

**EFFECTIVENESS OF SAVINGS ON LOAN DELIVERY TO SACCOS  
MEMBERS AT WORKPLACES: A CASE OF SELECTED SACCOS IN  
SHINYANGA**

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**CERTIFICATION**

The undersigned certifies that has read and hereby recommends for the acceptance by the Open University of Tanzania a dissertation titled **Effectiveness of Savings on Loan Delivery to Members at Workplaces: A case of Selected SACCOS in Shinyanga** in partial fulfillment for the requirement for the Master in Business Administration of the Open University of Tanzania.

.....

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**DECLARATION**

I Jeremiah Jackson Mugeta, declare that this dissertation is my original work and that has not been presented and will not be presented to any University for a similar or any other degree award.

Signature.....

Date: .....

**DEDICATION**

This research is dedicated to my mother Mrs. Ester Rukororo and my late daddy Jeremiah M. Machumu. Special dedication is also made to my wife Bertha Evarist Nyanda and our son Joel J. Mugeta.

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**ABSTRACT**

The study focuses on the effectiveness of savings on loan delivery to SACCOS members at workplaces using four selected SACCOS in Shinyanga region. Various methods were used for data collection such as questionnaires, interviews and documentary review. The study has revealed that generally there is a positive relationship between savings and loans issued to members. Nevertheless, all the four studied SACCOS are faced by a challenge of none adherence to rules and policies set out for the best running of cooperative societies' activities including that of loan delivery to members. Study recommends training members on the Cooperative Societies Rules and other SACCOS operating policies to enable them know their responsibilities and rights in SACCOS. The Cooperative Societies Rules should be reviewed to accommodate issues addressed as challenges in loan delivery to SACCOS members at workplaces.

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**ABBREVIATIONS AND ACRONYMS**

AIDS	Acquired Immunodeficiency Syndrome
GNP	Gross National Product
HIV	Human Immunodeficiency Virus
MCI	Micro Credit Institution
MFI	Micro Finance Institutions
PRIDE	Promotion of Rural Initiative and Development Enterprises Ltd
ROSCA	Rotating Savings and Credit Association
SACCOS	Savings and Credit Cooperative Societies
URT	United Republic of Tanzania
WOCCU	World Council of Credit Unions

## **CHAPTER ONE**

### **1.0. INTRODUCTION**

This chapter is about background to the study, statement of the problem, research objectives, research questions and significance of the study which are detailed below.

#### **1.1. Background Information**

Historically Savings and Credit Co-operative Societies (SACCOS) have been in place for over hundred and fifty years in the world and in Tanzania for over forty years. Their major focus is on mobilization of savings and provision of loans to their members at agreed interest rates. SACCOS are an alternative to commercial banking systems and may be utilized to encourage thrift and saving habits of cooperators (URT, 2002).

SACCOS are member owned not for profit financial cooperatives that provide savings, credit and other financial services to their members. SACCOS's membership is based on a common bond, a linkage shared by savers and borrowers who belong to a specific community, organization, religion or place of employment. SACCOS pool their members' savings deposits and shares to finance their own loan portfolios rather than rely on outside capital (WOCCU).

In Tanzania SACCOS have been established in rural areas, urban areas and at workplaces. In all areas members are expected now and then to deposit with SACCOS amount of money in terms of savings which are used as basis for

borrowing from SACCOS. The more the members of SACCOS put their savings the higher the capacity of SACCOS giving out loans is built. The Cooperative Societies Rules, 2004 provide that a member may obtain loans for up to three times the amount of his/her own savings or deposits (URT, 2004). Therefore a member of SACCOS is expected to obtain loans not exceeding three times the amount of his/her savings.

