majority particularly rural people are extremely poor (Churk, 2015). Tanzania is one of Sub Saharan countries where poverty is also extreme, and about 75% of Tanzanians are living in rural areas where the incidence and severity of poverty is twice as high than in urban areas (UNDP, 2011; WB, 2012). Poverty deprives people of good health, education, social life, and environmental quality, spiritual and political freedom (Odoyo, 2012).

Numerous studies indicated that SACCOS are the source of income for improved individual assets, business capital, diet and food adequacy (Mboka, 2014; Oluyombo, 2016). SACCOS offer loans for school fees, medical care, furniture and household items, all of which enable the members to meet their daily requirements for living (Mwangi, 2011). These contradict with some studies which have shown that loan beneficiaries are lacking education on financial management that contribute to misallocation of loan and hence not being able to pay back their loans on time

(Churk, 2015; Sumari, 2016). In addition to that, most of the SACCOS members reported lacking entrepreneurship skills, as the result they fail to have appropriate selection of projects with high returns (Mboka, 2014; Victor Omollo, 2016).

The question remains whether SACCOS services have positive influence on wellbeing to its members. With this regard, the study was motivated to identify independent impacts of SACCOS to its members at different levels including group of men, women, youths and people with physical disability. Therefore, this study aimed to assess the influence of SACCOS on assets, education, health, food adequacy and business capital's investment using both quantitative and qualitative approaches.

## **1.4 Research objectives**

### **1.4.1 General Research Objective**

The general objective of the study was to assess the influence of savings and credit co-operative society and challenges hindering its realization in improving household wellbeing of members in Moshi Rural in Kilimanjaro Tanzania.

### **1.4.2 Specific Research Objectives**

The study had the following specific objectives.

- i) To assess the impacts of SACCOS on clients' livelihood improvement on assets, education and health, food adequacy and business capital
- ii) To understand the role of SACCOS for women, men, youths and people with disabilities

- iii) To assess the challenges hindering impact realization for SACCOS' clients.

## **1.5 Research Questions**

The study had the following research questions:

### **1.5.1 General Research Question**

What are the influence and existing challenges of savings and credit co-operative societies in improving household wellbeing of members in Moshi Rural Kilimanjaro Tanzania?

### **1.5.2 Specific Research Questions**

- i) What are the impacts of SACCOS on clients' livelihood improvement on assets, education and health, food adequacy and business capital?
- ii) What is the role of SACCOS for women, men, youths and people with disabilities?
- iii) What are the challenges hindering impact realization for SACCOS' clients?

## **1.6 Relevance of the Study**

Understanding the subsequent loans taken and returning habit of SACCOS' members will help in effective constructions of models to assist members regarding their choices and financial allocations before and after taking loans. This study has described the role of SACCOS in provision alternatives to enhance the investment for its members.

This study also has explored the main challenges experienced by SACCOS members to use loans and savings. This will help the policy makers and advisory board in constructions of policies and conditions towards reduction of effective challenges that affect their members in utilization of SACCOS to alleviate or escape from Poverty when shared or published. In addition to that, this study provides the basic information for future researchers on area of concentration regarding utilization of SACCOS in improving livelihood.

### **1.7 Scope and Limitations of the Study**

The major limitation was lack of adequate funding which limited the coverage of the intended sample size.

### **1.8 Dissertation Framework**

This Dissertation is organized into five chapters. The current chapter introduced the study and provided an overview of the research problem and its background. The objectives of the study are also presented in chapter one. The main literatures consulted for the study are presented in Chapter two elaborating what other researchers have reported in books, journals and scholarly articles concerning contribution of SACCOS in improved household wellbeing. Chapter two also explains the theories developed by researchers relevant to the current study and the research gaps that the studies presented were also identified which reflect the base for this study.

Chapter three presents the methodological approaches employed in this study. These include study designs, data collection methods, description of the study settings, study procedures, data quality management, analysis plan and ethical considerations. Chapter four presenting the findings and discussion of the study based upon the study objectives with comparisons to other literature's findings. Here is where the expectation of the study was looking to provide better comparison with other research findings to fulfill the research gaps. Chapter five covers conclusion, recommendations and direction for future studies.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview**

This chapter provides a review of the literature on the topic based on the objectives and interest of the study. The literature review involves examining documents, such as books, magazines, journals, and dissertations. Therefore, this chapter presents the review of literature related with utilization of SACCOs in improving household wellbeing. In this study literatures were search using search engines such as Google scholars, PubMed and Emerald.

#### **2.2 Conceptual Definitions**

Savings and Credit Cooperatives Societies (SACCOS) are an integral part of the financial system by which communities are mobilized to engage in productive activities so as to generate income, create employment opportunities, stimulate the economy of a well-defined area and thereby improve their livelihood situation (Adalbertus, 2018). The Cooperative Development Policy in Tanzania, states that as part of the initiatives to eradicate poverty, micro-financing services have become one of the important sources of finance to the poor to expand their businesses and productive activities. Most SACCOS have been established in urban areas and at work places (Girabi *et al.*, 2013). As a result members of Agricultural Marketing Primary Cooperatives have found it impossible to save money that could have enabled them to buy shares and thereby increase the capital of their cooperatives (URT, 2013).

Livelihood is the logical understanding of the assets, or capitals, that people draw upon to make a living and to categorize them into the following five groups: human, social, natural, physical, financial, and political capitals (UNDP, 2012).

Livelihood improvement is all aspects that involves improved life standards for people, including economic growth, health and education services, assets and investments (Ashley and Hussein, 2000; Krantz, 2001).

Poverty leads to poor health, education, social life, and poor environment, spiritual and political conflicts (URT, 2009). Being poor can therefore force to sell physical assets, reduce quantity and quality of food consumed, move to inferior accommodation, postpone medical treatment or withdraw from SACCOS (Gasper, 2013; Mbagga, 2013). The hypothetical idea behind SACCOS, they improve the livelihood of clients; in the current study. This have been explained by different groups of people who are getting services from the SACCOS. This was the major intention of the study to identify the influence of SACCOS in education, assets, medical services, adequate food and diet improvement which all determines the individual livelihood.

## **2.3 Theories**

### **2.3.1 Agency Theory**

The agency theory describes the relationship under which one or more person (the principal) and another person the agent to perform some service on their behalf and delegate some decision-making authority to the agent. Within the framework of a



corporation, agency relationship exists between the shareholders and the company executives and agents. The agent is expected to act in the best interest of the principal, but on the contrary the agent may not make decision on the principal interest. Likewise, the problem of agency theory arise from the separation of ownership and management and employee and managers in a corporation could be self-interested like SACCOS do (Awotundun. *et al.*, 2011).

This theory discusses the problems that surface in the firms due to the separation of owners and managers and emphasizes on the reduction of this problem, an Agency theory arises from economics and organizational theory that discussed stakeholders performance and cost (Meckling, 1976). This theory helps in implementing the various governance mechanisms to control the agents' action in the jointly held corporations (Panda and Leepsa, 2018).

With regards to relationship between agency theory and SACCOS, there is a common bond for saving money together and from their savings to make loan to each other for provident or consumption and obtain other financial services (Adams, 1995). SACCOS management link the gap between borrowers and savers thus reducing information asymmetry and limiting moral hazards. In terms of principal agency relationship, the closeness of savers and borrowers and SACCOS user-owner, user control and user benefit approach minimizes the conflicts that emerge in the agency relationship (Morris, 1995).

Agency theory can be circumvented by interest among firm stakeholders, where their interests are common, it tend to be lowered (Bendickson *et al.*, 2016). Agency theory

conflict can as well be lowered where principal is knowledgeable of the agent's activities (Fama, 2008). This is related with SACCOS as in case of SACCOS' membership is normally drawn from a common pool, same community, a church, a mosque, employer and locality are expected to reduce the agency principal challenges in SACCOS (Mboka, 2014).

