**FACTORS AFFECTING GROWTH OF EMPLOYEE BASED SAVING AND CREDIT COOPERATIVE SOCIETIES (SACCOS) IN TANZANIA**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA-FINANCE)**

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# CERTIFICATION

The undersigned certify that they have read and hereby recommend for acceptance by the Open University of Tanzania a dissertation entitled **“Factors affecting growth of employee-based saving and credit cooperative societies (SACCOS) in Tanzania”.** In partial fulfilment of the requirements for the award of Master of Business Administration (MBA-Finance) of the Open University of Tanzania.

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**Signature**

**31/10/2023**

**Date**

# DEDICATION

I dedicate this work to the God Almighty for giving me good health and guiding me in my studies. I also dedicate this work to my lovely Son, Goodluck Fedi Salehe Msemwa, and my lovely family relatives for their love, encouragement, persuasion and insistence throughout dissertation development as well as the difficult period of the study. Their great contribution enabled me to accomplish my academic goals comfortably.

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# ABSTRACT

Saving and Credit Cooperative Societies (SACCOS) are crucial financial institutions for overcoming financial exclusion in Tanzania. However, they face numerous problems that negatively affect their survival. This study assessed the factors affecting the growth of employee-based SACCOS in Tanzania, focusing on board leadership/management, employee qualifications and member awareness. Purposive and snowball sampling methods were used to select 15 respondents from SACCOS "X" based in Dar es Salaam, Tanzania. The data were collected through in-depth interviews using an interview guide. The data analysis used thematic and content analysis. The findings suggest that board leadership, employee qualifications and members' awareness were not in a position to support the growth of employee-based SACCOS X. The findings indicated that the growth of employee-based SACCOS was affected by poor board leadership, low qualifications of employees and low members' awareness. The study recommends policy makers to formulate policies that will restrict the employee-based SACCOS from operating without qualified board members, qualified employees and members' awareness. The study contributes to the agency theory by assessing the agency-principle challenges associated with employee-based SACCOS.

***Keywords:*** Employee based SACCOS, Growth, Tanzania

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# LIST OF ABBREVIATIONS

EB-SACCOS Employee based SACCOS

MFI Microfinance Institutions

OUT Open University of Tanzania

ROSCAs Rotating Savings and Credit Schemes

SACCOS Savings and Credits Cooperative Society

TCDC Tanzania Cooperative Development Commission

# CHAPTER ONE

# INTRODUCTION

# 1.1 Overview

This chapter presents the background of the study as well as the problem statement. Moreover, it also presents the study objectives (both general or main and specific objectives), research questions, scope, and significance. Then, it finalizes the organization of the study.

# 1.2 Background to the study

According to Mumanyi (2014), SACCOS is a voluntary association owned and controlled by its members to promote saving, providing cheap credits and other financial services to its members. SACCOS are also known as credit unions in some countries. They are principally under the control of their members. The main objective of cooperative societies is to mobilize resources and create a source of funds that can benefit their members (Ndiege et al., 2016). According to Magali (2022), the purpose of SACCOS is to mobilize savings and provide credit services to farmers, households and small business holders.

According to Mazūre (2011), initially, a credit union, or SACCOS, was established in 1844 in Rochdale, England. The credit union bought goods and sold them to their members. However, the formal credit union was established by Schulze-Delitzsch and Raiffeisen in Germany between 1852 and 1864. Later, the phenomena of the credit unions or SACCOS spread worldwide.

According to Ahlén (2012), the history of SACCOS can be traced back to 1938, when the first cooperative was established. Around this time, the cooperative movement began to gain acceptance as a successful strategy for advancing residents' financial inclusion and economic empowerment (Mazūre, 2011). During the independence of Tanganyika in 1990 and the union of Tanganyika and Zanzibar in 1964, SACCOS assisted in the pooling of financial resources and provided funds for economic activities. In the 1980s and 1990s, the government strongly emphasized the growth of SACCOS through establishing policies and regulatory frameworks. The government initiatives promoted the growth of SACCOS in the 2000s (Bee, 2009).

SACCOS provide the following services: microcredits, microinsurance, remittance, savings and deposits and training services (Ngowi, 2021). SACCOS are established to strengthen the availability of financial services in both rural and urban regions. Therefore, SACCOS are vital to the nation's financial sector and greatly enhance socio-economic growth, fight against poverty, and promote sustainable development. SACCOS provide monetary stability and resilience among their members and surrounding communities (Ndiege et al., 2016).

The Tanzania Cooperative Development Commission (TCDC) reported that in 2023, there were 2,034 registered SACCOS (TCDC, 2023). In many developing countries, these semi-formal financial institutions are the primary source of savings accounts and loan services for the poor in rural areas, where formal financial institutions are beyond the reach of many (Mwakajumilo, 2011). Moreover, commercial banks focus mostly on urban dwellers, while the SACCOS serve the rural and urban residents, the poor and excluded (Ndiege et al., 2016).

The literature shows that the factors affecting the growth of SACCOS are education and training, competition, capital adequacy, management skills, credit-worthy customers, credit risk analysis, credit policies, age and product differentiation (Chepkemoi, 2017). Other factors include service quality, competition from commercial banks, poor loan portfolio management, competent personnel, and members' awareness (Gachara, 2018). Also, poor governance and leadership, lack of skilled manpower, lack of office and materials, poor educational status of committees and poor members' participation, lack of audit service, and lack of appropriate support from cooperative promoters (Feleke, 2016). Moreover, lack of finance, poor access to justice, and lack of education (Mumanyi, 2014). The factors include management skills, loan portfolio management, human resource capacity, and the extent of investment in information technology (Muithya, 2019). Furthermore, credit service quality, responsiveness and reliability determine the growth of the SACCOS (Kilambo, 2015). Likewise, poor governance structure, competition and decrease in financial health affect the SACCOS’ growth (Canassa et al., 2018).

The empirical literature review shows that scholars who concentrated on the influence of board leadership on the growth of SACCOS are Feleke (2016), Anania et al. (2015), Mutiso (2019) and Baka (2013), to mention a few. However, they did not examine how the employees' qualifications and awareness affected the SACCOS' growth. Moreover, the studies were not done in employee-based SACCOS but in community SACCOS. Also, most of the studies were done outside of Tanzania.

Scholars who concentrated on examining the influence of the educational qualifications of employees on the growth of SACCOS are Chepkemoi (2017), Feleke (2016), Mumanyi (2014), Anania et al. (2015), to mention a few. However, none of these studies has dwelt to assess how employee qualifications and awareness affected the SACCOS growth. Also, these studies were not done in employee-based SACCOS, instead were based in community SACCOS. Furthermore, most studies were done outside of Tanzania, particularly in Kenya and Ethiopia.

Various empirical studies have been carried out to examine the influence of members’ awareness on SACCOS’ growth. Gachara (2018) and Asfaw (2014), to mention a few, focused on examining the influence of members’ awareness towards SACCOS growth. However, they did not assess how leadership and employee’s educational qualification affected the growth of SACCOS. Also, these studies were not done in employee-based SACCOS; instead, they were based in community SACCOS. Hence, the researcher was motivated to assess the factors which influence the growth of employee-based SACCOS within the Tanzanian context. Therefore, this study assessed how the board, employees’ qualifications and members’ awareness affected the growth of employee-based SACCOS in Tanzania.

Most of the studies on the assessment of the factors influencing the growth of SACCOS have been conducted outside Tanzania. Studies done in Tanzania include Danga and Yusuf (2019), who examined factors affecting the growth of SACCOS in the Singida region of Tanzania. However, the study did not analyze how the board leadership and members' awareness influenced the growth of the SACCOS. Mrisho (2015) assessed the factors affecting the growth of Morogoro municipal SACCOS. Similarly, Kilambo (2015) assessed the members' satisfaction with the credit services offered by employee based Ruangwa Teachers SACCOS. Nevertheless, the two studies did not analyze how members' awareness and employee qualification affected the growth of the SACCOS.

The that agency theory was connected to the study’s objectives. The study hypothesized that ineffective SACCOS board leadership jeopardizes its capability to undertake its agency roles (Feleke, 2016). Danga and Yusuf (2019) asserted that poor qualifications of SACCOS staff endanger the performance of agency's role. Nyangarika et al. (2020) found that insufficient member understanding of SACCOS activities and this reduces the performance of SACCOS due to ineffective implementation of the agency problem.

# Statement of the Problem

According to Mmari (2020), SACCOS serve millions of people in both urban and rural areas in Tanzania. Bwana and Mwakujonga (2013) affirmed that cooperatives, including SACCOS, added about 40% of the country's GDP and employ 94% of secondary school leavers annually. Therefore, the growth of SACCOS in Tanzania cannot be underrated.

In Tanzania SACCOS face various challenges which negatively affect their growth (Chepkemoi, 2017; Mutiso, 2019; Gachara, 2018; Muithya, 2019).

The TCDC (2018) reported that there were 4770 SACCOS registered as of December 31, 2018, of which 1015 (31.55%) were active, 2097 (43.96%) were inactive, and 1168 (24.49%) could not be located. The government deregistered 2,554 SACCOS (41 percent of 6,178) in 2020 due to non-traceability and poor performance. The Tanzania Cooperative Development Commission (TCDC) reported that in 2023, there were 2,034 registered SACCOS (TCDC, 2023).

The challenges facing Credit unions globally face the challenge of poor regulatory compliance (Glass et al.,2010). Poor regulatory compliance for SACCOS leads to increased fraud or embezzlement risks, financial instability and a poor reputation of SACCOS from the public. The poor image of the community for SACCOS jeopardizes their growth and financial sustainability (Ojong, 2014). The accumulation of a higher number of non-performing loans makes SACCOS not to sustain the loan disbursement function (Mensah, 2015). Higher competitive pressure in the financial market threatens SACCOS operations (Chatterji et al., 2015). Similarly, Canassa et al. (2018) found that problems facing community SACCOS' survival in Brazil were poor governance structure, competition and a decrease in the financial health of the company.