In Shinyanga region there are about 96 active registered SACCOS of which 12 SACCOS are established at workplaces. Those established at workplaces include Kurugenzi SACCOS, Maswa Teachers SACCOS, Shinyanga District Council SACCOS, Nyerere SACCOS, Bariadi Teachers SACCOS, Bariadi Afya , Maswa Afya SACCOS, Kahama Teachers SACCOS, Muungano SACCOS, Mwongozo SACCOS, Kinyaki SACCOS and Kurugenzi Meatu SACCOS. The main purpose of these SACCOS at workplaces include to receive shares, savings and deposits from members and issue loans to their members at low interest rates enough to cover for operational and financial costs. The main source of funding is savings through members' monthly contribution from their salaries. Loans obtained by members from SACCOS are used for various purposes such as building houses, starting or expanding businesses, paying school fees and meeting medical expenses things which have led to high demand of loans as compared to the available source of funding to SACCOS.

In recent years most of SACCOS have emerged to depend on loans from commercial banks and other financial institutions to give out loans to their members, the situation which indicates that members of SACCOS have not saved enough to enable

SACCOS give out loans to members from their savings. This research intends to substantiate the existence of the problem of inadequate savings in relation to loan delivery to SACCOS members at workplaces.

## **1.2 Statement of the Problem**

Savings in a credit cooperative society play an important role of granting loans to members. In the context of SACCOS at workplaces in Shinyanga it appears that members' savings are not sufficient enough to finance the available demand for members' loans. Majority of SACCOS are characterized by limited source of funds and they are forced to rely heavily on savings from members to build their lending capacity. It is shortage of savings that is one of the most critical constraints on the issuing of loans to members. As a result SACCOS are necessitated to obtain loans from other financial institutions for the purpose of lending their members. High savings is likely to stimulate capacity of credit society to grant loans to its members for up to three times of the amount of his/her own savings (URT, 2004). For the SACCOS to be viable and sustainable, they must build their lending capacity through perpetual members' savings. This is possible if there are suitable savings policy and proper credit management and good risk assessment. However, in most cases SACCOS are poorly managed, many decision made by SACCOS lack timely information (Maleko et al, 2010).

SACCOS in Shinyanga region have been dependent on financial loans from commercial banks to build lending capacity and be able to issue loans to their members. But such dependence will not prove helpful in a sustainable manner due to the fact that such loans are charged with higher interest rates which in turn become

burden to members of SACCOS to obtaining loans at higher interest rates which cover interest charged by commercial banks and that of the SACCOS itself. All these emanate from the fact that members have not been able to contribute enough to SACCOS through savings which is a basis of granting loans to members.

As such effectiveness of savings on loan delivery to SACCOS members depends on the amount of savings deposited by members and availability of well defined savings and loan policies. The study selected Kurugenzi SACCOS, Shinyanga District Council SACCOS, Maswa Teachers SACCOS and Nyerere SACCOS from Shinyanga region to investigate the problem of failure of savings to finance loans to members at workplaces in spite of the members making monthly savings contributions from their salaries.

In view of the above mentioned problem, the study attempted to examine the relationship of loans and members savings as provided by the Cooperative Societies Rules, 2004 and suggest strategy to enhance the growth of savings and or other basis of granting loans to members of SACCOS established at workplaces.

### **1.3 General Research Objective**

The general research objective of this study was to assess the effectiveness of savings on loan delivery to SACCOS members at workplaces.

### **1.4 Specific Research Objectives**

The specific objectives of this proposed study are:



- i. To determine the relationship of savings and loans in SACCOS at workplaces.
- ii. To examine the factors for the low growth of members' savings in SACCOS.
- iii. To identify specific actions required for the members of SACCOS to enhance the growth of savings and borrowing capacity.

### **1.5. Research Questions**

- 1.5.1. Are there relationship between savings and loans in SACCOS at workplaces?
- 1.5.2. What account for the low growth of members' savings in SACCOS?
- 1.5.3. What actions are necessary for the members of SACCOS to enhance the growth of savings and borrowing capacity?