SACCOS are perceived as an appropriate micro-financing outlet for rural and poor people. People have, so far, positively responded to the call to form SACCOS both in rural and urban areas (Nkuru, 2015).

SACCOS operates like other credit unions to generate a similar sense of ownership among the financially excluded and thus enable them to avail themselves of financial services' appropriate to their needs. Credit unions are regarded by them as being best placed, within the financial services industry, to provide low-cost financial services to those on low incomes or to those who have no access to affordable banking services (Schnabel, 2001).

Study in Nigeria revealed that shareholder's objective which is to get satisfactory returns on their investment had been ignored; the employees who are the corporate insiders received substantial share of the organization earnings while huge portion of the earnings were retained without due consideration of the shareholders which represent the fundamental of the SACCOS (Chemakai *et al.*, 2018).

The agency theory is relevant to help to understand the challenges that surround ownership, contractual agreement, management interrelationship between small

business owners and external providers including SACCOS' clients (Mboka, 2014). In addition to that, agency theory often describe "residual claimant" as being the beneficiaries of joint action whether it is an investor-owned firm or a cooperative if a traditional model of principal-agent relationship is applied then you have an ambiguous definitions of what group is the primary recipient of fruits of the organizational effort as it operated in SACCOS (Mboka, 2014). It is noted that SACCOS being an artificial person, interacts and enters into contracts with other entities. This brings about an agency relationship between the SACCOS and the entities (Otieno *et al.*, 2015).

The current study focuses on the impact of SACCOS in improving livelihood which address the life standards of people, including economic growth, health, education services, assets, investments, food adequacy and diet improvement; which all depends on individual capacity and family income. Looking at SACCOS members men, women, youths and people with disabilities joining SACCOS with major aim of accessing saving and loan services for their improved wellbeing. The achievement of these depends on good relationship between members and SACCOS' management. This is linked with agency theory as it focuses on the principal and agency relationship to alleviate existing challenges arises among borrowers.

#### **2.4 Empirical Literature Review**

Through gaining repeated loans, the SACCOS' members can make investment to start new business or expansion of the existing business, which will improve the

income and the living standard of the members (Huppi and Feder, 2014; Mbagga, 2013; Mwangi, 2011; Nnyanja, 2017).

#### **2.4.1 Role of SACCOS in improving household wellbeing**

According to Bailey (2001), SACCOS offer the following products to their members: shares, savings, loans, life deposits and funeral insurance (Ng'ondi, 2013). Savings and credits cooperatives have the big role in poverty reduction but it depends on the number of active members (without outstanding loans), loan size, number of saving clients, volume of saving, percentage of loans to clientele below the poverty line, the level of transaction costs levied on the poor and the extent of client satisfaction (Sebhatu, 2012). In order to provide the conducive environment of borrowing SACCOS have to create an avenue to the access of funds to its members (Zikalala, 2016).

The continued access to SACCOS' loans has many implications for its members. Due to the continued access to loans, members can reduce dependence on other sources of borrowing in high interest charges from other financial institutions such as banks; if the members get timely loans and with reasonable returnable interest rate (Sebhatu, 2012). In addition to that, SACCOS' members get timely training for business and entrepreneurship, saving and insurances for health and assets (Cheruiyot *et al.*, 2009; Mwangi, 2011; Oluyombo, 2016).

#### **2.4.2 The Impacts of SACCOS on Clients' Livelihood Improvement**

Regarding impact of Saving and Credit Cooperative Societies; various literatures

were reviewed. The study by Odoyo in Kenya reported that SACCOS enable the members to meet the daily requirements of living including payment for school fees, medical care, furniture and household items (Odoyo, 2012).

Study conducted in Ethiopia by Sebhatu, (2012) revealed that the impact of participation in SACCOS on members' assets indicated that 62.5% of the sampled respondents could made additional assets creation in the form of construction of new houses, repairing old ones, livestock purchase like sheep, goat, cow, oxen, donkey, chicken and purchase of household equipment like tape recorders, radio, television, chairs, and tables (Sebhatu, 2012). They also recommended that SACCOS contribute in reduction of poverty, through mobilization of members to engage in productive activities so as to generate income, create employment opportunities, stimulate the economy of a well-defined area and thereby improve their livelihoods situation (Sebhatu, 2012). Nnyanja also indicated that about 31.5% of the borrowers had additional assets worth more than 1000 Birr (More than 80,000/= Tanzania shillings). A study in Uganda reported that the access to financial services enables households to invest in education, start or expand a business, or invest in agricultural inputs. With SACCOS, the key potential linkage between access to financial services and increase of household wellbeing is vital for economic growth among locals or SACCO' members (Nnyanja, 2017).

A study in East Africa by Lemma *et al.*, (2010) done in Kenya and Tanzania showed that SACCOS' services enable households to invest in activities that are likely to contribute to higher future income and, therefore increasing household income and

living standard of members. There were remarkably similar levels of saving and borrowing in Kenya and Tanzania, with just over 70% of the population saving or borrowing in both countries, despite significant differences in the availability of financial services in the two countries. When comparing these two countries, the study reported that Kenyans both borrowed and saved slightly more than Tanzanians (Lemma *et al.*, 2010). A study in Kenya found that 44% of those surveyed had at some point used savings to undertake productivity-enhancing investment (Ellis *et al.*, 2010).

A study conducted in Nairobi Kenya by Mwangi (2011) showed that SACCOS contributed in loan provisions to its members and encouraged borrowing. They also reported that majority 87.7% of the SACCOS' members improved their wellbeing through SACCOS (Mwangi, 2011). Thus, SACCOS have a significant role in loan provision to its members and in encouraging borrowings.

Study in Tanzania by Churk (2015) found that majority (53.7%) of the respondents perceived that no benefit was obtained for being a member or non-member of Muvikima SACCOS, 23.2% benefited only by doing saving in their SACCOS account due to the fact that there was no other financial service provider in the area, and 23.2% acknowledged that SACCOS benefited them through adding capital to their small-scale businesses and agricultural activities (Churk, 2015). Also, Mebane (2013) found that SACCOS in Tanzania have increased the saving for rural household for about 30 million Tanzanian Shillings in the study area.

### **2.4.3 The Challenges Hindering Impact Realization for SACCOS' Clients**

Challenges of the SACCOS basically depend on ability, knowledge and skills of the members on financial management and entrepreneurship. Different challenges have been reported by different authors and these can undermine or affect potential member to join SACCOS (Shekilango, 2012).

Some studies in developing countries particularly in Africa, For example, Magali (2013), Mwangi and Ombui (2018) indicated that SACCOS failed to attain the goals due to corruption and embezzlement of funds, competition from well-established banks, political interference, defaulting of loans and lack of qualified personnel (Magali, 2013; Mwangi and Ombui, 2018).

Other major challenges of SACCOS as reported in Kenya includes limited product diversity, inadequate governance and management, unfavorable image, lack of performance standards and weak official supervision and regulation (Mumanyi, 2014). It was also found inadequate technical skills for both at board and management levels resulted into failure to run SACCOS and members lost their expectations. This corresponding to the study by Korir (2008) which reported that about 54% of respondents had poor savings mobilization that contributed to delay in payment of loans, as most of the times, SACCOS do not have enough savings to pay loans to its members.

The study in Tanzania by Churk (2015) also indicated that loan repayment was a major challenges of SACCOS members. The study highlighted that some members

found their harder after joining SACCOS compared to the time before they joined the SACCOS. This was because sometimes they have to take some amount of their loans to repay back the multiple loans for the fear of losing their assets pledged as collateral; and therefore some members withdrew from SACCOS and non-members regretted to join the SACCOS due to fear (Churk, 2015).