 TCDC (2022) reported that SACCOS in Tanzania still face the problem of poor leadership, lack of skills, embezzlement and poor practices. The challenges facing the SACCOS in TCDC continue to inspect and monitor the SACCOS. Scholars in Kenya such as Mumanyi (2014); Chepkemoi (2017); Gachara (2018), and Muithya (2019) revealed that problems facing SACCOS in Kenya were poor management skills, lack of skilled manpower and human resource capacity. The literature reveals the problem facing community-based SACCOS, but no study shows the problem facing the growth of employee-based SACCOS in Tanzania. Therefore, this study assessed the role of leadership, employee qualifications and members' awareness in the growth of the employee-based SACCOS in Tanzania.

# 1.4 Objectives of the Study

# 1.4.1 General objective of the study

The main study's objective was to determine the factors affecting the growth of employee-based SACCOS in Tanzania.

# 1.4.2 Specific objectives of the study

The specific objectives of the study were:

1. To explore the influence of SACCOS board leadership on the growth of employee-based SACCOS in Tanzania.
2. To investigate the effect of employee qualifications on the growth of employee-based SACCOS in Tanzania.
3. To understand the influence of member’s awareness on the growth of employee-based SACCOS in Tanzania.

# 1.4.3 Research questions

The following research questions guided this study.

1. How does board leadership affect the growth of employee-based SACCOS in Tanzania?
2. How do employee qualifications affect the growth of employee-based SACCOS in Tanzania?
3. How does members’ awareness affect the growth of employee-based SACCOS in Tanzania?

# 1.5 Scope of the study

The study was conducted on employee-based SACCOS in Tanzania. The selection of the employee-based SACCOS was sound because most researchers concentrate on community-based SACCOS and discard employee-based SACCOS, especially in Tanzania.

This study was conducted in one employee-based SACCOS in the Dar es Salaam region. The name of the SACCOS has been concealed because the SACCOS has a large overdue loan, and the court currently handles its affairs. For the sake of this study, we rename the SACCOS as an “X” SACCOS, which has ceased to operate because it owed a large amount of debt to a lender. Therefore, the study assesses how the board, employees’ qualifications and members’ awareness affect the growth of X employee-based SACCOS.

# 1.6 Significance of the Study

The findings of the study render knowledge and important information to the researchers, policy makers, government, management of the employee based SACCOS in planning for their business prosperity and other stakeholders such as the Ministry of Foods, Agriculture and Cooperatives TCDC, Savings and Credit Cooperative Union League of Tanzania (SCULT) and other to recognize key areas that need good attention to be designed to enable the SACCOS in Tanzania to be stronger organizations, capable of competing, generate surplus and fulfil members' expectations. The study's findings will guide the policy makers to formulate the policy which will promote the growth of the employee-based SACCOS. Particularly, strengthen the role of the SACCOS board, employees' qualifications and the member's awareness. The study is useful for employee-based SACCOS to execute its mission of maximizing and protecting shareholders' wealth. The study findings will be valuable to SACCOS in different decision making related to loan provision, dividend distribution, interest rate and factors affecting SACCOS’ growth since it determines its members' wellbeing.

In the academic field, the findings of this study bridge the gaps of knowledge on the role of SACCOS’ board leadership, employee qualifications and members' awareness of the employee-based SACCOS in Tanzania. The findings of this study will be used as a reference for academicians.

In terms of the theory, the study shows how the agency roles may be implemented to strengthen the accountability of the boards of employee-based SACCOS. Moreover, in order to increase the role of the agency, the study reveals that it is vital to employ the SACCOS staff with the required qualifications. Moreover, the findings disclose that members' awareness promotes the agents to fulfil their responsibilities effectively.

# 1.7 Organization of the study

The study is organized into five chapters. Chapter one includes the background of the study, statement of the problem, research objectives, research questions and the problem statement and justification, scope, significance and organization. Chapter two deals with a literature review and contains definitions of important terms and various concepts. It also comprises a theoretical literature review, empirical literature review, research gaps and conceptual framework. Chapter three presents the research methodology details that involve the philosophy of research, design of the research, area of the study, target population, sampling and sample size, instrument of data collection, data analysis, validity and reliability, variables and measurements, the study limitations and considerations of research ethical issues. Chapter four includes data presentation and discussion. Chapter five will provide a summary of findings, conclusion, recommendations, the contribution of the study to the theories and direction for future research

**CHAPTER TWO**

# LITERATURE REVIEW

# 2.1 Overview

This chapter covers definitions of important key terms and concepts, a theoretical literature review and an empirical literature review about the determinants of growth of employee-based SACCOS in Tanzania. It also shows the study gaps and conceptual framework of this study.

# 2.2 Definitions of Key Terms and Concepts

# 2.2.1 Cooperative

Muithya (2019) defined a cooperative as an organization that brings together individuals to participate in a business action that relies on their collective efforts, aiming to create benefits for individuals through providing services or products.

Cooperatives are organizations of an atypical entrepreneurial nature. These so-called atypical features are defined by the International Cooperative Alliance (ICA) in Manchester in 1995, based on a set of seven principles. Tthese pprinciples are as follows: voluntary and open membership, member economic participation, democratic member control, independence and autonomy, education and training, information, cooperation among cooperatives, and concern for community) on a set of values. Cooperative values are based on self-help, democracy, self-responsibility, equity, equality and solidarity (Ramos et al., 2022).

Cooperatives are enterprises in which all members may take part in decision-making and governance processes. Cooperative members believe in ethical values such as social responsibility, openness, honesty, and caring for others (Battaglia et al., 2015; Stocki & Hough, 2016). This study adopted the definition of Ramos et al. (.2022), which captures the concept of employee-based savings and credit cooperative society in Tanzania.

# 2.2.2 The Savings and Credit Cooperative Societies (SACCOS)

The Savings and Credit Cooperative Societies (SACCOS) are financial cooperatives that aim to meet the financial needs of all members by encouraging savings and granting loans to the members. SACCOS belongs to its members who manage it democratically (Anania et al., 2015). SACCOS empower its members and makes a wellspring of credit to its members (URT, 2013).

 Magali (2022) asserted that the SACCOS as credit unions are operated under the principles of a mutual membership organization, in pooling voluntary savings from members in the form of shares. SACCOS is a small, local cooperative society which accepts savings and makes loans to members. SACCOS enable easy access to financial services to people. However, it also creates employment opportunities, encourages savings, and support community development effort directly, such as helping the community access social services, improving members' income, stimulating the growth of business and stimulating the living conditions.

# 2.2.3 Employee based SACCOS

Employment-based Savings and Credit Cooperative Societies (SACCOS) are financial institutions established and operated by employees of a particular organization or company (Kilambo, 2015). These SACCOS are designed to provide financial services such as savings, loans and other related financial products exclusively to the organization's employees (Otache et al., 2022).

# 2.2.4 Growth of SACCOS

The growth of SACCOs refers to the expansion and development of Savings and Credit Cooperative Organizations (SACCOs) in terms of their size, membership, financial assets, and service offerings. It signifies the positive progress and increasing influence of SACCOs in the financial sector and their ability to meet the needs of their members and communities (Nyangarika & Bundala, 2020). SACCOS mobilize savings and provides investment capital to the poor and low earners and eventually improves the living standards of people.

# 2.3 Theoretical Review

In this section, the researcher reviews the theory, which aligns the variables of the specific objectives and variables of the theory. In this section, the researcher reviews the theory, which aligns the variables of the specific objectives and variables of the theory. The agency theory guides the study.

Agency theory has its roots in economic theory. The theory was exposited by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976). Agency theory explains the relationship between the principals, such as shareholders, and agents, such as the SACCOS board members and managers”. In this theory, shareholders, who are the owners (principals) of the SACCOS, hire the agents (board of directors and managers) to perform work. Agency theory suggests that employees or managers are the agents to act and make decisions in the principal’s interest. On the contrary, the agent may not necessarily make decisions in the best interests of the principals (Bratton, 2012).

Agency theory was introduced to describe the separation of ownership and control (Panda & Leepsa, 2017). Bendickson et al. (2016) argued that instead of providing fluctuating incentive payments, the agents would only focus on projects that have a high return and have a fixed wage without any incentive component. Although this will provide a fair assessment, it does not eradicate or even minimize corporate misconduct.

Some of the strengths of agency theory include: Agency theory provides a structured and comprehensive framework for understanding and analyzing the principal-agent relationship. It identifies the conflicts of interest and information asymmetry between principals and agents, and it offers insights into how these conflicts can be managed. Agency theory emphasizes the importance of aligning the interests and incentives of principals and agents. It recognizes that agents may have different goals and motivations than principals, and it offers mechanisms, such as performance-based compensation and contracts, to bridge this gap and encourage agents to act in the best interests of the principals (Kivistö & Zalyevska, 2015).

By highlighting the potential opportunistic behaviour of agents, agency theory helps principals design control mechanisms to mitigate risks and protect their interests. These mechanisms may include monitoring systems, audits, and performance evaluations. Agency theory recognizes the significance of information in the principal-agent relationship. It emphasizes the need for agents to provide relevant and accurate information to principals, and it suggests mechanisms for improving information disclosure and transparency within organizations. This can lead to better decision-making and improved performance (Chen et al., 2023).

Agency theory has been applied to various industries and organizational settings, including corporations, nonprofit organizations, government agencies, and partnerships. Its versatility and adaptability make it a valuable tool for understanding and addressing agency problems in various contexts. The theory offers predictions about how their respective roles and incentives may influence the behaviour of principals and agents. It helps explain managerial shirking, moral hazard, and the trade-offs between risk and effort. This predictive power makes it a useful guide for designing governance structures and contractual arrangements (Araya, 2023).

Some of the weaknesses of agency theory include: Agency theory relies on certain simplifying assumptions that may not always reflect the complexity of real-world situations. For example, it assumes that agents are self-interested and opportunistic, while principals are solely concerned with maximizing their wealth. In reality, individuals may have diverse motivations and exhibit behaviours beyond self-interest (Panda & Leepsa, 2017).