### **1.6. Significance of the Study**

This study is important because its findings are expected to improve public understanding of the role of savings to finance loan portfolios in SACCOS, especially SACCOS established at workplaces. It is also anticipated that the result of this study will influence policy makers of the SACCOS to revise the current policy to accommodate the stakeholders' opinions on the best loan delivery to members.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Theoretical Literature Review**

##### **2.1.1 Conceptual Definitions**

Savings has been defined in many ways by different authors. According to business dictionary.com, savings is the portion of disposable income not spent on consumption of consumer goods but spent accumulated or invested directly in capital equipment or paying off a home mortgage, or indirectly through purchase of securities. Deposits.org, in deposit terminology, the term savings refers to money set aside for the purpose of future use. Savings generally represent only one part of an individual's assets and unlike investments; they usually have a minimal exposure to risk. In this context savings is that amount of money deposited in SACCOS by members as a source of fund to SACCOS and as a basis of members obtaining loans from SACCOS. Also SACCOS means savings and credit cooperative society. A loan is that amount of money SACCOS lend to their members at a predetermined interest rate.

##### **2.1.2 Life cycle Theory**

According to Modigliani, (1970) cited by Narayan, (2006) savings rate depends on growth of income and/or the age structure of the population. With respect to the growth rate of income, the life cycle theory postulates a positive relationship between savings rate and income growth rate, since higher income growth makes the young richer than the old; hence the young will be saving more than the old will be dis-saving. In societies with a high proportion of population in the working age, then

a high rate of private saving should exist as people save for their retirement. When this working group reaches the retirement age it dissaves to maintain consumption, causing a decline in the savings ratio. According to Narayan, (2006), the savings model is developed in line with the life-cycle hypothesis, which argues that the main determinants of savings rate are the growth rate of per capital real income and the age dependency ratio. Also National treasury (2012) found that consumption smoothing is one of the key reasons put forward why individuals save, to have some funds available for consumption expenditure during retirement (and during times of unanticipated unemployment).

The consumption smoothing hypothesis thus suggests that age will have a significant impact on an individual's savings behaviour. All things being equal, it is expected that individuals in their middle years (30 to around 60 years) will be net savers. Secondly, households have a precautionary motive for saving. Such savings can also take the form of an insurance policy (mainly short-term). A third set of reasons why people save is to accumulate sufficient funds for a specific purpose, such as birthdays, holidays, education, or a deposit for a house. Traditional economic theories assume that individuals adopt consumption patterns which optimize utility, depending on expected income levels over their lifetimes. These traditional hypotheses assume that: (i) individuals are perfectly self-interested; (ii) individuals are perfectly rational and (iii) individuals hold time-consistent preferences.

According to Keynes referred to by Modigliani, (1986) cited by Marie (2007) identifies eight motives of saving, which are:

- i. To build up a reserve against unforeseen contingencies;

- ii. To provide for an anticipated future relationship between the income and the needs of the individual;
- iii. To receive interest and capital appreciation;
- iv. To enjoy for gradually increasing level of expenditure;
- v. To enjoy a sense of independence and the power to do things, though without a clear idea or definite intention of specific action;
- vi. To secure a *masse de manoeuvre* to carry out speculative or business projects;
- vii. To bequeath a fortune;
- viii. To satisfy pure greed, i.e., e., unreasonable but insistent inhibitions against acts of expenditure as such (avarice).

Keynes explained that income was the most systematic determinant of individual (household) saving. Individuals with a low income cannot save.

### **2.1.3. Myopic Consumers Theory**

Funfgeld and Wang (2009) assert that the “Myopic consumers” have integrated financial matters into their life and seem to manage them well. Nevertheless, a weak point is denying the need for precautionary saving, a kind of overconfidence in their future finance. Men are more prone to overconfidence than women, a finding which is reflected in the higher proportion of men. “Myopic consumers” are neither uninterested in financial affairs, nor emotional decision takers. They can benefit from systematic information such as realistic facts about expected consumption after retirement and the need for retirement savings as one’s own responsibility.