## **2.5 Research Gap**

Previous studies in Tanzania on impact of SACCOS did not combine the variables of the impacts and challenges facing SACCOS. Therefore, this study helps to fulfill the identified gap by assessing the experience of SACCOS' members on the impacts of SACCOS. The current study also assesses the challenges which reduce the impacts of SACCOS in improving the wellbeing of the clients. To the best of our knowledge, none of the previous studies assessed comprehensively the mentioned variables, especially in Moshi district.

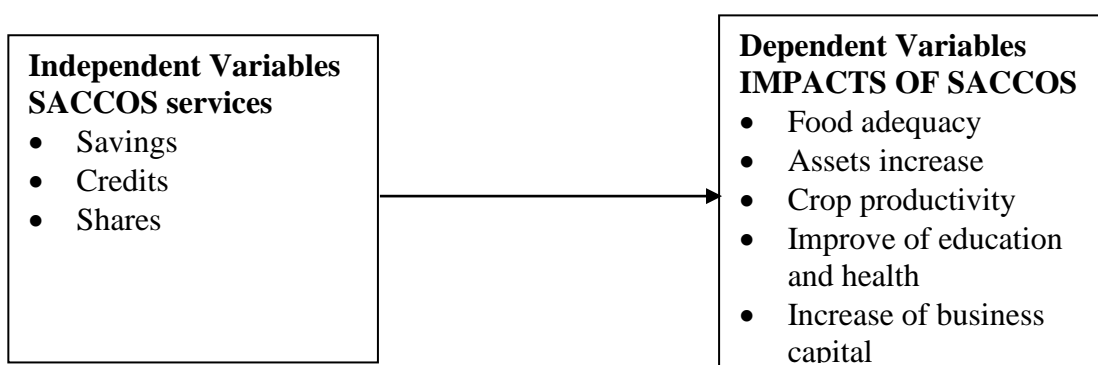
## **2.6 Conceptual Framework**

Framework described the logical structure of meaning that guide the development of the study. It bases on the identification of key concepts and the relationships among those concepts. The Conceptual framework consists of concepts that are placed within a logical and sequential design. The purpose of conceptual framework is to clarify concepts and propose relationships among the concepts in a study, to provide contextual interpretation of the study findings and to encourage theory development that is useful to practice (Adom *et al.*, 2018). In this study, the researcher tried to describe the logical network to show the relationship of the research problem. There



conceptual framework describes ways through which SACCOS improve the clients' wellbeing; obviously through borrowing and investments which ultimately reduces poverty for clients. Figure 2.1 shows that the livelihood for SACCOS' clients can be improved in the following ways:

- i) Investing in the immediate future income generating activities through business and consumptive spending with scope for productivity through adding and gaining assets which retain value such as refrigerator, sewing machines or houses themselves.
- ii) Investing in human capital, such as own and children education or household health and nutrition.
- iii) The use of the borrowed money for the purpose of diet improvements, personal savings for countering emergencies or future investment. These are the potential on increasing household income but may be hindered by various 'external factors.



**Figure 2.1: Conceptual Framework Of Poverty Reduction Through SACCOS**

Source: Modified from Mwanga (2016)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Overview**

This chapter highlights the methodological details appropriate for the study. The sections consist of the study area, study design, data collection methods, sampling procedures, data management and analysis plan, and research ethics.

#### **3.2 Study Area**

The study was conducted at KIKALORA SACCOS with registration number KRL 684. Since its establishment, it has a total of 655 members of which 304 male, 275 female and 76 sub-groups. The dominant ethnic group at the site are Chagga people who engage in different economic activities mainly agriculture and small business. Main crops cultivated include coffee, maize, beans, and banana which most of them are sold to Dar es Salaam and in Kenya via Taveta and Holili borders. In livestock they keep cows, sheep, pigs, hens and ducks all these livestock except pigs are consumed within the village but most of the pigs are normally transported to Moshi Urban, Arusha and Dar es Salaam for sells.

KIKALORA SACCOS is located at Kariwa village in South Uru wards in Moshi district council. It operates under community based Mawella Vocational Training Centre. The site is bordered by Sokoine road, Mshikamano and Tadei roads in the east of Mwenge Catholic University, enclosed to Ushirika wa Neema in the Southern Part, down the slope of Mount Kilimanjaro near Kariwa SDA Church.

### 3.3 Research Design

This was analytical cross-sectional study design comprises of mixed methods (quantitative and qualitative data collection techniques) from April 2019 to August 2019. This design was appropriate in this study because of its ability to offer the researcher the opportunity to explore understandings and experience on contribution of SACCOS and existing challenges. In addition to that, the use of qualitative offers flexibility in collecting the vast amount of data aiming to get deep information from the study participants.

### 3.4 Estimation of Sample Size

Sample is representative of the study population. The sample must be reasonable enough to avoid sample error. It has reported that nearly 90% of the participants benefits from SACCOS, thus the sample size was obtained using precision approach regarding single proportion using the following formula:

$$n = \frac{z^2 p(1-p)}{\varepsilon^2}$$

Whereby;

$n$ =estimated sample size

$p$ = Proportion of members benefits from SACCOS with an estimate of 90%

$q$ =Probability of non-beneficiaries from SACCOS,  $1-P = 10\%$

$\varepsilon$ =Marginal error = 5.5%

Therefore,

$$n = \frac{1.96^2 * 90(100 - 90)}{(5.5)^2} \approx 114$$

An addition of 5% which is equivalent to 6 members was added for sampling error, therefore a minimum sample size of 120 SACCOS members were enrolled in this study.

### **3.5 Sampling Procedure**

#### **3.5.1 Sampling for Quantitative Data**

Sampling is the systematic procedure of selecting a number of individual for the study in such a way that, individual selected represents the large groups from which were selected (Phrasisombath, 2009). The aim of sampling is to get information concerning the entire population and to minimize expenses in terms of time and cost (Kothari, 2008).

A simple random sampling method was used to obtain the participants in the current study. This was used to minimize biasness and improve representativeness of the sample to be undertaken through ensuring diversity of members according to location, education level, and gender and other demographic characteristics and use of triangulation in data collection methods and sources of data.

Purposive sampling procedure was used to get representative of people with physical disability using the qualitative method while a random selection of the other participants was also used to get representatives for quantitative part.

#### **3.5.2 Sample Size for Qualitative Data**

A sample of 14 members (4 women, 4 men, 4 youths and 2 men with physical disabilities) who were selected purposively with aim of identifying their experiences

on impacts or contribution of SCCOS in women, male, youths and people with physical disability. The exact number of participants was determined by the level of saturation reached, with few more clients interviewed after saturation to check if no new information has generated. We advocated for heterogeneous groups. However, the standard criterion is that: The focus groups should capture diverse opinions, and that participants should be able to present their perspectives free from the fear (Kothari, 2008).

### **3.6 Data Collection Techniques**

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic approach that enables one to answer stated research questions, test hypotheses, and evaluating the study outcomes (Kothari, 2008). The researcher sought from the members, if SACCOS were playing their roles in providing loans and probably adopt strategies that are geared to encourage borrowings. Using questionnaires, the respondents were required to fill in relevant questions that aimed at assessing the role of SACCOS in poverty reduction, loan provision and encouraging borrowing, areas of achievements and challenges.

#### **3.6.1 Quantitative Data**

Self-administered questionnaires were used to obtain the quantitative data from the participants. The collected data included socio-demographic data, economic activities, saving habits, loan and borrowing habit and achievements and challenges related to SACCOS. The participants were informed about the study and asked for

their voluntary participation by filling in the questionnaires which were randomly distributed to the participants.

### **3.6.2 Qualitative Data**

Focus group discussion guides was employed to obtain the qualitative data. Focus group discussion guideline was used to collect data from women, men, youths and people with physical disability. The guides had questions related to contribution and challenges of SACCOS for women, men, youths and people with disabilities. The discussion guides were initially written in English and later translated into Swahili, the National language that is widely spoken by all Tanzanians.