Agency theory places a strong emphasis on financial incentives as the primary mechanism for aligning the interests of principals and agents. However, it tends to overlook other factors influencing behaviour, such as intrinsic motivation, job satisfaction and social or ethical considerations. The agency theory solely relies on monetary rewards, neglecting the broader range of factors that drive performance and decision-making. The theory is primarily designed for hierarchical relationships where a principal delegates authority to an agent. In more collaborative or team-based settings, where decision-making is shared, agency theory may only partially capture the dynamics and complexities of such relationships (Shukla et al., 2023).

Agency theory often assumes that agents are solely motivated by short-term financial incentives, which may lead to myopic decision-making. It may not adequately address the need for agents to consider long-term organizational goals, sustainability, or the interests of other stakeholders beyond the principal. Agency theory recognizes the problem of information asymmetry between principals and agents but may not provide clear solutions for overcoming it. While monitoring mechanisms can help reduce information gaps, they can also be costly time-consuming and may create a sense of mistrust within the organization (Mensah & Boachie, 2023).

Agency theory tends to portray individuals as rational and utility-maximizing actors, disregarding the complexities of human behaviour and psychology. It overlooks factors such as emotions, cognitive biases, social dynamics and other psychological factors influencing decision-making and behaviour. The theory assumes that the principal and agent have inherently conflicting interests, leading to an adversarial relationship. While conflicts of interest exist, agency theory may overlook the potential for cooperation, trust-building, and shared goals between principals and agents (Ahmad et al., 2023). Despite a few weaknesses, the agency theory has been widely applied to explain some organizational contexts.

In this study, the agency theory was used to assess how the board effectively performed the agency roles. The effectiveness of the board is confirmed when the board adhere to the principles of good governance and performs their roles which benefit the principles. The study also assessed if the SACCOS had the qualifications to perform the principal’s roles effectively. Furthermore, the study assessed whether members of the SACCOS were keen to ensure that the agent performed their roles as required. The principle monitoring of the agent’s task is essential to enable him to take the necessary actions when misconduct emerges.

# 2.4 Empirical Literature Review

The empirical literature review presents previous studies that are relevant to the present study as follows;

# 2.4.1 Board leadership as a determinant of growth on employee-based SACCOS

Gachara (2018) examined the determinants of cooperative societies' growth in Kenya by using Pearson correlation analysis. The study revealed that competent personnel, competition from commercial banks, quality of services offered, poor loan portfolio management and members' awareness affected the growth of cooperative societies in Kenya. However, the study did not assess how board leadership affected the growth of cooperative societies in Kenya.

Mumanyi (2014) assessed the challenges and opportunities facing SACCOS in the current devolved system of the government of Kenya by using a systematic literature review. The study found that Kenyan SACCOS growth was hindered by factors such as lack of education, poor access to justice and lack of finance. Nevertheless, the study did not assess how board leadership and members’ awareness challenged SACCOS’ growth in Kenya. Also, the assessment of this study was done outside of the Tanzanian context.

Kilambo (2015), using the SERVQUAL model, observed that responsiveness and reliability, as well as credit service quality affected the growth of member’s satisfaction of employee-based SACCOS in Tanzania. However, the study did not examine how members’ awareness, board leadership and employee qualifications affected the growth of employees-based SACCOS in Tanzania. This study only concentrated on credit Service quality, responsiveness and reliability. Hence, the study motivated the researcher to conduct the study on the employee-based SACCOS by assessing how members’ awareness, board leadership and employee qualifications affect the growth of employees-based SACCOS in Tanzania.

Danga et al. (2019) revealed that business competition, lack of technical support to SACCOS, poor training related to the members, inappropriate training to key staff, lack of competent personnel and challenges raised from macroeconomic factors affected the growth of SACCOS in Kenya. However, the study did not examine how board leadership affected the growth of SACCOS.

Muchoki (2012) assessed the factors affecting the growth of savings and credit cooperative societies, and data was analyzed by using inferential and descriptive statistics. Study findings indicated that an adequate capital base could have helped the growth of SACCOS in Kenya. Moreover, low capital restricted the payment of dividends. Nevertheless, the study did not examine how board leadership, members’ awareness and employee qualifications affected the growth of either community SACCOS or employees-based SACCOS in Kenya. Since the study was conducted in the Kenyan context, it motivated the researcher to conduct the study in the local context concerning employees-based SACCOS to fill the identified study gap.

Saidi et al. (2010) analyzed the challenges facing the national social security fund SACCOS Kenya. The study found that poor implementation of key formulators, poor understandability of overall goals by employees, inadequate monitoring through information systems, and the predictor or independent variables of his study were competing activities were the challenges which SACCOS faced. The qualitative method was employed to analyze data. However, the study failed to explain how board leadership, members’ awareness and employee qualifications affected the National Social Security Fund SACCOS in Kenya. Also, the study was conducted outside of Tanzania.

Maloba et al. (2022) investigated the extent to which institutional factors influenced the growth of SACCOS in Nairobi County, Kenya. Inferential and descriptive statistics were applied to analyze the data. The results showed that improving the service delivery to the shareholders, involvement of all employees on all levels of decision-making, and management training affected the SACCOS' growth in Kenya. However, the study failed to show how board leadership, members' awareness and employee qualifications affected SACCOS growth in Kenya.

Okundi et al. (2011) examined how financial challenges affected the savings and credit cooperative societies in Kenya. The descriptive analysis technique was employed for data analysis. The findings indicated that members preferred loans over SACCOS due to the high speed of loan disbursement from banks. Moreover, the SACCOS loan amounts were lower compared to loans from commercial banks. However, the study failed to recognize the roles of board leadership, members' awareness and employee qualifications as challenges facing the SACCOS.

In the United Kingdom, Coen et al. (2018) examined the determinants of credit union failure. Data were analyzed by using the thematic method. The findings showed that earnings performance, asset quality, capital adequacy and liquidity affected the failure of credit unions. Nevertheless, the study failed to assess how board leadership, members' awareness and employee qualifications affected the credit union in the United Kingdom.

Karumuna and Akyoo (2012) examined the rural finance challenges facing financial services and credit cooperative societies in Tanzania and analyzed the data using descriptive analysis. The study found that improper terms of the repayment period and timing of disbursement of those agricultural loans affected the financial services and credit cooperative society in Tanzania. However, the study failed to assess how board leadership, members' awareness and employee qualifications affected the financial services and credit cooperative society in Tanzania.

Mwita (2019) assessed the factors that affected the implementation of the Fifth Cooperative Principle in Tanzania Savings and Credit Cooperative Societies and analyzed the data using case study analysis. The study found that inadequate use of advanced technological sharing, low engagement of the youth in SACCOS with no effective strategies to persuade them to join SACCOS, and lack of necessary skills and knowledge to employees affected the implementation of the Fifth Cooperative Principle in Tanzania Savings and Credit Cooperative Societies. Nevertheless, the study failed to show how board leadership and members' awareness affected the implementation of the Fifth Cooperative Principle SACCOS.

# 2.4.2 Employee qualifications as a determinant of growth on employee-based SACCOS

Asfaw (2014) assessed the achievements and challenges in the growth of community-based SACCOS in Addis Ababa using descriptive analysis. The study found that low level of awareness and commitment of members about their obligations, securing office, lack of commitment of most of the management committee members, repeated re-election of some management committee members, and the resultant boredom reduced attention to giving orientation to new members affected the growth of community-based SACCOS in Addis Ababa. Nevertheless, the study did not examine how employee qualifications affected the growth of employee-based SACCOS in Addis Ababa.

Too et al. (2015) assessed the determinant of SACCOS membership in Kenya using descriptive analysis. The study revealed that lack of member confidence, poor governance, poor customer care services, low use of technology, increasing interest rates, high registration costs, and insufficient financial services affected the growth of SACCOS membership in Kenya. However, the study did not examine how members' awareness and employee qualifications affected the growth of SACCOS membership, community SACCOS or employee-based SACCOS in Kenya.

Mrisho (2015) found that affected growth was poor managers' skills and training, poor loan repayment rate, a decrease in SACCOS capital and an increase in bad debts. Nevertheless, the study did not examine how members' awareness and employee qualifications affected the growth of employee-based SACCOS in Tanzania.

Mutiso (2019) examined the challenges and opportunities of financial sustainability on SACCOS of Kenya, and data were analyzed using descriptive analysis. The results revealed that poor liquidity management due to leadership and improper governance, capital inadequacy, capital inadequacy, poor liquidity management due to poor leadership and improper governance structures and competition from other financial institutions such as commercial banks, microfinance institutions, insurance companies and pension provident funds affected the financial sustainability of SACCOS in Kenya. However, the study failed to assess how members' awareness and employee qualifications affected the financial sustainability of SACCOS in Kenya. However, although the study was conducted in Kenya, the identified gap will be filled by conducting a study in Tanzania, particularly on determinants of growth on employees-based SACCOS.

Ngugi (2014) examined the challenges facing deposit-taking savings and credit cooperatives' compliance with the SACCOS Societies' Act number 14 (2008) in Nyeri County and analyzed data by using descriptive, regression analysis and thematic analysis. The study revealed that the failure of many SACCOs to comply with the SACCOS Societies Act, inadequate ICT capacity, improper size and governance as to the compliance with the Societies Act of 2004 and inadequate capital as per compliance with the Societies Act of 2004 affected deposit taking savings and credit cooperatives' compliance with the Sacco societies. However, the study failed to assess how member's awareness and employee's qualification affected the deposit taking, savings and credit cooperatives' compliance with the Sacco societies' act number 14 in Nyeri county.

In Kenya, the study was conducted by Munene et al. (2013), who assessed the challenges facing deposit-taking savings and credit cooperative societies’ regulatory compliance in Kenya and analyzed data using descriptive analysis techniques. The study found that inadequate managerial competencies and political interference, among others, high dependence on short-term external borrowing, non-separation of shares from deposits, high investment in non-earning assets, inadequate ICT system, lack of liquidity monitoring system affected deposit-taking savings and credit cooperative societies’ regulatory compliance in Kenya. However, the study failed to show how members’ awareness and employee qualification affected deposit-taking savings and credit cooperative societies’ regulatory compliance in Kenya.