#### **2.1.4 Saving and Saving Deposit**

According to Lauchlin, (2004), in macroeconomics, saving is a residual – the difference between consumption and what economists choose to call income, which is also the difference between income and investment, so that savings equals investment. Savings are composed of personal, private and public savings and may be adjusted for net international saving. It will be seen that these various senses of the term have little to do with the deposits of one or another type of institutions. These latter may arise from an excess of current income over consumption, from deposits or instruments of debt previously held elsewhere, and indeed from a variety of sources. They form a portion of debt which is the counter-face of credit.

On occasion the State has attempted to increase business savings by reduction of taxes, or personal savings through imposition of taxes for old age benefits. These attempts have rarely been successful in changing the volume of savings to a notable exception has been Singapore where the State ensured that such savings were used in construction. They financed a building program which, in relation to the GNP, was Money and savings probably the largest in the world and with no inflationary effect. Equal sums created as means of payment would have been highly inflationary.

#### **2.1.5. Permanence and Growth Institutions**

According to Wright, (1999) Permanence and growth institutions tend to encourage the long-term build-up of funds through relatively slow, but steady, saving, and are therefore extremely well suited for addressing longer-term savings needs. While replication and multiplication schemes tend to encourage the rapid accumulation and

disbursement of funds and are therefore better suited to meeting shorter-term savings needs. There is increasing evidence that providing client-responsive financial services can both serve the needs of poor people while maintaining or in fact improving the sustainability and profitability of the MFIs. There are no magic formulas for designing appropriate savings products for poor people. There is no substitute for intensive market research and careful product development. But the rewards for the MFIs that undertake these exercises in terms of profits and client loyalty can be remarkable, and well worth the investment.

#### **2.1.6 Savings Mechanism – A Framework Analysis**

Rutherford, (1999a) cited by Lwoga et al (1999), asserts that, there are several ways in which savings can be built into usefully large sums of money, but they fall into three main classes, as follows:

Saving up; savings are accumulated in some safe place until they have grown into a usefully large sum. The majority of poor people in Tanzania lack a safe and reliable opportunity to “save up”

Saving down; in “saving down”, the poor have some body give them an advance against future savings. The savings then take the form of loan repayments. MFIs, relatives/friends, money lenders etc offer this service. For example the recipient of a PRIDE Tanzania makes a large number of repayments at short intervals based on their capacity to save.

Saving through; in this third case savings are made on a continuous and regular basis, and a lump sum usually equal to the total periodic contributions is made

available to the save along the way. "Saving through" is offered by many forms of savings club, including ROSCAs (known in Tanzania Upatu or Kibati) and funeral clubs. Since ROSCAs are the most prevalent mechanism of money management, "saving through" constitutes the most common category. Although rarely used by the poor, it is important to observe that insurance is a "savings through" device because the periodic premiums are a form of saving. SACCOS are the most prevalent semi-formal savings device. It offers both the "saving up" (savings accounts) and "saving down" (loans) swap types. They are very prevalent in Tanzania although they have suffered set backs in the recent past.

### **2.1.7 Savings Philosophy**

According to WOCCU, the purpose of a SACCOS is to help members use financial tools to improve their economic and social well-being. Savings is a critical tool – every bit as important as loans. Therefore, SACCOS must consider its members' savings needs just as carefully as it considers their borrowing needs. Savings mobilization is one of the main objectives of the SACCOS. It is the process of gathering amounts from many people into a pool that can be put to work in the economy through lending. The members, the SACCOS, and the community benefit from savings.

The member benefits from savings in numerous ways. Saving combines smaller amounts so members can make larger purchases than they would otherwise be able to afford. The SACCOS will offer short-term savings in the beginning. As the demand rises and the SACCOS grows, the SACCOS will offer both medium term and long term savings. Short and medium term savings help people manage uneven

cash flow. Long term savings help provide security for retirement.

Member savings can reduce the need to borrow, or the cost of borrowing. The loan interest rates are less on savings secured loans. Savings are liquid, that is, the full value is available almost immediately. This is usually not true for property or other assets. Savings also generate income as long as that income is greater than the inflation rate.