Four focus group discussions were conducted. The groups ranged in size of 2 to 4 participants each and lasted for 35-45 minutes. A total of 4 women, 4 men, 4 youths and 2 people with physical disabilities were recruited in focus group discussions. Focused group discussions were done in Kiswahili, the national language that spoken by all participants and the researcher. Discussions were audio recorded with permission from participants, so that no data was missed.

### **3.7 Data Quality Control**

The term quality control refers to the efforts and procedures that survey researchers put in place to ensure the quality and accuracy of data being collected using the methodologies chosen for a particular study (Kothari, 2008; Levin and Levin, 2014). In this study, the research assistants were trained on how to assure quality of the data and they were oriented on the study tools. Free participation and

data confidentiality were highly maintained. Researcher cross-checked all data collected daily in order to make sure that all information is well documented. All information from the fields were secured in the locked cabinet, and the database and was secured by password for unauthorized personnel.

### **3.8 Variables and Measurement**

The study variables included demographic variables (age, occupations, sex, marital status, family size, level of income, number of children, education status), household assets, economic status, food intake, household education background, health services, and investment. Variables were measured regarding statistical level of measurement nominal and scale (ratio or interval) for both independent and dependent variables. Ordinal scale was subjected for categorical variables which were grouped in ascending or descending with appropriate order such as level of education. A quantitative variable has been entered into statistical package for the social sciences (SPSS Version 23.0). These variables were manipulated and categorized for the analysis purpose.

### **3.9 Data Validity and Reliability**

In this study, pre-testing of research instrument was done to enhance validity and reliability of data was measured through the Crobach Alpha. The respondents' results from pre-testing exercise were not included in the final analysis.

#### **3.9.1 Data Validity**

Validity is the degree to which the tool measures what it is intended to measure (Polit and Beck, 2003). Content validity in this study was achieved by reviewing each

question and providing opinion on whether the items covered the research objectives. The opinions of the reviewers were compared and analyzed to determine the degree of content validity. The validity was enhanced through pre-testing that included 10 members from ELCT SACCOS. Questionnaires were then reviewed on the basis of the responses obtained from pre-test hence or otherwise adjustment was done to increase the validity of the tool.

### **3.9.2 Data Reliability**

Reliability is the degree to which an instrument measures the same way each time. It is used under the same conditions with the same subjects (Polit and Beck, 2003). The findings from pilot study were used to improve the study tool for the reliability of data collected. The reliability of data was measured by using the Crobach alpha and scored 0.82 value signifying that data were reliable.

### **3.10 Research Limitations**

The major limitation of this study was the lack of adequate funding which limited the coverage of the intended sample size.

### **3.11 Data Analysis Plan**

Data analysis refers to the systematically process involving statistical and/or logical techniques to summarize, interpret and presenting the data findings (Celano, 2012). There are two main approaches of data analysis techniques which are quantitative and qualitative methods all can either employ computer or manual aids (Celano, 2012; Kothari, 2008). In this study quantitative and qualitative methods for data analysis were employed.



### **3.11.1 Quantitative Part**

Quantitative data analysis was done with help of statistical package for the Social Sciences (SPSS Version 23.0). Numerical data were summarized using mean and standard deviation while categorical data was summarized using frequency and proportions. Paired t – test was employed to measure the significance impact of SACCOS on food adequacy at 5% level. P value less than 0.05 was regarded statistically significant.

### **3.11.2 Qualitative Part**

Process for thematic analysis was followed. Recorded audio voices were transcribed by experienced transcribers to Swahili and then translated to English. After receiving the transcripts, researcher listen several times the audio voice for each FGD against the transcripts to ensure all information given by participants are reflected in the transcript and also to familiarize with the data.

Analysis of data started once all 4 FGDs were completed in term of transcription and re-listening of the recorded audios. Coding was done by researcher manually without application of any software for qualitative analysis and qualitative expert went through all transcripts to counter-check the coding. After being satisfied with coding, then codes that reflected study objectives were sorted into categories and all important categories according to study objectives were organized into themes that included (business expansion, investment, saving and loans regularity with reasonable interest rate. Also lack of knowledge in entrepreneurship and financial management, failure to return loan on time, and misallocation of loans) that reflected

both influence and challenges of SACCOS. Furthermore, the quotes that elaborate the themes were captured with regards to impact and challenges of SACCOS. The findings from qualitative data were presented using narrative method.

### **3.12 Ethical Consideration**

The approval letter to conduct this study was sought from Open University of Tanzania, and then the permission was obtained from the Chairman board of KIKALORA SACCOS, who informed the management team and its members for the study concernment. Participants were informed of the full nature of the study after which they signed informed consent to participate in the study. Privacy and confidentiality were maintained during interviews and participant information was maintained using participant ID. Participation into the study was voluntary basis and participants were given right to withdraw from the study at any time without any penalty. Data fabrication was assured by allowing additional answers from the respondents. Plagiarism was cross-checked to assure that the research report maintains originality.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSION**

#### **4.1 Overview**

This chapter consists of the presentation and interpretations of the results of the findings from the study. The data analyzed in this section presents the characteristics of the participants and the contribution of SACCOS in improving household wellbeing. The findings were analyzed and presented following the study objectives and the formulated research questions. Tables and figures were summarized to simplify findings and discussion of the quantitative findings. The chapter also includes the discussions of the key findings of this study in comparison to other previous findings.

#### **4.2 Quantitative Findings**

##### **4.2.1 Socio-Demographic Characteristics of the Participants**

The mean age of the participants was 49 years with standard deviation of 12 years. Majority 58.3% of the participants were females. More than two third (75.8%) of the participants were married. About 46.7% had primary education or below. About 39.2% were farmers, 33.3% were business persons and 27.5% were employed. About half (47.5%) had been members of KIKALORA SACCOS for more than 5 years (Please see details in Table 4.1).

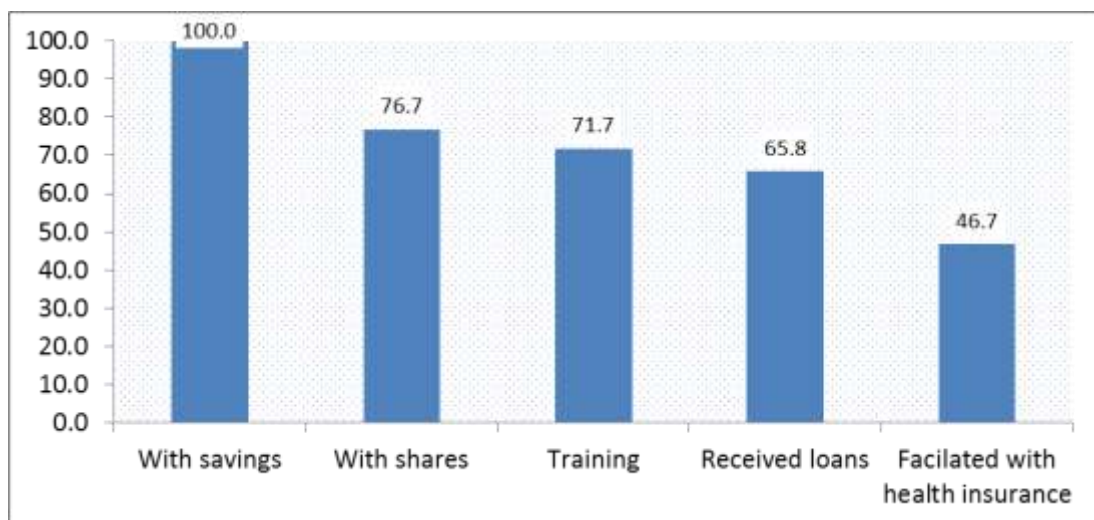
**Table 4.1: Socio-Demographic Characteristics Of The Participants (N=120)**