# 2.4.3 Members awareness as a determinant of growth on employee-based SACCOS

Chepkemoi (2017) assessed determinants of SACCOS growth in Kenya by using descriptive and correlation analysis. The study found that lack of adequate capital and good management, education and training skills, credit policies, product differentiation, age, credit worth customers and credit risk analysis and competition affected growth of SACCOS in Kenya. However, the study did not examine how members’ awareness affected the growth of SACCOS in Kenya.

Feleke (2016) assessed the challenges facing SACCO’s growth by using content analysis technique in Addis Ababa. The study showed that, the factors that hindering the growth of the SACCOS includes lack of skilled manpower, lack of appropriate support from cooperative promoters’ poor educational status of committees, lack of office and materials, lack of audit service, poor governance and leadership. However, this study failed to look into category of member’s awareness and show on how it can be a challenge on the growth of SACCOS in Addis Ababa. But also, the assessment was based on community SACCOS rather than employees-based SACCOS.

Muithya (2019) examined how SACCOS growth can be affected by internal factors in Machakos County, Kenya, using descriptive analysis and inferential statistics. Their study results revealed that the growth of SACCOS in Kenya was affected by factors including the extent of Investment in IT, loan portfolio management, management skills, and human resource capacity. However, the study did not assess how members’ awareness can affect SACCO’s growth in Machakos County, Kenya. However, the assessment was based on community SACCOS rather than employees-based SACCOS.

Anania et al. (2015) examined the determinants of SACCOS capacity to meet members' expectations in Tanzania using a descriptive analysis technique. The study indicated that factors affecting SACCOS' capacity (growth) to meet members' expectations in Tanzania include excessive donor dependency, insufficient auditing and inspection, misuse of funds and non-adherence to cooperative principles, poor accounting and record keeping, inadequate education and training, institutional capacity, weak leadership, poor SACCOS governance, poor loan recovery, the problem of financial constraints, competition and political interference. However, the study did not examine how members' awareness affected SACCOS' capacity (growth) to meet members' expectations in Tanzania. Hence, the findings motivated the researcher to conduct the study on the employee-based SACCOS by assessing how members' awareness, board leadership and employee qualifications will affect the growth of employee-based SACCOS in Tanzania.

Nyangarika et al. (2020) investigated the socio-economic determinants of deposit growth in the SACCOS development of Tanzania. Data was analyzed by using a simple regression analysis method. The study found that poor competence or qualifications of the elected board of directors and supervisors of SACCOS, lack of information, and poor staff training affected the growth of SACCOS in Tanzania. However, the study did not specify the type of SACCOS whether, community or employed based. Moreover, the study did not assess how members awareness influenced the growth of the SACCOS. Moreover, the study did not assess how members' awareness influenced the growth of the SACCOS.

Ong'onge (2009) examined the challenges of budgetary practices among savings and credit cooperative societies in Kenya and analyzed the data using descriptive analysis technique. The study revealed that poor budget implementation, bureaucracy in procurement procedures, insufficient budgets, and unqualified personnel who form part of the budgetary committees affected the budgetary practices among SACCOS' in Kenya. However, the study failed to show how board leadership and members' awareness affected the budgetary practices among SACCOS in Kenya. Also, the study did not show how determinants of SACCOS growth can affect the employees-based SACCOS in Tanzania.

Sebhatu (2015) assessed the development, challenges and proposed intervention of SACCOS in Ethiopia and analyzed the data using the thematic method. Findings revealed that lack of professionalism, weak institutional capacity, over-dependence on government, and absence of cooperative policy affected the development of SACCOS in Ethiopia. Nevertheless, the study failed to show how board leadership and members’ awareness affected the development, challenges and proposed intervention of SACCOS in Ethiopia. However, the study did not explain how determinants of SACCOS’ growth can affect employees-based SACCOS in the Tanzanian context.

Monata (2007) assessed the opportunities and challenges for establishing a member-based micro-finance institution (SACCOS) in the Shinyanga region. Regression analysis was used to analyze the data. The study found that the inaccessibility of the population in the Kishapu area was due to the non-availability of financial institutions. However, the study failed to show how board leadership, members’ awareness and employees’ qualifications. Again, the study did not explain the factors affecting the growth of employees-based SACCOS in Tanzania.

Baka (2013) examined the challenges facing cooperative Societies in Kenya. Data was analyzed using descriptive method. Findings showed that financial management, leadership, and political interference affected the cooperative societies in Kenya. However, the results failed to show how member’s awareness and employee qualifications affected the Cooperative Societies in Kenya. Again, his study was done in Kenya and not in the Tanzanian context.

Otache et al. (2022), using partial least squares structural equation modelling revealed that the internal factors (internal control systems effectiveness of management committee economic status of members innovation) positively and significantly affected the performance of employee-based SACCOS in Nigeria on the performance of employee. However, their study concentrated on performance rather than growth. Also, their study was done outside Tanzania.

# 2.4.4 The Summary of Empirical Literature Review

Table 2.1 summarizes the empirical literature review based on variables of specific objectives, which are board leadership of SACCOS, employees’ qualifications and members’ awareness.

Table 2.1: Empirical Literature Review Summary

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S/n** | **Author, year and country.** | **Objective of the study/tittle.** | **Method of data analysis, sample size and theory used.** | **Study findings.****(factors/challenges****Affecting growth)** | **Study gap****(variables not covered by the study)** |
| 1 | Chepkemoi (2017) in Kenya. | Factors affecting the growth of tea saccos in Kenya. | Descriptive and correlation analysis, sample size 34; agency theory, task-technology fit theory, and agricultural cooperative marketing theory were used.  | Education and training, competition, lack of adequate capital and good mgmt. Skills, credit worth customers and credit risk analysis, credit policies, age, and product differentiation. | Member’s awareness |
| 2 | Gachara (2018) in Kenya.  | Factors affecting growth of cooperatives societies in Kenya. | Pearson correlation analysis, sample size 49, portfolio theory and resource-based view theory. | Quality of services offered, competition from commercial banks, poor loan portfolio management, competent personnel, and members’ awareness. | Board leadership |
| 3 | Feleke (2016) in Addis Ababa. | Challenges facing saving and credit cooperatives societies in Addis Ababa. | Content analysis used, sample size 120, no theory used. | Poor governance and leadership, lack of skilled manpower, lack of office and materials, poor educational status of committees and poor members’ participation, lack of audit service, lack of appropriate support from cooperative promoters.  | Members’ awareness |
| 4 | Kilambo (2015) in Tanzania. | An assessment of members’ satisfaction with the credit services offered by employee-based saccos in Tanzania. | The SERVQUAL method from Parasuraman et al, sample size120, disconfirmation theory | Credit service quality, responsiveness and reliability. | Board leadership,Member’s awareness and employee qualification. |
| 5 | Danga et al. (2019) in Tanzania. | Factors affecting the growth of microfinance institutions in Tanzania. | Descriptive analysis, sample size of 88, no theory used. | Lack of competent personnel, inappropriate training for key staff, Lack of technical support to SACCOS, Poor training related to the members, challenges of business competition, Challenges raised by macroeconomic factors. | Board leadership |

**Source: Compiled from Empirical Literature**

# 2.5 The Research gap

Various empirical studies have been carried out to examine the factors, roles, challenges, assessment, determinants and the sustainability of SACCOS in Socio-economic development in developing countries. Majority of the studies carried out in developing countries include; (Chepkemoi, 2017; Gachara, 2018; Feleke, 2016; Mumanyi, 2014; Muithya, 2019; Asfaw, 2014; Kilambo, 2015; Too et al., 2015; Danga et al., 2019; Anania et al., 2015; Mrisho, 2015; Canassa et al., 2018; Muchoki, 2012; Nyangarika et al.,2020; Saidi et al., 2010; Maloba et al., 2022; Okundi et al., 2011; Coen et al., 2018; Mutiso, 2019; Ngugi, 2014; Munene et al., 2013; Karumuna & Akyoo, 2012; Muigai, 2013; Mwita, 2019; Ong'onge, 2009; Sebhatu, 2015; Magali, 2013; Othiambo & Ochieng, 2018; Obadia, 2014; Churk, 2015; Monata, 2007; Baka, 2013; Bati, 2019; and Waweru, 2011) to mention a few.

However, to the best of the researcher’s knowledge, none of these studies have dwelt on the determinants of growth of employee-based SACCOS, especially in Tanzania, using agency theory, and this provided the motive for this study. However, most of the SACCOS studies were conducted outside Tanzania. The literature indicates that only Otache et al. (2022) assessed the internal factors affecting the performance of employee-based SACCOS in Nigeria. However, their study concentrated on performance rather than growth. Also, their study was done outside Tanzania. This scenario motivated the researcher to conduct studies on the factors affecting the growth of employee-based SACCOS in the Tanzanian context.

# 2.6 Conceptual Framework of the Study

The conceptual framework of the study (Figure 2.1) presents the relationship between independent variables (i.e. board leadership or management, employee qualifications and members' awareness) and dependent variables, i.e. Growth of employee-based SACCOS. The conceptual framework describes that when employee SACCOS carefully pay attention to variables like board leadership, employee qualifications and members' awareness appropriately promote the growth of employee SACCOS as illustrated in Figure 2.1.

The conceptual framework clearly demonstrates the relationship between independent and dependent variables. The growth of the employee-based SACCOS is attributed to poor board leadership, which led to ineffective decision-making, mismanagement of funds, and an absence of strategic direction. Poor SACCOS board leadership is associated with ineffective governance practices contributing to internal conflicts, skewed priorities, and a failure to adapt to market dynamics. Therefore, poor SACCOS leadership ultimately impedes the SACCOS' growth.

The unqualified SACCOS employees result in ineffective member engagement, inadequate innovation and deficient financial expertise. Employees with poor qualifications cannot provide professionally the services. Furthermore, mistakes and errors are common to less trained SACCOS employees. Therefore, the less qualified employees encourage poor SACCOS growth.

The lack of members' awareness is the source of decreased member contributions, imperfect active participation, and a loss of confidence from the SACCOS members. The lack of members' awareness of their roles makes them not question the SACCOS operating matters, such as procedures for loan appraisal and repayment. The lack of members' awareness also makes them not question the procedures used to select the board members and the distribution of the dividends.