The SACCOS benefits because savings are the SACCOS primary means of securing funds to make loans. The savings also generate income to pay for operating expenses, to invest in new services and benefits, and to increase capital. Savings are essential to a community's economic development. SACCOS contribute to economic development by helping individuals improve their financial positions through savings and borrowing. As a result, members contribute more to the local economy by purchasing more.

Increased sales mean more income and more employment in the community. SACCOS lend only to their members, so they keep funds working in the communities where the savings originate. This is especially valuable in rural areas where money for development is often scarce. To make a significant long-term difference, savings must be a habit that is practiced regularly. This is especially true if members can only set aside a small amount at a time. To get members to develop this savings habit, SACCOS must convert non-savers into savers and convert occasional savers into habitual savers. There are main elements that affect savings, which include:



- i. Cultural attitudes,
- ii. The members age (older members are usually savers while younger members are usually borrowers),
- iii. The present economic situation,
- iv. The members earning level,
- v. Government policies (taxation and interest rate policies),
- vi. Confidence in the SACCOS,
- vii. Accessibility of funds.

A number of factors are going to influence the savings products that will be offered by the SACCOS. Management and officials are to ensure that the services offered by the SACCOS are the ones desired by the members, offered at a competitive price, competitive with other local financial institutions, and the members have convenient access to their money.

#### **2.1.8. Lending Theory**

According to Mishkin and Serletis (2004) cited by Meleko et al (2010) defined credit risk as the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the group, it arises principally from lending, trade finance and treasury activities. In managing credit risk in the lending institutions, it has been suggested that the credit committee is responsible to oversee the credit risks by firstly, formulating credit policies, covering risk acceptance criteria in target market, collateral requirements, credit appraisal, risks grading and reporting. Secondly, reviewing and assessing credit risk on all exposure in excess of approval limits of management prior to facilities being committed to customers and finally, limiting

concentrations of exposure to counterparties for loans. SACCOS like all other lending institutions face credit risks that need be managed properly.

SACCOS management need to bear in mind the basic principles of sound lending policy including the safety of fund lent that will be repaid without loss of the principal. The lending theory is important to the SACCOS and other financial institutions because it gives the direction of ensuring that they are extending legally acceptable loans that are allowed by regulatory authorities and avoid loans on wasteful expenditures. This theory gives clear procedure to be followed by SACCOS on loans delivery to members.

## **2.2 Empirical Literature Review**

### **2.2.1 Demographic influence**

According to Narayan, (2006) the savings model is developed in line with the life-cycle hypothesis, which argues that the main determinants of savings rate are the growth rate of per capital real income and the age dependency ratio. The model was extended through including the current account deficits and the real interest rate variables. The results show that there is a long-run equilibrium relationship between savings and its proposed determinants, and there is evidence suggesting that the life cycle model pertains to explaining savings behaviour. Hondroyiannis, (2004) asserts that, over the long-run period, demographic factors, credit constraints and budget deficits affect private saving behaviour. An increase in liquidity constraints has a negative effect on private savings rate. Demographic factors have a positive and significant influence on private savings behaviour. According to Cronj`e, (2009) populations with high growth rates are likely to have lower savings rates owing to

the prevalence of high dependency ratios (either young or old age). Also Bankseta, (2012) found that, young people are likely to spend more than they save, since they borrow against future income as they seek personal financial growth. The middle aged population tend to save more than they spend as they try to secure their future and their family's futures, while the aged are in the process of 'dis-saving' as they use their accumulated savings to fund their retirement. Therefore it stands to reason that the age composition of the population could impact the level of savings of the nation.

### **2.2.2 Determinants of Savings**

According to Maimbo and Mavrotas, (2004), the study considers the poor state of the economy, increased levels of poverty and unemployment, the 1995 and 1997/8 bank closures, increased investment in property for private and commercial purposes, foreign exchange liberalization, the absence of rural financial savings institutions, the parastatal sector reforms; and the HIV/AIDS epidemic seems a contributing factor to the poor level and rate of private sector savings in Zambia. The consequent increase in purchases of foreign currency denominated financial assets, and increased investments in domestic non-financial asset such as real estate key.