<b>Variable</b>	<b>N</b>	<b>%</b>
<b>Age in years</b>		
20-34	13	10.8
35-44	28	23.3
45-54	44	36.7
55+	35	29.2
Mean, (SD)	49, (12)	
<b>Sex</b>		
Male	50	41.7
Female	70	58.3
<b>Marital status</b>		
Married	91	75.8
Single	14	11.7
Widow/divorce	15	12.5
<b>Education level</b>		
Primary/below	56	46.7
Secondary	36	30.0
College/University	28	23.3
<b>Occupation</b>		
Farmer	47	39.2
Business	40	33.3
Employed	33	27.5
<b>Size of household</b>		
1-4	65	54.2
≥5	55	45.8
<b>Experience at KIKALORA SACCOS</b>		
1-2	28	23.3
3-5	35	29.2
>5	57	47.5

The demographic variables' results indicate that KIKALORA SACCOS attracted various groups of society members to join it. It may imply that there were no restrictions to join the SACCOS provided that the new potential members fulfill the general requirement such as paying for the entrance fees and buy shares. Moreover, the data may imply that, probably the clients were benefiting with SACCOS and hence attracted new members to join it. Likely the study by Sebhata (2012) in Ethiopia indicated subsequent increase of members, saving, accumulation of loan and better returning habit.

#### 4.2.2 Beneficiaries from Services Provided by SACCOS

Regarding beneficiaries from KIKALORA SACCOS, all participants had saving accounts. About 76.7% were having shares, 71.7% received training about entrepreneurship and investments. Majority of the participants 65.8% already received loans. About 46.7% of the participants were facilitated to get health insurance (Figure 2).



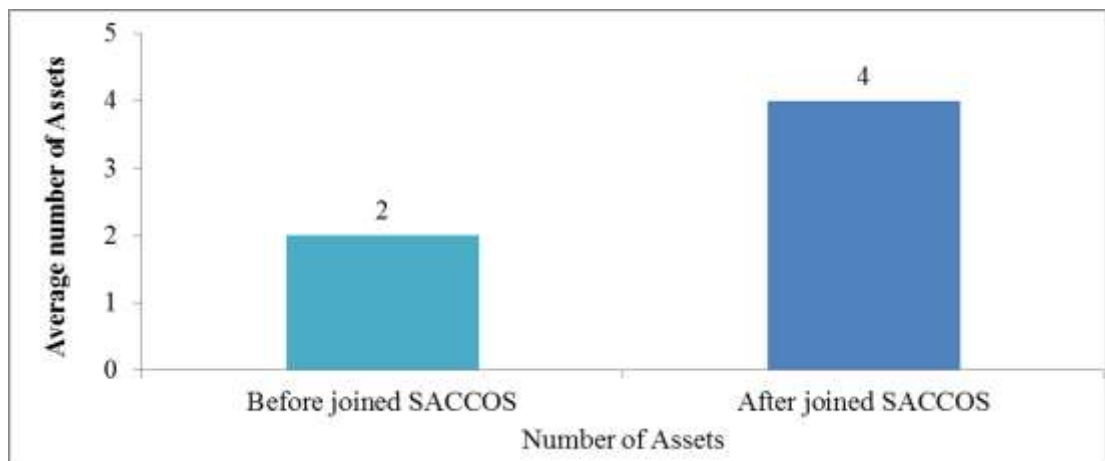
**Figure 4.1: What Services Do You Get From SACCOS? (N = 120)**

The findings indicate that SACCOS play important roles by providing the essential financial services. Our findings correlates with study conducted by Bailey (2001) who revealed that SACCOS offer the following products to their members: shares, savings, loans, life deposits and funeral insurance. Most social welfare indicators cannot be improved if there is limited access to financial services. Subsequent loans determine ability of the members in saving, accumulation of loans and returning habit (Ng'ondi, 2013). The study in Ethiopia on impact of savings and credit cooperatives reported that contribution of SACCOS in poverty reduction depends on the number of active members, loan size, number of saving clients, volume of saving,

percentage of loans to clientele below the poverty line, percentage of female clients, range of financial and non-financial services offered to the poor, the level of transaction costs levied on the poor and the extent of client satisfaction with respect to financial services have also some implications on the effectiveness of SACCOS on poverty reduction (Sebhatu, 2012). In order to provide the conducive environment of borrowing SACCOS have to create an avenue to enable efficient utilization of the borrowed funds (Zikalala, 2016).

#### 4.2.3 The Influence of SACCOS Services on Clients Assets

The result indicates the average number of assets before and after joining the SACCOS was 2 and 4 respectively. This implies that after joining the SACCOS, client can double his/her assets through loans was used as capital to majority of the KIKALORA SACCOS members (Figure 2.2).



**Figure 4.2: The Influence of SACCOS Services on Clients' Assets (N=120)**

The study in Ethiopia by Sebhatu (2012) revealed that SACCOS has increased individual assets by more than sixty percent. The identified increased assets included livestock purchase like sheep, goat, cow, oxen, donkey, chicken and purchase of

household equipment like tape recorders, radio, television, chairs, and tables. Likewise, in the current study we found that these were the common assets reported by the participants. Another study in Uganda also reported that SACCOS promoted the access to financial services and increase of household wellbeing (Nnyanja, 2017). This implies that loans from SACCOS have promoted the assets increase for majority of members.

#### 4.2.4 The influence of SACCOS Services on Education and Health

Majority 56.7% of the participants used loans from SACCOS for education cost i.e. payment of the school fees. The result shows an increase of an additional cost for education by 0.7% after one joining the SACCOS.

**Table 4.2: The Influence of SACCOS Services on Education and Health (N=120)**

Services	Number (%)	Average amount (Tsh.)
<b>SACCOS services on education</b>		
Education cost (payment for the school fees)	68(56.7)	
Average amount spent for school fees after joining SACCOS		2,890,000
Average amount spent for school fees after joining SACCOS		2,910,000
Additional amount increased for education cost after joining SACCOS		<b>20,000 (0.7%)</b>
<b>SACCOS services on health</b>		
Health insurance before SACCOS	48(40.0)	
Health insurance after SACCOS	61(50.8)	
Average amount of money saved for medical cost before the SACCOS (n=45)		312,000
Average amount of money saved for medical cost after the SACCOS (n=46)		318,000
Amount decreased from medical cost after SACCOS		<b>6000 (1.9%)</b>

Regarding health services, SACCOS facilitated members to have health insurance because before joining the project, only 40% of the members had health insurance

but after the joining SACCOS; there was an increase to about 50.8% of the members who reported to have health insurance. The result also showed 1.9% increase in amount of money saved for medical cost after joining SACCOS (Table 4.2 above).

Education plays a good role in increasing awareness of individuals and hence being useful in economic production such as in agriculture, mining, business and investment; meaning that also education offered through SACCOS, contributed positively on social and community development of clients.

In the current study we found that majority of the clients used loans from SACCOS for education costs such as payment of the school fees and accommodation to their children, and about half of the beneficiaries from SACCOS reported that their children received better education due to loans they borrowed from SACCOS. This is supported by the study in Kenya by Odoyo (2012) who reported that SACCOS led to improved health, education, social life, and good environment, spiritual and political conflicts.

Similarly, the study in Ethiopia and other African countries revealed that SACCOS has been a framework for investment at the level of the individual (Gasper, 2013; Krantz, 2001; Sebhatu, 2017). The findings correspond to the current study which indicated that SACCOS have positively influenced the availability of health services whereby it was reported that SACCOS sensitized about 11 percent of its members to get health insurance. We also found an increase in amount of saving by 19 percent which helped significantly to cover the medical cost.