Figure 2.1: Conceptual framework

**Board leadership**

**Employee’s qualifications**

**Members awareness**

**Growth of Employees’ based SACCOS**

**Source: Compiled from Empirical Literature Review**

# CHAPTER THREE

# RESEARCH METHODOLOGY

# 3.1 Overview

This chapter presents the methodology used in the study to collect data from respondents. These include research philosophy, research design, area of study, target population, sampling and sample size. The chapter also involves the research instrument, in-depth interview data collection technique, data analysis, validity and reliability, variables and measurements and research limitations. Finally, the chapter also presents the consideration of research ethical issues.

# 3.2 Research Philosophy

Research philosophy, as argued by Saunders et al. (2019), is all about the source, nature and how knowledge is developed. Research philosophy describes a logical approach or belief about a phenomenon. The research philosophy guides data collection, analysis and interpretation based on the beliefs of the group of researchers. The research philosophy depicts the answers of the research questions.

Research philosophy is important in research methodology because it guides the whole research process, which is found on the outer layer of the research onion. Research philosophy harmonizes the researchers' assumptions and beliefs on their study, determining the research process stance. The commonly used research philosophies in social sciences include interpretivism, positivism and pragmatism (Riyami, 2015). Hence, this study was guided by interpretivism research philosophy. According to Riyami (2015), interpretivism advocates for research methodologies which allow the researcher to conduct a study in natural settings by utilizing methods which put the researcher into personal contact with the participants and be able to capture different perspectives and also look at the phenomenon of the study from different angles. Interpretivism helped the researcher to access inside views of the phenomenon under study. Interpretivism takes the humanistic stance and advocates subjectivity in the research process through interactions, leading to a broader understanding of the problem being studied (Saunders et al., 2019). Adopting interpretivism research philosophy is justifiable since it helped the researcher to explore deeply how the management, the employee qualification and members' awareness contributed to the growth of SACCOS X.

# 3.3 Research Design

Saunders et al. (2019) define research design as the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with the economy in particular. It is a general plan (blueprint) through which collection, measurement and analysis of data is achieved in a study. Moreover, Riyami (2015) argued that research design sets the layout required for the whole process of collecting data and analysis to answer the research questions.

Research design can be categorized into descriptive, exploratory, and explanatory, depending on the study's purpose and study questions (Lelissa, 2018). This study adopted an exploratory design, emphasizing a deep explanation of a scenario or a problem. This design fits well for a qualitative study (Saunders et al., 2019). A further reason why the exploratory design was adopted is that it defines and clarifies terms; it is a useful method for gathering background information on a topic; it is flexible and can address various research questions of what, why and how; it explores unexplored topics, uncovers facts, and addresses new issues, satisfying researchers and enhancing understanding as well as assesses research topic's future significance and influences organizational attitude. This design fits well for a qualitative study (Saunders et al., 2019). Hence, exploratory research design is associated with the interpretivism research philosophy.

# 3.4 Area of the Study

The study was conducted on employees based “X” SACCOS in Dar es Salaam, Tanzania. The name of the SACCOS has been concealed to maintain the ethical issues. According to TCDC (2023), the Dar es Salaam region contains more SACCOS than any region in Tanzania. Moreover, it is the region with a large number of employee-based SACCOS. The SACCOS has been selected because it has ceased to operate for more than seven years, and it has a huge amount of overdue loans.

# 3.5 Population

Mohajan (2018) holds that a population is a group of people, events and objects that have common observable characteristics in which a researcher is interested in using them as a source of data. Saunders et al. (2019) defined a population as “the full set of cases from which the sample is taken. They also argued that the term “population” in the context of sampling does not hold its normal sense since the full set of cases does not necessarily mean people but homogenous entities of interest to the researcher. The target population of this study was the registered and viable employee-based SACCOS in the Dar es Salaam region in Tanzania. Dar es Salaam region has over 50 employee-based SACCOS (TCDC, 2023). SACCOS X had more than 160 members.

# 3.6 Sampling Design

Sampling design refers to the strategies employed to choose study participants or respondents, and a sample refers to the number of selected participants from the population (Mahajan, 2018). The study employed a purposive sampling technique to select SACCOS “X” for the study. The researcher additionally utilized purposive to gather information from respondents, explicitly SACCOS officials and members. However, snowball sampling was used to select the respondents of SACCOS X for the in-depth interview.

The researcher used snowball sampling to attain 15 members as a sample size because SACCOS X ceased operating. Hence, it was not easy to identify who were members, but the sampling unit and frame were any SACCOS X members. Therefore, through the snowball sampling, 15 members of employee-based SACCOSX were selected for an in-depth interview. The 15 members of SACCOS were chosen for the study because the sample size is acceptable for qualitative analysis, as recommended by Yunitasari et al. (2023). The saturation point was tested, and the researcher revealed that 15 respondents were adequate to collect the required information. Daher (2023) stressed that the saturation point in qualitative research is reached when no new information is collected after increasing the sample size.

# 3.7 Data collection Instrument

According to Chambers et al. (2019), data collection is an essential element in research. For qualitative studies, data may be obtained from a variety of sources of evidence, which include archival records, documents, and interviews (Lelissa, 2018). The study collected primary data through a checklist, which is also known as an interview guide, together with a recording tape. The study employed an in-depth interview method to collect primary data because it elicits a clear image of the respondent’s perspective on the study problem.

An in-depth interview is a qualitative method that effectively enables people to air out their perceptions. The method allows researchers to gain ideas about how people perceive the entire world. To learn more about the individuals’ perspectives, applying in-depth interview methods is imperative (Yunitasari et al., 2023).

The accomplishment of an in-depth interview requires the researcher to pay more attention to the narratives provided by the respondents about their experiences and beliefs. Also, to gain rich insights and details, the researcher must dig out the interconnectedness of certain beliefs, events, and phenomena from the respondents. Interviews are best for capturing information on sensitive areas, especially when people might be reluctant to discuss issues openly in a group (Dewasiri et al., 2018). Qualitatively, interviews are conducted to explore the phenomenon in detail and to uncover new insights and relationships. Different types of interview designs which can be developed for the provision of strong data through qualitative exploration perspectives are unstructured, semi-structured and structured (Lelissa, 2018).

The study employed semi-structured interviews as it allowed the study to benefit from both unstructured and structured approaches, as advocated by Yunitasari et al. (2023).

A semi-structured interview is suitable for exploratory research design (Dewasiri et al., 2018). The interview method has the advantage of providing more information and in greater depth with very low non-response cases. Nevertheless, the method has the disadvantage of being very expensive, especially when the researcher selects a large and widely spread geographical sample. This also makes an in-depth interview method relatively more- time-consuming (Saunders et al., 2019). The study interviewed members of employee-based SACCOS” X” at different and convenient times since they are all employees. Some were completely not available for interview, and that is why the researcher decided to involve members of employee-based SACCOS “X” in the study since they will have a role to provide answers on some independent variables in the study, such as members’ awareness and the like.

# 3.8 Data Analysis

Saunders et al. (2019) contend that qualitative data is all about data that does not involve numbers or unqualified data that may result from the study approach. It can be from a simple list of responses to unstructured questions in a research instrument to complicated recorded data from an in-depth interview, which needs to be analyzed for its meaning to be understood. The data collected were analyzed qualitatively to ensure consistency and a better estimate of the determinant of growth on employee-based SACCOS. It is ordinarily based on interpretative philosophy. The data collected through in-depth interviews were analyzed thematically. This method interprets the content of textual data immanently using a well-defined system of processes where data is coded, and themes or patterns are identified without considering the frequency of occurrence (Hsieh & Shannon, 2005). According to Lelissa (2018), thematic analysis can be used to analyze collected data through interviews by checking and listing themes or patterns in the data set. Nowell et al. (2017) argued that thematic analysis includes identifying, analyzing, organizing, describing and listing themes inherent in the data set. Hence, the study used both primary and secondary data. Primary data are fresh data collected for the first time, and they are original in character. Secondary data are already collected by other researchers (Saunders et al., 2019).

# 3.9 Validity and Reliability

Validity in a study involves the trustiness and correctness of the findings scientifically. Validity establishes what exists and measures totally what it is supposed to measure. On the other hand, reliability in a study involves consistency, repeatability and stability of the participants’ reports, together with the researcher’s ability to accurately collect and record data (Cooper & Schindler, 2014). It is important for the study method employed to produce consistently interchangeable results over repeated testing periods (Cypress, 2017). Nowell et al. (2017) asserted that trustworthiness informs readers and researchers about the strength of the research findings, and it is worthy of attention. In qualitative research, according to Cooper and Schindler (2014), reliability and validity are measured through transferability, credibility, dependability, and confirmability.

# 3.9.1 Credibility or Validity

According to Rose and Johnson (2020), credibility is the degree to which the research represents the actual meanings of the research participants or the truth value. Credibility is about the establishment of confidence in the "truth" of the findings of certain research about participants and the context in which the study was executed, i.e. whether the collected data truly represents the respondents and their lived experience. According to Wilson (2018), The researcher ensured credibility by ensuring that the study's variables originated from previous studies (criterion validity). Moreover, the interviewee guide was approved by the supervisor and pre-testing was done before the actual data collection, as recommended by Cooper and Schindler (2014).

# 3.9.2 Dependability or Reliability

Korstjens and Moser (2018) showed that dependability refers to the reliability and consistency of the research findings and the degree to which research procedures are documented, allowing someone outside the research to follow, critique and audit the research process. In this study, the researcher ensured dependability by carefully using variables from Ong'onge (2009), Asfaw (2014) and Nyangarika et al. (2019).

Dependability is approved when the research findings are consistent with previous studies (Moon et al., 2018). Hence, dependability in the study was ensured by adopting a similar research design, data collection and analysis from the previous studies.