Attanasio *et al.* (2000) correlate saving behaviour and growth in a lifecycle model. In their model, if wealth is accumulated in the first part of the lifecycle and decumulated during retirement, then population and/or productivity growth might lead to higher aggregate saving if the saving of the young exceeds the dissaving of the old. Delafrooz and Paim, (2011) asserts that, financial education and counseling

directed at facilitating changes in financial management practices have a significant and positive impact on reducing financial problem and improving financial satisfaction. Workplace financial education programs have been found to increase the participants' confidence in their investment decisions, change their attitudes in positive directions and improve their financial management, such as saving more money.

The results indicated that financial literacy and financial management practices contributed significantly to the prediction of savings behavior. Findings of the study also revealed that both predictors were found to play a significant role in explaining saving behavior. Thus considering the three indicators of financial literacy, financial management practices, and financial stress clearly financial management practices had the most positive influence for savings behavior because it had the desired effects for both savings and financial problems. In fact, financial management practices were the most influential determinant of savings behavior. Specifically, better financial management practices were related to lower levels of financial problems and higher levels of savings behavior.

### **2.2.3 Effects of Inflation on Savings**

According to Sylvia, (2011) factors that significantly influence savings of individuals include: ability, willingness and propensity to save – which determine savings behaviour; inflation rate – high inflation rates are disincentive to savings in monetary terms since they tend to attract funds towards investment in physical assets; interest rates – high interest rates payable to savings encourage savings than

low interest rates; socio-economic status – low income earners and generally the poor do save contrary to the perceptions amongst many that they are too poor to save and also prefer to consume than to save.

The effects of the inflation rate on private savings are ambiguous and can be associated with higher or lower savings rates. Higher inflation rates are associated with higher nominal interest rates and consequently higher measured household income and saving. On the contrary, inflation may be associated with uncertainty and may lower savings. Empirical research have produced negative or zero coefficients of inflation, Corbo and Schmidt-Hebbel, (1991), Masson et al (1998), Haque et al (1999). Also Chaturvedi et al, (2009) found that, the effect of inflation on savings, however, is ambiguous both in theory and practice. Empirical evidence about the relationship of inflation and growth differs with some studies finding a negligible effect of inflation on growth, some finding a negative effect and some studies providing an evidence of positive effect.

The effect of inflation on economic growth in theory is largely through the sub-optimal use of resources and distorted investment decisions due to inflation. However, economic growth leading to high inflation through overheating of the economy is also found in practice. In a supply constrained closed economy, on the other hand, higher growth can lead to reduced inflation. Thus, the relationship between growth and inflation may also be bi-directional. This ambiguous relationship between inflation and growth implies that though rising inflation may have associated growth costs, policy efforts to contain inflation could negatively

affect growth. On the other hand, allowing inflation at higher rates could lead to higher growth although it may cause some distorted choices. Relationship between inflation and savings is critical in understanding this complex trade-off between growth and inflation particularly for the policy makers.

According to Irwin (1986), the overall propensity to save in the absence of inflation are presumably the discounted flow of expected future wage income or human wealth, initial non-human wealth, interest rates both on risk free and risky assets, the uncertainty of future wage and property income and the distribution of human and non-human wealth among different groups in population. Such groups would include households in different wealth classes, corporations and government. Inflation could plausibly affect the overall propensity to save through any of these channels i.e through changes in the real national income, the real value of non-human wealth, the real return on normally risk free and risky assets, and the distribution of wealth.

#### **2.2.4 Compulsory, Locked-in Savings**

Wright, (1999) in his paper asserts that the poor require little compulsion to save. They simply want a reasonable mechanism to do so and the assurance that they will be able to access those savings as needed. Indeed, there is evidence that compulsory savings, particularly those that are deducted from the loans issued, are simply viewed by clients as part of the cost of the credit. Some clients use these compulsory savings systems to build up useful, long-term lump sums of money. However, it is possible that well designed open access savings accounts and contractual savings agreement schemes could give clients the option of setting these funds aside.