#### 4.2.5 The Influence of SACCOS Services on Food Adequacy

Before joining SACCOS, the average number of meals for the SACCOS client was 2 times per day but after joining the SACCOS the average number of meals was changed to 3 times per day. There was also a unit increase in improved diet from 3 to 4 times per week. Both showed significant increase in number of meals and improved balanced diet among the participants  $P < 0.0001$  (Table 3).

**Table 4.3: The Influence of SACCOS Services on Food Adequacy (N=120)**

Variable	Average number of meals/balanced diet		Statistical estimate		
	Before SACCOS	After SACCOS	Mean difference	t-test	P-value
Number of meals per day	2	3	1	7.671	<0.0001
Balanced diet per week	3	4	1	8.956	<0.0001

Regarding the influence of SACCOS on food adequacy, we found positive increase in diet intake per day including number of meals per day. There was a declining of missed meals per day after joining the SACCOS. The findings of this study indicates that SACCOS played important role in promoting food adequacy and quality, contrary the study in Kenya, which reported that that financial services did not have a significant impact diet improvement (Cheruiyot and Ogendero, 2012).

#### 4.2.6 The Influence of SACCOS Services on Business Capital

In regards to business capital, about 41(34.2%) of the participants started business/investment using their loans from SACCOS. The findings show that 17(41.5%) use the loan for farming, 8(19.5%) used for house construction, 2(4.9%) bought three tire motorcycle, 2(4.9%) bought motorcycle, 2(4.9%) bought

plot/compound, 1(2.4%) bought a car for business and 9(22.2%) used their loans to established small businesses including shops, market and stationaries (Table 4.4).

**Table 4.4: The Influence of SACCOS Services on Business Capital (N=120)**

<b>SACCOS services on business capital</b>	<b>n</b>	<b>%</b>
Started business/investment using loans from SACCOS	41	34.2
<b>Type of business (n=41)</b>		
Bought Three tire motorcycle	2	4.9
Bought motorcycle	2	4.9
Bought plot/compound	2	4.9
House constructions	8	19.5
Cash farming	17	41.5
Bought a car for business	1	2.4
Other business	9	22.2

Consistency with the study, Lemma *et al.* (2010) found that SACCOS enabled households to invest in activities that were likely to contribute to higher future income and, therefore increasing household income and living standard of members in Tanzania and Kenya. Alike other study by Ellis *et al.* (2010) reported that SACCOS strengthened productivity and raised business capital and investment to its members (Ellis *et al.*, 2010). Our findings contrary with Churk (2015) who reported that majority of the respondents did not benefit from their SACCOS in Tanzania.

The current study identified some negative impacts or challenges of SACCOS in the community; these include lack of knowledge in entrepreneurship and financial management, failed to return loan on time, and misallocation of loans. The group of women also reported the effect of failure to return loan on time, they reported that sometimes it is dangerous when failure to return loan on time and may result into loss of resources and assets. Likewise, the group of men during discussion also

reported that because they lacked knowledge on entrepreneurship and investment, some failed to repay their loans on time. The challenges of loan repayment has been reported by many scholars such as (Magali, 2013; Mwangi and Ombui, 2018) to list a few. The studies identified other challenges which SACCOS face. These include: corruption and embezzlement of funds, competition from well-established banks, political interference, loan default and lack of qualified personnel. Mumanyi (2014) that reported that SACCOS in Kenya faced the challenges of inadequate technical skills, both at board and management levels.

### **4.3 Qualitative Results**

Four focus group discussions were conducted. The groups ranged in size of 2 to 4 participants each and lasted for 35-45 minutes. A total of 4 women, 4 men, 4 youths and 2 people with physical disabilities were recruited in focus group discussions. The following paragraphs present and discusses the results obtained from qualitative analysis which aimed to assess the role of SACCOS on for women, men, youths and people with disabilities.

Systematic and continuous services provided by SACCOS reported by members to have contribution in raising their life standards. Group discussion participants exposed the strengths of SACCOS in improving their livelihoods including business expansion, investment, saving and provision of loans with reasonable interest rate. clients reported to use loans for house constructions, payment of the school fees, buying vehicles, and agriculture and poultry production. The following statements were reported:

### **4.3.1 Impacts Realized by Women group**

Through SACCOS women became more powerful and supportive to family members, as majority of women use the loans from SACCOS and start their small businesses like restaurants, small marketing, and shops. These lead many women to raise their income and support family needs when either husband cannot stand alone or to help the family. This has reduced dependence in their families.

*I have two women (friends) of mine who now own medium business through SACCOS. Before SACCOS women were just practicing in local rotatory savings known as KIBATI which lacked adequate capital and security for their money but now through KKIKALORA SACCOS it become easily for them to maintain financial stability through business transactions and assets' purchase. Majority of women have benefited from SACCOS by supporting the academic achievement for their children (FGD #1.....women)*

### **4.3.2 Impacts realized by men group**

Men reported that sometimes due to SACCOS, they are able to get better life because they use loans from SACCOS as their capital for investments. During the focus group discussion, men group reported the following:

*'Honestly, I found very difficult to expand my capital before joining SACCOS, I started my own poultry 1 year before joining SACCOS but definitely, I failed to progress. One of my friend advised me to join a SACCOS and after three months, I managed to borrow a loan of 6 million and I used the loans to re-establish my poultry keeping activity and now I sell about 1000 eggs every-day and I recently get a loan of 35 million to expand my poultry business' (FGD # 2.....men)*

### **4.3.3 Impacts Realized By Youths' Group**

On the youths' side; despite of acknowledging the important of SACCOS but they perceive that the interest rate for loan is high, in a sense that that majority of them fail to pay back their loans on time. However, some have benefited through their

SACCOS because some of them reported to buy Motorcycle and three tire motorcycle (known also as *Bajaji* in Swahili language).

*“Most of the time youths are eager to establish their businesses and investment to raise their future life standards, but the problems are capital. SACCOS provide loans to active members but the interest rate is not friendly by many youths and some refuse to take loans because of fear. However, I see this as negative perceptions because I bought my motorcycle through loan and now, I own 3 motorcycles for business. I am now planning to take other loan by next year to buy another three-tire motorcycle, because I was encouraged by my fellow youth who borrowed loan from SACCOS and bought two tire motorcycles and managed to repay the loan on time. So, SACCOS is an important source of capital for all, including youths.... (FGD3#.... youths).*

#### **4.3.4 Impacts Realized by People with Physical Disability**

People with physical disability also reported that SACCOS was the only source of capital for majority. However, it was a challenge, if one has not selected the proper investment or type of business. When People with physical disability borrowed from SACCOS, the loans helped them to engage in businesses and other economic activities as physically abled clients do:

*“With KKIKALORA SACCOS, I am now working and run my regular job as a shoe maker and shoe shine, I also run other businesses at my working place and I have been able to take my kid to private school. Before joining SACCOS, it was too harder for me to run any business because I lacked capital. This made my life to be tough because of high cost for house rent and could not manage to buy materials required for my businesses. However, when I joined the SACCOS in a year, I got a loan of 2 million and I used it to reestablish my office and my business. Currently, I am proud of my SACCOS, because it provided loan to me and it has improved my living standards ..... (FGD 4#..... people with physical disability).*

#### **4.4 The Challenges of SACCOS in the Community**

Apart from listing the importance of SACCOS; participants highlighted some challenges which faced them while participating in SACCOS’ activities. These

include lack of knowledge in entrepreneurship and financial management, failure to return loan on time, and misallocation of loans.

*"Despite education being a pillar of our SACCOS but majority of clients lack information on financial management and entrepreneurship. This is because most of the time we usually asked to takes loan for our business, farming and investment. However, some take these loans for other social activities that some of them are not productive as a result fails to return loan on time"* (FGD # 3.....youths)

Women also reported to fail repaying loan on time and due to that reason, most of them hesitated to borrow loan because they perceived that it becomes dangerous when they failed to repay loans on time. It means that failure to repay the loans, led to confiscation of assets pledged as collateral.