# 3.9.3 Generalizability or Transferability

According to Carminati et al. (2018), transferability is a type of external validity that refers to the degree to which the findings or phenomenon described in one study are useful or applicable to theory, practice, and future research. Transferability is the extent to which the results of the qualitative research can be transferred to different situations with different participants (Anney, 2014). Facilitation of transferability judgment by other potential users through a thick description of a data set and purposive sampling is the researcher's responsibility. The transferability of a study can be attained through a detailed description of the data set and purposive sampling of respondents. Qualitative research enhances the use of transferability by doing a thorough job of describing the research context and the assumptions that are central to the research. Therefore, for the transferability of qualitative research, the researcher must provide a fully detailed data description that will allow comparing the current setting with other possible settings to which the transfer will be contemplated and provide a thick description of the setting so that judgment can be made about its fitting with another possible setting. The generalizability was ensured by comparing the study's findings with previous studies. We found that the findings from this study are similar to those of previous studies. Hence, the study's findings can be used to explain the similar SACCOS, which face growth challenges.

# 3.9.4 Confirmability or Objectivity

According to Blackman et al. (2016), the researcher achieves confirmability by providing a detailed methodological description by showing how the theories emerged and the data constructs were accepted. Dewasiri et al. (2018) defined confirmability as the qualitative investigator’s comparable concern to objectivity. The author also contends that recognizing the shortcomings in the study’s methods and their potential effects on the research, as well as the inclusion of an in-depth methodological description, can allow for the integrity of research results to be examined.

Confirmability is all about the establishment of the fact that the researcher’s interpretations and results are obtained from the analyzed data and requires the researcher to depict the avenue leading to his/her interpretations and inferences. Establishing confirmability in a study cannot be attained without achieving transferability, credibility and dependability. The theoretical, analytical choices and methodological throughout the study are important, and hence the provision of an understanding to others of how and why decisions were made (Nowell et al., 2017). Thus, to provide the rationale for establishing the confirmability of the study, the researcher included a detailed checklist for the study work plan budget and in-depth interviews in the study’s final report. The researchers ensured confirmability by presenting and discussing the results from the field and imposing their influence on the findings.

# 3.10 Variables and Measurements

This section explains how the variables were measured. The qualitative variables were categorized into three themes: board leadership, employees' qualifications, members' awareness and the growth of employee-based SACCOS. In order to measure variables, the responses were coded into three variables.

As recommended by Kiger and Varpio (2020), the coding process for the variables of board leadership, employee qualifications, and member awareness involves systematically classifying repeated concepts, patterns and themes of the data collected information. For the board leadership, coding involved categorizing data on indicators of effective leadership. The sub-indicators involved accountability, transparency, and strategic decision-making. Moreover, the sub-indicators of conflicts, lack of vision and poor management were proxies of poor leadership.

Qualifications of the employees were reflected in financial management challenges, reporting procedures and loan appraisal and disbursement. Employee awareness was assessed through participation in appointing and approving the board members, selection procedures, ability to query issues in the meeting and ability to task the board and SACCOS employees if there are signs of poor performance. Table 3.9 presents the variables and how measurement was undertaken.

Table 3.1: Variables and Measurements

|  |  |  |
| --- | --- | --- |
| **Variables** | **How to measure** | **Source** |
| Growth of SACCOS  | Qualitative thematic and content analysis | Chepkemoi (2017); Gachara (2018); Danga et al., (2019);Muchoki (2012). |
| Board leadership orManagement of SACCOS | Qualitative thematic and content analysis | Feleke (2016); Anania et al. (2015); Mutiso (2019). |
| Employee qualifications  | Qualitative thematic and content analysis | Chepkemoi (2017); Feleke (2016); Mumanyi (2014); Anania et al. (2015). |
| Members’ awareness | Qualitative thematic and content analysis | Gachara(2018); Asfaw (2014) |

**Source: Compiled from Empirical Literature review**

# 3.11 Research Ethical Issues Consideration

As recommended by Akaranga and Makau (2016), the researcher was keen to abide by important research ethics. The data were collected after obtaining the supervisors' approval and clearance letter from the directorate of the Postgraduate studies of the Open University of Tanzania. The anonymity was maintained by concealing the name of the SACCOS and respondents. The confidentiality was enhanced by assigning the numbers to respondents instead of disclosing their real names. The consent was sought before the data collection, and the researcher collected data based on the respondents' willingness.

The researcher collected data based on the respondents' conveniences and respected the respondents' dignity and humanity. In order to align with Akaranga and Makau (2016), plagiarism was avoided, and all works used in this study were cited thoroughly. Based on the suggestions from Kang and Hwang (2020), data fabrication and falsification were all avoided. Hence, the researcher presented the real data obtained from the field and avoided the manipulation or cooking of the data.

# CHAPTER FOUR

# PRESENTATION AND DISCUSSION OF THE FINDINGS

# 4.1 Overview

This chapter presents the findings and discussion of the study concerning the objectives of the study. The study examined the influence of board leadership practices, employee qualifications and members’ awareness on employee-based SACCOS growth.

# 4.2 Response Rate

The researcher intended to interview 15 respondents from the employee-based SACCOS X and managed to do so. As recommended by Yunitasari et al. (2023), a sample size of 15 respondents is acceptable for the qualitative analysis. Hence, the response rate was 100%. This response rate was achieved because the researcher explained thoroughly the objective of the study to respondents. Hence, the respondents participated in the study willingly.

# 4.3 Social Demographic Characteristics of Respondents

This section presents the demographic information of the respondents. Connelly (2013) emphasized that presentation of demographics in a qualitative research assist guides the presentation and discussion of other variables.

# Gender

Knowledge on gender is an essential part of any business undertaking or project since it enables males and females to collaborate to achieve a common goal. Gender balance is very important in every entity. Respondents were asked to indicate their gender. Table 4.1 shows the response from respondents. The findings on gender distribution in Table 4.1 show a greater number of men than women from X SACCOS. However, Since the discrepancy between males and females was insignificant, the SACCOS X targeted to serve both males and females.

Table 4.1: Gender of the respondents

| Gender  | Frequency | Percent |
| --- | --- | --- |
| Male | 9 | 60.0 |
| Female | 6 | 40.0 |
| Total | 15 | 100.0 |

**Source field data,2023**

# 4.3.2 Age Ranges of the Respondents

Findings from Table 4.2 indicate that many respondents were between 45 and 54 years of age. Principally, the age rank information indicates that most members accessed the SACCOS services to support their livelihood. Moreover, the findings on age ranges imply that respondents were mature enough to provide relevant data concerning the operations of the employee-based X SACCOS.

Table 4.2: Age of the respondents

| Age ranges | Frequency | Percent |
| --- | --- | --- |
| 25-34 Years | 1 | 6.7 |
| 35-44 Years | 4 | 26.7 |
| 45-54 Years | 7 | 46.7 |
| 55 and above Years | 3 | 20.0 |
| Total | 15 | 100.0 |

**Source field data,2023**

# 4.3.3 Level of education

The findings from Table 4.3 show that 6.7% of the respondents possessed a diploma level of education, 40% had a bachelor's degree, and 53.3% had postgraduate levels. Given the level of education of the respondents, the researcher was confident that the respondents would provide the requested information.

Table 4.3: Level of education

| Level of education | Frequency | Percent |
| --- | --- | --- |
| Diploma level | 1 | 6.7 |
| Bachelor degree level | 6 | 40.0 |
| Postgraduate level | 8 | 53.3 |
| Total | 15 | 100.0 |

**Source field data,2023**

# 4.3.4 Duration of membership in the SACCOS

The findings from Table 4.4 indicate the duration of membership in the SACCOS. The findings show that most respondents had experience of 9-12 years. The researcher has chosen highly experienced members to give relevant information regarding the factors influencing the growth of the X SACCOS. As recommended by Kushoka (2013), the researcher chose highly experienced members to provide the relevant information. Table 4.1 presents the summary of respondents’ demographic characteristics.

Table 4.4: Duration of membership in the SACCOS

| Years of experience | Frequency | Percent |
| --- | --- | --- |
| 1-4 Years | 2 | 13.3 |
| 5-8 Years | 5 | 33.3 |
| 9-12 Years | 8 | 53.3 |
| Total | 15 | 100.0 |

**Source field data,2023**

Table 4.5: Summary of the respondent’s characteristics

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Respondents No.** | **Gender**  | **Age**  | **Education Level**  | **Experience in SACCOSS** |
| 1 | Female | 47  | Bachelor degree | 12 years |
| 2 | Male | 49  | Ordinary Diploma | 8 years |
| 3 | Male  | 43  | Master’s degree | 7 years |
| 4 | Female  | 50  | Master’s degree | 4 years |
| 5 | Female  | 40  | Bachelor degree | 3 years |
| 6 | Male  | 52  | Master’s degree | 10 years |
| 7 | Male  | 48  | Bachelor degree | 10 years |
| 8 | Male  | 54  | Master’s degree | 10 years |
| 9 | Male  | 33  | Bachelor degree | 8 years |
| 10 | Female  | 46  | Bachelor degree | 10 years |
| 11 | Male  | 52  | Bachelor degree | 6 years |
| 12 | Male  | 42  | Master’s degree | 10 years |
| 13 | Male  | 55  | Master’s degree | 9 years |
| 14 | Male  | 40  | Master’s degree | 8 years |
| 15 | Female  | 56  | Master’s degree | 10 years |

**Source: Field Data, 2023**

# The Influence of Board Leadership Practices on Employee-Based SACCOS’ Growth in Tanzania

Various questions were asked to gather information concerning the influence of board leadership practices on employee-based SACCOS growth in Tanzania.

# 4.3.1 Selection of the board members of SACCOS

To know who selected the board members, the following questions were asked:

*“Who were the board members, and who selected the board members of SACCOS?”*

Respondent No. 1, with a bachelor's degree and, 47 years old, and 13 years of SACCOS membership, commented that:

"*I did not know who were the board*members*and who selected them. Members of SACCOS were not involved in selecting members of the SACCOS board".*

On the other hand, respondent No. 2, with diploma, 51 years old and 7 years in SACCOS, stated:

"Members of SACCOS selected SACCOS board members". However, Respondent No. 03, with a master's degree, 43 years old, and 7 years in SACCOS, stated that:

 “Members of the SACCOS board initially were elected by members of SACCOS, but later, we did not know who permitted the boards to proceed with SACCOS leadership. The selection of SACCOS board members was the most disturbing issue. The situation portrays the source of poor SACCOS board management and more for the cases of unfaithful leaders”.