Furthermore, such systems would not force the clients to leave the MFI or reduce their ability to access loans if they need to liquidate their savings. Clients actually deposit less (gross and net) in institutions that offer only compulsory savings systems. Thus if the MFI wants to move to a more liberal open-access system, the small amount of funds that exist do not provide much cushion, and, in the short term, the outflow of funds can be debilitating. According to Robinson, (2004), MCIs that require compulsory savings as a condition of obtaining a loan generally assume that poor people must be taught to save, and that they need to learn financial discipline. In such institutions borrowers are often required to save in illiquid products, with their savings used by the MCI to finance its loan portfolio. Also, many MCIs treat compulsory savings as collateral, using the savings to cover missed loan payments. The compulsory savings approach typically provides clients with little or no choice of savings products (and often with no returns on their savings). On the other hand, Sylvia (1998) asserts that Individual voluntary savings facilities attract a larger number of depositors and volume of savings than compulsory savings do. This is evident since the expansion of compulsory savings depends on the number of borrowers that will always be below the number of potential depositors. As the area of savings mobilization is much more competitive than the loan business, financial institutions must be much more active to attract deposits.

Likewise, according to Wright, (1999), there is a clear demand for flexible savings facilities, and it is also apparent that almost all people, including the very poor, want to save, while not all want to borrow all the time. Given these facts, is it not reasonable to suggest that the large MFIs should look at optimizing the savings

facilities they offer, even if this entails marginally increasing the rate of interest charged on the loans? Such a policy could allow the MFIs to offer services to a larger number of the poor, and encourage the participation of the very poor.

There is a clear preference amongst the poor for voluntary, open-access savings, although contractual minimum weekly deposits are also often welcomed since they provide savings discipline and an opportunity to safeguard savings from "trivial" spending. These preferences, when met with flexible and responsive savings facilities, can result in large-scale savings mobilization. Indeed voluntary, open-access savings schemes can generate more net savings per client per year and thus greater capital for the MFI than compulsory, locked-in savings schemes and provide a useful and well-used facility for clients while doing so.

Similarly, according to Stenga, (2010), compulsory saving is among the requirement or preconditions for receiving credit in MFIs. MFI clients are supposed to deposit certain amount on weekly or bi weekly or monthly in order to attain certain percent before being disbursed a loan. Clients are not allowed to withdrawal partial or full amount of their savings until are loaning free or decide to leave the organization. On the other hand compulsory saving is used as loan insurance or cash collateral for loans and a part of the loan is secured by the savings. This restriction has forced the MFI clients to save some amount of money that would not have been possible to save by them. Since poor people's incomes are current income, compulsory savings provide the strong commitment that is necessary to save out of current income. There are critics about compulsory saving since clients have no easy access to their



savings. Others argue that compulsory savings should not be called a service because it is a down payment on a loan and it does not respond to accumulation and precautionary savings motives, these two factors affect the decision to save.

### **2.3 Research Gap**

The focus of this study was to assess the savings made by members of savings and credit cooperative societies established at workplaces whether they are affected by the saving culture or otherwise. It is obvious that income of members of SACCOS at workplaces is mainly from monthly salaries and wages and differs from one employee to another. However this is not reflected in the reviewed studies. Thus, this study examined the rationale of savings policies used by SACCOS in Tanzania whether they provide environment for members to believe that SACCOS is a safe place to deposit their savings and as an area of investment. The study sought to determine the saving behaviour of income earners from employment.

### **2.4 Conceptual Framework**

Based on literature review and the understanding of savings, conceptual framework of effectiveness of savings on loan delivery to SACCOS members was developed. Loans delivery to SACCOS members depends on the amount of savings deposited by members. This framework comprises independent and dependent variable factors. Independent variable factors include income level, inflation, interest rate on savings, education on savings and demographic influence. While dependent variable factors include compulsory locked-in savings and credit risk.