*'Land and properties of some members who failed to return loan were sold (outcry market) and left them bankrupt, this discourage majority to seek loans from SACCOS due to fear of losing their properties and assets when it happened, they have not finished their debts. Some clients when borrowed loan spend money unwisely and this threatened the loans' repayment. Therefore, there is a need for education on financial management, investment and entrepreneurship to promote repayment of loans"* (FGD # 1....women)

Men during discussion also reported that because they lacked knowledge on entrepreneurship and investment and they get difficulties in alternation of their savings and loans:

*"We observed that, some members face difficulties in using their finance. For example, some members have saved more than 3 million but they hesitate to take loans due to fear of losing their properties. Therefore, members who fear confiscation of assets prefer to save than to invest"* (FGD # 2.....men).

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Overview**

This chapter presents the summary of findings, conclusion, recommendations, contribution of the study to theories and direction for future studies.

#### **5.2 Conclusion**

Majority of the participants had shares, received training about entrepreneurship and investments and ultimately received loans. All men, women, youths and disabled group had benefited from their SACCOS. The result indicates ‘double’ increase of assets after joining the SACCOS and about half of the beneficiaries from SACCOS reported that their children received better education due to loans they borrowed from SACCOS. Our findings indicated significant increase of meals intake per day compared before joining SACCOS. It was finally found that SACCOS was used as the source of business capital for its members. Participants reported to use their loans from SACCOS to start business including motorcycles, cars, and farms. Despite these strengths, our study identified potential challenges of the SACCOS’ members. These includes, lack of knowledge in entrepreneurship and financial management, failure to return loan on time, and misallocation of loans as the result some failed to return loan on-time and some sold their assets for loan return.

This study concludes that SACCOS have positive impact on saving mobilization, assets, education, health, business and investment. The study further reveals that SACCOS have significant impacts on food adequate and diet improvement. Despite

these strengths, there existing challenges that limit proper utilization of SACCOS such as lack of knowledge in entrepreneurship and financial management, failure to return loan on time and misallocation of loans for some members. SACCOS were reported to be valuable to its members, whereas women, men, youths and people with physical disabilities identified the strengths of their SACCOS. A systematic and continuous services provided by SACCOS contribute in raising their living standards including business expansion, investment, saving and provision of loans with reasonable interest rate. Clients reported also to use loans for house constructions, payment of the school fees, buying vehicles, and agriculture and poultry production.

### **5.3 Recommendations**

#### **5.3.1 Training SACCOS Members**

The SACCOS' management should assure continuous training for its members to increase their skills and knowledge in entrepreneurship and financial management. This will enable members to reduce their burden of failure to return loan on time and misallocation of loans.

#### **5.3.2 Government Stringent Supervision and Awareness Creation**

Government should play a role in mobilizing people so as to reap the benefits from SACCOS. At community level, a robust behavioral and communication change strategies need to be developed for example, community mobilization for saving and loans to raise awareness and utilization of SACCOS, and lifestyle modification campaigns targeting to promote education via social media such as WhatsApp, facebook, integral and twitter including offline and online fliers. This will help to reduce



the existing challenges of SACCOS and hence increase the livelihood improved for members.

#### **5.4 Contribution of the Study to Theories**

The findings of the study contribute to the agency theory. The agency theory discusses the problems that surface in the firms due to the separation of owners and managers and emphasizes on the reduction of this problem. This theory helps in implementing the various governance mechanisms to control the agents' action in the jointly held corporations which also was reported in this study as the SACCOS implement potential roles in controlling its agents for members in provision of loans, return and business orientation for members towards improvement of livelihood standard of living.

In addition to that, the relationship between agency theory and SACCOS, there is a common bond for saving money together and from their savings make loans to each other for provident or consumption and obtain other financial services which have been reported by members. The SACCOS' members used loans in business capital, social activities like school and health services.

Moreover, the agency theory is relevant to this study as it helps to understand challenges that surround ownership, contractual agreement, management interrelationship between small business owners and SACCOS. It was noted that SACCOS being an artificial person, interacts and enters into contracts with other entities. This brings about an agency relationship between the SACCOS and the

entities. However, this study did not analyze much the variables of the agency theory and this is reserved for the future studies.

### **5.5 Direction for Future Studies**

Different interventions at various levels of economic improvement may help to reduce the challenges of SACCOS. The Current saving policies needs to accord more attention to SACCOS and focus on education and training about SACCOS operations, loans, shares and more importantly savings mobilization.

There is a need for observational studies in this area to identify other factors that contributes to positive impacts in SACCOS. The study described the variation in the level of saving and assets, but did not include other possible contributing factors for improvement other than SACCOS. Future studies should focus to use more advanced methodology such as SEM, study quantitatively and qualitatively in details on how SACCOS have benefited various groups such as youths and people with disabilities and why youths hesitate to borrow from SACCOS. Further studies should compare the performance of SACCOS with other MFIs such as VICOBA and NGO MFIs.

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## APPENDICES

### APPENDIX 1: CONSENT FORM (ENGLISH VERSION)

Dear participant, be informed that Mr. Thomas Mallya student of the Open University of Tanzania is doing research on the contribution of SACCOs in improving household wellbeing. Your participation is very important for the success of the study.

Confidentiality will be assured and the information provided during this interview will be used only for the research purposes. Participation in this study will not affect one's membership or role in the KIKALORA SACCOS.

The purpose of this study is simply to gain a better understanding of the impacts of the SACCOs service in the society, so that its efforts may be improved so as to better serve its members. Therefore, we ask you to feel at ease and to provide frank and honest answers without fearing any persecution or disclosure. Researchers are only interested in analysis of collective feedback and not individual respondent information.

This is voluntary participation

Participant Initial: \_\_\_\_\_

Membership No: \_\_\_\_\_

**APPENDIX 2: CONSENT FORM (SWAHILI VERSION)**

**A: FOMU YA RIDHAA YA MSHIRIKI**

Mpendwa mshiriki, Mimi Thomas Mallya Mwanafunzi wa Chuo Kikuu Uria cha Tanzania, ninnafanya utafiti juu ya mchango wa SACCOs katika kuboresha ustawi wa kaya. Ushiriki wako ni muhimu sana kwa mafanikio ya utafiti huu. Kushiriki katika utafiti huu hautaathiri uanachama wako au jukumu la KIKALORA SACCOs katika utendaji wao.

Kusudi la utafiti huu ni kupata kufahamu mchango wa ushirika wa kuweka na kukopa katika ustawi wa kaya au wanaushirika wake. Matokeo ya utafiti huu utasaidia kuhimarisha juhudi za ushirika kukidhi mahitaji ya wanaushirika, ili kuwatumikia wanachama wake kwa ubora. Kwa hiyo, tunakuomba kujisikia huru na kutoa majibu ya kweli na ya uaminifu bila hofu yoyote. Majibu yako yatasaidia kufikia malengo ya utafiti huu, pia taarifa hizi zitatumika kwa ajili ya mahitaji ya utafiti tu!

Huu ni ushiriki wa hiari, kuwa huru kutoshiriki au kushiriki. Kama umehiari, naomba usaini fomu hii ya ridhaa ili kukidhi vigezo vya ushiriki wako.