However, respondent No.3 commented that:

“Friendship of board members and CEO of the organization was harmful to SACCOS operations, although board members knew it’ (Interview field data, June 2023).

The respondent No.3 added that:

“Fear of staff against the board members and management of the SACCOS led to the misdirection in the *operation* of the X employee-based SACCOS” (Interview field data, June 2023).

The findings indicate that the board members were only initially elected by SACCOS members. However, later, the SACCOS needed to follow the regulation to elect the new board of the SACCOS. Also, the findings indicate that members hesitated to make the board accountable because they thought that there was a friendship between the board and the management of the organization. The findings disclose that members were not free to question the boards on the issues they thought could improve the growth of X SACCOS. The findings are compatible with NgugiNkuru(2015), Mori et al. (2012) and Ryan et al. (2000), who stated that it is essential for SACCOS members to participate in electing the management committee of the SACCOS.

#  4.3.2 Board of SACCOS knowing their responsibilities

In order to explore the awareness of responsibilities, the researcher asked the respondents the following question: “Do you think that the Board of SACCOS knew their responsibilities as required to promote the growth of SACCOS?”

Respondent No. 2 commented that:

“The top official or board of their employee-based SACCOS knew their responsibility as required in order to promote the growth of SACCOS, but they did not implement those responsibilities. The meetings were not held frequently. Even borrowers were given loans without the consent of the loan committee, and this reduced the loan repayment rates”.

Respondent No. 6 remarked that:

“The Board of our SACCOS knew little about their responsibilities. Since there were very few meetings conducted, no financial report was produced as feedback to SACCOS members. Moreover, rules and regulations and the lending procedures were not typed and printed for every member. Furthermore, whenever there are alarming cases, members were never notified.”.

Further, respondent No.13 asserted that:

“SACCOS board did not know their responsibilities. Since they did not attend any seminar or training *concerning*the operation of cooperative and SACCOS”.

The findings indicate that the board of X SACCOS did not know their responsibilities, or they knew it very little. This scenario contributed to the collapse of the SACCOS because they performed their responsibilities without professionalism. The findings concur with Odera (2012), who found that the occurrence of problems in SACCOS was contributed by different reasons, such as the absence of clear managerial guidelines, absence of qualified staff, incompetent management and inability to exercise fiduciary responsibility by the members. Mbombela (2020) support the findings by indicating that unqualified staff may fail to create and impose risk mitigation measures for SACCOS.

# The Influence of Employee Qualifications on Employee-Based SACCOS’ Growth

The members were asked how the employee qualifications influenced the growth of SACCOS X. The following responses were provided.

Respondents no 6. stated:

 “Because the SACCOS was not able to employ workers, the management team in our SACCOS was elected from the members and non-members who volunteered themselves to work for the organization without salaries. Nevertheless, they received some agreed allowances for the sake of minimizing the SACCOS expenses” (Interview field data, June 2023).

Respondent No.12 remarked that:

“Employees of the x-based SACCOS, including the manager, did not have enough required qualifications specifically based on the financial management, cooperative or SACCO’s skills. The SACCOS had only 1 qualified employee specifically for the Cooperative or SACCOS operation. Meaning that most of the SACCOS management team members were not qualified because they did not have the Cooperative or SACCOS skills.”

Respondent No.7 commented that:

“The SACCOS manager did not have the financial management, cooperative or SACCOS skills required to run the SACCOS. This is why the SACCOS X collapsed.”

The Respondent No. 11 stated:

“The SACCOS’ cashier had only a certificate of accounting, which is little in financial matters. Hence, she did not have enough knowledge of financial management or cooperative or SACCOS skills to run the SACCOS. This led to poor financial records. Since no financial report was produced for members for the whole period of SACCOS operation.”

Respondent No. 15 remarked that:

“Our SACCOS had only one credit committee employee who had little accounting skills but no financial management, cooperative or SACCOS skills. The rest of the credit committee members did not know about credits. *Furthermore, the SACCOS members did not elect the* *credit* committee members. Instead, the committee members proposed their names without looking at their financial management, cooperative or SACCOS qualifications.”

In the same line, respondent No. 3 commented that:

“There was a skill gap between credit committee members. Sometimes they were assisted by another outside committee members to appraise the loans. However, this scenario did not safeguard the SACCOS”.

The respondent 13 further added that:

“The credit committee of SACCOS X was formed as a rubber stamp but was not functioning. Rather, the committee received the directives from the SACCOS manager or chairman. The loan issuance was based on friendship” (Interview field data, June 2023).

The responses from respondents were evident that the employees of SACCOS X lacked the qualifications which could promote the growth of the SACCOS. The issues raised manifest that the missed qualifications were the reasons for the collapse of SACCOS X. The findings indicate that lack of qualifications for employees and board of cooperatives, SACCOS and financial management resulted in poor follow-up of loans, poor financial records, and defective lending procedures required during the provision of loans. Moreover, failure to follow SACCOS rules and regulations encouraged the loan committee to make improper loan appraisals and disbursements. All of the listed factors encouraged the collapse of the SACCOS.

The findings align with Ndiege et al. (2016), who indicated that the persistence of poor loan repayment capacity is a challenge in SACCOS’ business and threatens its future. Danga et al. (2018) found that risk management was among the factors affecting SACCOS’ growth in Tanzania. Kibuia and Moronge (2014) indicated that the systematic follow-up and reporting of loan defaulters determine, to a great extent, the SACCOS financial performance and growth.

# Influence of Members’ Awareness Practices on X Employee-Based SACCOS’ Growth

The following questions were asked to determine the members' awareness of their responsibilities.

# 4.5.1 Members' awareness of how the SACCOS should operate

The following question was asked in order to test the members' awareness of how the SACCOS X should operate.

Were members aware of how the SACCOS should operate? (On rules and regulations?)

Respondent No. 14 remarked that:

“Our SACCOS’ procedures were unclear to all members since they were not typed and printed for every member. Typed rules and regulations could notify the members of malpractices and failures”. Moreover, SACCOS did not have clear conditions that forced borrowers to be trained before disbursement of loans.”

In the same line, respondent No. 7 commented that:

"SACCOS members and employees knew how SACCOS was supposed to operate based on the SACCOS rules and regulations. However, they knew the SACCOS was operating wrongly because most decisions relied on the chairman's words".

Moreover, respondent No. 8 said that:

“SACCOS members were not aware of how the SACCOS should operate since there were neither general meetings nor training for members. SACCOS was operated as a private business of SACCOS chairman. However*, I guess the manager, chairman and employees* knew how SACCOS was supposed to operate based on the SACCOS rules and regulations but not deeply.”

The findings indicate that the majority of members were not aware of how SACCOS should operate based on SACCOS rules and regulations*.* This scenario made members accept what the chairman or SACCOS leaders were saying instead of relying on the rules and regulations which guided the SACCOS operation. This circumstance deteriorated the growth of SACCOS X.

The findings are in tandem with Anania et al. (2018), who revealed that SACCOS members were not aware of their SACCOS issues, as education and training were mostly provided to leaders while rarely provided to SACCOS members. The study highlighted constraints in providing education and training to SACCOS members and recommended dealing with them. The findings suggest that illiteracy for SACCOS members is harmful to sustainability and compliance.

Furthermore, Sebhatu (2015) and Muraguri et al. (2014) recommended that it is important for SACCOS top officials to conduct training for SACCOS members and their board members on the importance of cash flow analysis before investments are made. This practice proves the feasibility of a venture by analyzing the risk, profitability and SACCOS’ growth of ventures.

# 4.5.2 Members’ awareness in decisions making participation regarding the operation of the SACCOS

In order to understand the members' level of awareness, the researcher asked the following questions:

“Were members aware to participate in decisions regarding the operation of the SACCOS? For instance, did members participate in selecting the board members, asking queries in the meeting, inspecting financial statements and asking doubtful questions in the meeting?”

Respondent No.5 asserted that:

"There was no meeting *invitation".* This response restricted the researcher from asking more questions."

As well respondent No.9 reported that:

"Somehow members participated in few meetings conducted and asked doubtful questions regarding the operation of the SACCOS".

The respondent No. 8 commented that:

“Early SACCOS members participated in the activities that promoted the growth of the SACCOS, including selecting board members. Nevertheless, later, the management of SACCOS was overstayed. From this time, no meetings were conducted. Due to this situation, no financial report was prepared. No queries or doubtful questions were asked since no meeting was conducted. During this period, the SACCOS was operated like a private business.”

The respondent No.7 stated that:

“SACCOS members were aware and participated in decisions regarding the operation of the SACCOS, such as selecting the board members and asking queries and doubtful questions in the meeting. Moreover, few members were selected to participate in inspecting financial statements” (Interview field data, June 2023).

The responses from respondents witness that the management of SACCOS X in Dar es Salaam, Tanzania, operated unprofessionally. The findings indicate that only a few members knew how SACCOS should operate. However, these members were not allowed to suggest how SACCOS should be operated because there were no meetings. Also, the absence of printed rules and regulations denied the opportunity members and employees of SACCOS X to learn consistently how the SACCOS should operate.

# The Growth Status of SACCOS X

The following section presents information about the growth of SACCOS X.

# The Status of SACCOS X

To know the status of the SACCOS X, respondents were asked the following questions:

What is the Status of SACCOS Now? Is it operational or not?

The respondent No. 14 stated that:

*“The status of SACCOS now is not operational. Hence, it was difficult for members to participate in decision* regarding *operation of the SACCOS such as selecting the board members, asking queries and doubtful questions in the meeting and inspecting financial statements since SACCOS collapsed”* (Interview field data, June 2023).

# Signs which Show that SACCOS X was Not Performing

The researcher asked the respondents: If SACCOS X is not performing, what signs show it is not performing?

The respondent No. 5 said that:

“Closing of bank accounts, absence of SACCOS employees, closure of SACCOS offices, exit of members and refunding of their funds are the signs which show that SACCOS is not operating. Moreover, there are neither contributions done by members to SACCOS nor deductions done by SACCOS to staff. Furthermore, the SACCOS has many outstanding loans, and the SACCOS collapsed.” (Interview field data, June 2023).