Vifupisho vya majina ya mshiriki: \_\_\_\_\_

Namba ya Uanachama: \_\_\_\_\_

**APPENDIX 3: QUESTIONNAIRE (ENGLISH VERSION)****Membership No:** \_\_\_\_\_

1. Gender of client i) = Female ii) = Male
2. Age of client: \_\_\_\_\_ (years)
3. Marital status (cycle to the correct response)
  - a. Single
  - b. Married
  - c. Widow
  - d. Divorced
  - e. Separated.
4. What is the size of your household? .....
5. Level of Education
  - a) Formal education
  - b) Adult education
  - c) Primary education
  - d) Secondary education
  - e) College
  - f) University
6. Occupation
  - a) Farming
  - b) Petty/small business ( )
  - c) Livestock husbandry
  - d) Wage employment

7. Duration of membership in KIKALORA SACCOS (years) \_\_\_\_\_

8. Did borrowing of credit made improvement of your livelihood? (Yes/No)

Please give the details how borrowing of credits improved the following items

<b>Item (s)</b>	<b>Before project</b>	<b>After the project</b>
9. Annual family income	.....TZS	.....
10. Crop production per acre for 100 Kg bags	.....	.....
11. Increase of assets	Number of asserts	Number of assets...
12. Number of meals	Number of meals.....	Number of meals.....
13. Amount of money used to cover medical costs per year (approximate)	Tshs.....	Tshs.....
14. Amount of money used to cover Education costs per year (approximate)	Tshs.....	Tshs.....
15. Amount of money used to construction of a house	Amount used.....TZS	Yes or No..... Amount used.....TZS
16. Amount of business capital	capital.....(TZS)	capital .....(TZS)

9. Mention the negative impacts of the SACCOS

.....  
.....

10. Write your recommendations which will help to promote the impacts of the SACCOS

.....  
.....

**APPENDIX 4: QUESTIONNAIRE (SWAHILI VERSION)****A: TAARIFA BINAFSI**

**Namba ya uanachama:** \_\_\_\_\_

1. Jinsia: i) = KE  ii) = ME
2. Umri wa mshiriki: Miaka \_\_\_\_\_
3. Hali ya ndoa: Nimeoa/nimeolewa  Sijaoa/sijaolewa  Mgane/  
Nimeachika
4. Kiwango cha Elimu: Sijasoma Msingi  Sekondari  Elimu ya juu
5. Umewahi kupata elimu ya ujasiria Mali kabla au baada ya kujiunga na chama cha  
kuweka na kukopa (KIKALORA SACCOS)? Ndiyo  pana
6. Kazi yako kwa sasa: Mkulima  Biashara  Ufugaji  Nimeajiriwa
7. Idadi ya watu katika kaya: \_\_\_\_\_ #Wakubwa (Miaka 18 au zaidi): \_\_\_\_\_  
#Watoto (Chiniyamiaka 18): \_\_\_\_\_
8. Una muda gani tangu ujiunge na KIKALORA SACCOS (miaka) \_\_\_\_\_
9. Hudumazipi unazipata katika SACCOS hii? (weka alama yavema ✓)
  - Hisa---Idadi ya hisa ulizonazo \_\_\_\_\_ Kiasi cha pesa (Tsh.) \_\_\_\_\_
  - Akiba---Taja kiasi ulichowekeza kwenye akiba yako (Tshs.) \_\_\_\_\_
  - Mikopo-----Kiasi cha mkopo ulichokopa mwaka uliopita  
(Tsh.) \_\_\_\_\_ Taja kiasi cha madeni ya mkopo wako uliyoshindwa  
kulipa kwa wakati (Tsh.) \_\_\_\_\_
  - BIMA -----Je, SACCOS inawapahudumaza bima \_\_\_\_\_ Ndiyo/Hapana

- Mafunzo -----Taja aina ya mafunzo maalumu uliyopata katika ushirika wako  
(SACCOS)
- 
- 

10. Je! Kukopa mikopo kulifanya kuboresha maisha yako? (Ndiyo/Hapana).....

11. Tafadhali onyesha jinsi mikopo ilivyoboresha vitu vifuatavyo katika kaya yako:

Vipengele	Kabla ya kujiunga na ushirika	Baada ya kujiunga na ushirika
Eleza aina ya uwekezaji uliofanya baada ya kukopa SACCOS		
Mapato ya kila mwaka ya familia	.....TZS	..... TZS
Uzalishaji wa mazao kwa ekari / shamba	.....	.....
Ongezeko la asset/mali	Idadiyaasseti.....	Idadiyaasseti.....
Idadiyamlokwasiku	Idadiya mlo .....	Idadiyamlo .....
Kuongezeka kwa lishe - Mara ngapi unakula mlo uliokamilika kwa wiki		
Kiasi cha pesa kilichotengwa kwa ajili ya matibabu kwa mwaka (takribani/kadirio)	Tshs.....	Tshs.....
Je, una BIMA yaafya?	Ndiyo au Hapana	Ndiyo au Hapana
Kiasi cha fedha kilichotumika kwa gharama za Elimu kwa mwaka (takribani)	Tshs.....	Tshs.....
Kiasi cha fedha kilichotumika kwa ajili ya ujenzi au ukarabati wa nyumba kwa mwaka	Kiasi kilichotumika.....TZS	Kiasi kilichotumika.....TZS
Kiasi cha mtaji wabiashara	Mtaji.....(TZS)	Mataji .....(TZS)

### MAFANIKIO YA CHAMA CHA KUWEKA NA KUKOPA (SACCOS)

12. Taja mafanikio ya chama cha akiba na mikopo katika jamii

- i. ....
- ii. ....

iii. ....

iv. ....

13. Taja changamoto au mapungufu ya chama cha kuweka na kukopa katika jamii

i. ....

ii. ....

iii. ....

iv. ....

14. Toa maoni yako yatakayosaidia kuinua na kuimarisha utendaji na mafanikio ya

SACCO's kwako na katika jamii inayokuzunguka

.....

.....



**APPENDIX 5: FGD GUIDE (ENGLISH VERSION)****FOCUS GROUP DISCUSSION (Divide into SACCO's leaders, Men, youths, women and people with disabilities)**

1. What are impacts of SACCOS to the following group of people in the communities?
  - a) Community (Mention the aids of SACCOS provided to the community and amount given in Tshs)
  - b) Men
  - c) Women
  - d) Youths
  - e) People with disabilities?

Please list and explain

2. What are the negative impacts of SACCOS in the community to:
  - a) Community
  - b) Men
  - c) Women
  - d) youths
  - e) People with disabilities
  
3. What are your recommendations to improve the impacts of SACCOS?

**APPENDIX 6: FGD GUIDE (SWAHILI VERSION)**

**MAJADILIANO NA MAKUNDI MAALUM JUU YA MAFANIKIO YA SACCOS (FGD)**

(Majadilino haya yatahusisha viongozi wa SACCOS, wanaume, vijana, wakina mama na watu wenye ulemavu)

1. Nini mafanikioya SACCOS katika jamii katika makundi yafuatayo ?
  - a) Jamii (Onyesha faida za SACCOS katika jamii na kiasi cha fedha kinachotumika)
  - b) Wanaume
  - c) Akina mama/Wanawake
  - d) Vijana
  - e) Watu wenye ulemavu

*Tafadhali taja na fafana*

2. Ninichangamoto au mapungufuya SACCO's katika kuhudumia jamii katika makundi yafuatayo?
  - a) Jamii
  - b) Wanaume
  - c) Wanawake
  - d) Vijana
  - e) Watu wenye ulemavu
  
3. Nini maoni au mapendekezo yako katika kuimarisha utendaji na mafanikio ya SACCOS?

**APPENDIX 6: KIKALORA PERMISSION LETTER**

KIKALORA SACCOS

P. O. BOX 120

MOSHI

30/04/2019


THE OPEN UNIVERSITY OF TANZANIA  
P.O.BOX 23409,  
DAR ES SALAAM.

**RE: REQUEST FOR DATA COLLECTION AT KIKALORA SACCOS.**

Reference is made to the above heading.

I would like to inform you that the Management and Board of KIKALORA SACCOS has granted permission for **Thomas Michael Mallya** to collect data with regard to the role of SACCOS on Improving Livelihood of Clients in Moshi Rural district , KIKALORA being representative area.

Melikezedek Mushi



CHAIRMAN OF THE BOARD

KIKALORA SACCOS