The respondent No.11 declared that:

*“SACCOS is not performing since no general SACCOS meeting was conducted.”* (Interview field data, June 2023).

#  Amount of losses or overdue loans the SACCOS Experienced in TZS

The researcher asked the respondents:

What is the amount of losses or overdue loans the SACCOS experienced in Tanzanian shillings?

Almost all of the respondents failed to provide exact figures of losses that SACCOS experienced since there was no disclosure of the financial report. This is supported by respondent No. 13, who said:

“There was a huge amount of overdue outstanding loans.” Respondent No.3 stated: “The loan debt owed by a lender is approximately 300 million, 1.3 billion or 10 billion. I do not know the exact amount” (Interview field data, June 2023).

The findings from the respondents show that the SACCOS is owed a huge amount of overdue loans. The loans have been accumulated because the borrowers of SACCOS X failed to repay the loans. The non-repayment has been caused by a lack of following the SACCOS regulations. Non-repayment of loans has deterred the SACCOS growth. The findings are in tandem with Bwoma et al. (2017), who revealed that a high amount of overdue loans, poor leadership and poor corporate governance are some of the problems which limit the development of SACCOS in Kisii County. The study recommended that the SACCOs should uphold monitoring of loans that are in arrears, penalize clients for late payment and limit access to repeat loans for defaulters.

Moreover, the findings are also in tandem with Magali (2013), who revealed that if the SACCOS had a large number of overdue loans, it implies that borrowers hold the capital of the SACCOS. His study recommended that rural SACCOS sensitize their members to deposit and save more. Magali (2013) further recommended that the borrowers' location be considered before issuing loans. The loan committee should also avoid embezzlement of funds and adhere to regulations. Furthermore, SACCOS' management should repay their overdue loans. Additionally, crop and livestock insurance cover for loans should be introduced, advanced training in credit risk management should be conducted, and the government should keep on regulating and supervising the rural SACCOS in Tanzania.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

# 5.1 Overview

This chapter presents the summary of the study findings, a conclusion based on the findings, recommendations of the study, and areas for further research.

# Summary of the Findings

The summary of findings is presented based on the specific objectives.

# How board leadership of SACCOS affected the growth of employee-based SACCOS X

The study revealed that poor board selection was a major factor that hindered the growth of SACCOS X. The findings indicated that SACCOS members were unaware of the board members' selection process. The board also lacked knowledge about their responsibilities and expertise in financial management, cooperatives, and SACCOS operations. This resulted in poor governance and operational procedures, improper document arrangement, poor loan lending procedures, bureaucracy, fraud and poor management. This scenario promoted the accumulation of a high amount of overdue outstanding loans and the collapse of SACCOS. The findings depict that the board's weaknesses restrained the growth of SACCOS X.

# How employee qualifications affected the growth of employee-based SACCOS X

The study found that employee-based SACCOS in Dar es Salaam, Tanzania, were managed by unqualified personnel with limited financial management, cooperative, or SACCOS skills. Board members, including administrative, technical, and secretary, lacked the necessary skills. The study also revealed that cashiers had limited financial management knowledge and cooperative skills, leading to poor financial records. The lack of financial management, cooperative, or SACCOS skills in the credit committee and manual keeping of information hindered the growth of SACCOS X.

# How member’s awareness affected the growth of employee-based SACCOS X

The findings show that most members were unaware of rules and regulations because there were no printed copies. The findings also show that members were not trained or sanitized on the rules and regulations guiding the operation of the SACCOS. Members also reported that they feared to ask questions in the meetings because no meetings were conducted. The findings further showed that members did not know that they had responsibilities to ask questions on issues which were nuclear to them. Some of the members failed to ascertain the role of members of SACCOS to ask questions or make follow-up on the SACCOS matter even when meetings were not conducted.

# 5.3 Conclusion

The study concludes that the board of X SACCOS was poor and failed to fulfil responsibilities as required in order to promote the growth of SACCOS X. Moreover, the findings indicate that the poor growth of employee-based SACCOS X was attributed to the poor qualifications of the SACCOS employees. Furthermore, the findings indicate that members were unaware on their roles, and this made them not to track the status of their SACCOS. Likewise, they failed to ask why their SACCOS was not performing and did not enforce the accountability of employees and board due to poor performance.

# Contribution of the Study to the Agency Theory

The findings from the study contribute to the agency theory based on the specific objectives:

The findings from objective one contributes to the agency theory by revealing the board's role in the growth of the SACCOS. The board of X SACCOS here acted as an agent. The findings revealed that the board failed to perform the agency roles effectively for the benefit of members. The findings show that, knowingly or unknowingly, the board members failed to perform their responsibilities as required. The findings show that lack of qualifications promoted the board's ineffectiveness.

Moreover, the findings indicate that the board members did not follow the regulations which guide the operation of the SACCOS. The contribution to the agency theory is that the board can perform its task effectively when it possesses adequate qualifications. The findings further indicate that the board utilized the opportunity of members' lack of awareness to operate the SACCOS unlawfully. Therefore, the board of SACCOS did not perform its agency roles professionally.

In objective two, the findings indicate that the SACCOS X employees lacked adequate skills in the operations of the SACCOS. The findings contribute to the agency theory by cementing that skills are paramount for implementing agency roles. Therefore, defects in the firm's operation might occur if the agent cannot perform the task effectively and efficiently. The SACCOS X might perform better if the agents possess the required skills.

The findings from objective three contribute to the agency theory by revealing that the principal awareness of the role of the agency is essential for achieving the objectives of the firm. The findings revealed that members of the SACCOS who were principals in this case did not know their riots. Hence, they failed to trace the performance of the SACCSOS and even to follow up on the operational activities, such as loan disbursement procedures. Furthermore, they hesitated to ask questions even when they revealed that their SACCOS was not performing. Due to members' (principal) unawareness, SACCOS X accumulated many overdue loans and ceased to operate. Hence, the findings from objective three contribute to the agency theory by emphasizing the principles to know their role and responsibilities and, hence, make the agents accountable when they violate the agency's responsibilities.

# Practical Implications of Findings

Findings show that there are some employees-based SACCOS in Tanzania which are operated unprofessionally. These SACCOS face the challenges of poor board, unqualified staff and members' unawareness. Hence, the study recommends that these SACCOS operate professionally by working on the study's variables.

# Policy Implications of the Findings

The study provides information to policymakers on the operation of SACCOS in Tanzania. The study recommends the policy makers to formulate a policy which enforces SACCOS not operate if it comprises a board with poor qualifications and unqualified staff. Also, the policy should ban the SACCOS from operating if members of the SACCOS are unaware of their responsibilities.

# General Recommendations

Good governance is crucial for the survival and growth of SACCOS organizations. It fosters accountable management, responsible leaders, and a transparent organizational setup. Increased compulsory savings are essential for long-term success. Intensive education and training programs are essential for members, staff, and board members. Budgeting in cooperatives should empower SACCOS to improve and contribute to their objectives. Regularly examining financial position, working productivity, and expansion proposition is essential for success. Tanzania Cooperative Development Commission should develop a method to help SACCOS run professionally, ensuring qualified personnel hold management positions. Regular government and stakeholder support are needed for ownership and growth. Comprehensive training on investing using loans is recommended to empower members and reduce loan default. Members should develop a positive attitude towards their SACCOS and support the management team to enhance growth.

# Areas of further research

The study explored the determinants of growth on X SACCOS in Dar es Salaam, Tanzania and employed only three aspects (variables). Since the study adopted the qualitative design, a quantitative design may be adopted for future studies. The future study may also apply the mixed method designs to promote the testing of hypotheses and generalization of the findings.

# 5.9 The study’s Limitations

The study faced the following limitations: It utilized only one SACCOS. Therefore, many SACCOS might be included to enhance the generalization of the findings. The study also considered only three factors in its analysis. This was done because the researcher hypothesized that the three factors were most relevant as far as SACCOS X is concerned. Future studies may use more factors. The study is also limited to qualitative analysis, which makes generalization of the findings difficult. However, through qualitative analysis, the study explored deeply how the three factors influenced the growth of SACCOS X.

The researcher used a sample size of 15 participants selected through snowball sampling. The researcher tested the saturation point and confirmed that the sample size of 15 participants was adequate for the study. Future studies may add the sample size and opt for the quantitative study, allowing the testing of the hypotheses. Finally, two respondents were unwilling to provide the information. However, the researcher replaced the two respondents with others.

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#

# APPENDICES

# APPENDIX 1: INTERVIEW GUIDE

**Board of SACCOS influence of the growth of X employee-based SACCOS in Tanzania**

1. Who were the Board member of X employee-based SACCOS?

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Who selected the member of the board and the employees?

……………………………………………………………………………………………………………………………………………………………………

1. Do you think that the Board of SACCOS were knowing their responsibility as required in order to promote the Growth of SACCOS?

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Do you think that the Board of SACCOS were having the qualifications to handle the SACCOS matter as required in order to promote the Growth of SACCOS?

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

**Employee’s qualification affects the growth of employee-based SACCOS in Tanzania.**

Do you think that the employees of the X based SACCOS were having the required qualifications (financial management, cooperative or SACCOS skills to run the SACCOS?

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

Can you guess/ reveal the qualifications of the following employees in SACCOS?

Whether Board members or employees (Manager, cashier and loan committee members) were having financial management, cooperative or SACCOS skills)

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…………………………………………………………………………………

1. **To examine how member’s awareness affects the growth of employee-based SACCOS in Tanzania**
2. Were members aware on how the SACCOS should operate basing on the SACCOS rules and regulations?
3. Were members aware to participate in decisions regarding the operation of the SACCOS?

For example, selecting the board members…………………………....

Asking queries in the meeting………………………………………....

Inspecting the financial statements………………………………….…

Participating in the meeting and asking the doubtful questions…….…

1. What is the status of the SACCOS Now? Is it operational or not?.....................
2. if your SACCOS is not performing, what sign that show that your SACCOS is not performing?

…………………………………………………………………………………

What is the amount of losses the SACCOS experienced? TZS………………………….

# APPENDIX 2: CLEARANCE LETTERS