## **2.5 Theoretical Framework**

With respect to the growth rate of income, the life cycle theory postulates a positive relationship between savings and income growth rate, since higher income growth makes the young richer than the old. High inflation rates are disincentive to savings in monetary terms since they tend to attract funds towards investment in physical assets. High interest rates payable to savings encourage savings than low interest rates. Financial education and counseling directed at facilitating changes in financial management have significant and positive impact on reducing financial problem and improving financial satisfaction.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

This chapter addresses an overview of the methodology to be used in the study. Areas covered include the research design, research area and population, sampling and sample size, source of data, data collection and data analysis.

#### **3.1 Research Design**

The study adopted exploratory research design to assess the effectiveness of savings as a basis of granting loans to members of SACCOS at workplaces. Consequently, structured administered questionnaire with open and close-ended questions as well as interviews were used.

#### **3.2 Research Area**

The study was conducted in Shinyanga region mainly in Shinyanga municipality and Maswa district whereby two SACCOS were selected from each district as representative of SACCOS at workplaces in Shinyanga region. These are Kurugenzi and Shinyanga District Council SACCOS from Shinyanga Municipal and Maswa teachers and Nyerere SACCOS from Maswa District. Criteria for selection based on easy accessibility and availability of data from the prospective SACCOS. The study sought information from both management and individual members from selected SACCOS.

#### **3.3 Population and Sampling Technique**

The study used both random and non-random sampling procedure to obtain respondents in the study. Random sampling was employed on selecting members of

SACCOS since all members had equal chance to participate in the study and the selection was done without personal bias of the study. Non- randomly sampling was also used in selecting SACCOS leaders due to the fact that the study had specific inquiries and interest on the data given by SACCOS leaders. The study established that the selected SACCOS have total number of 600 members, an average of 200 members from each SACCOS. 50 questionnaires were distributed to the respondents from each SACCOS.

#### **3.4 Source of Data and Data Collection**

The study has collected both primary and secondary data. Primary data were collected by using structured administered questionnaire with open and close-ended questions as well as interviews. Primary data are those which were collected by the study from respondents of the questionnaires and interview. Secondary data were collected from SACCOS audited financial statements and documents, and other relevant publications which the study find useful for compilation of literature reviews related to the research problem and objectives.

#### **3.5 Data Analysis**

The collected quantitative and qualitative data were analyzed by using Statistical Package for Social Science (SPSS). Descriptive statistics technique including frequencies and percentages were applied to present the output of the analyzed data as far as the study objectives are concerned.

## CHAPTER FOUR

### 4.0 FINDINGS AND DISCUSSIONS

This chapter presents and discusses the findings of the study. The chapter highlights; the back ground information of the respondents and presentation of findings and analysis with reference to the study objectives.

#### 4.1 Background information of the respondents (Profile)

##### 4.1.1 Gender of Respondents

Table 4.1 shows the distribution of the respondents according to their sex. Out of 176 respondents who were involved in this study 69 were female equivalent to 39.2% of the total respondents and 107 males that amounted to 60.8% of the total respondents. The statistics in Table 4.1 give general picture of workers' participation in SACCOS activities at workplaces.

**Table 4. 1: Gender of Respondents**

Sex	Frequency	Percentage (%)
Female	69	39.2
Male	107	60.8
Total	176	100.0

**Source:** Field Data 2013

The study found that men's participation from the studied SACCOS is relatively high. This could partly be due to the responsibilities men have in their families and their need to come out of poverty. This finding is in agreement with Funfgeld and Wang (2009) who concluded that men are more prone to overconfidence than

women; an argument that is reflected in the higher proportion of men that engage in SACCOS. With respect to marital status, Table 4.2 shows that 30.1% of respondents are single and 69.9% are married. This implies that most of respondents are people who have family commitments. They engage themselves in SACCOS activities for supporting their families and meeting their own daily needs.

**Table 4. 2: Marital Status of Respondents**

<b>Marital Status</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Single	53	30.1
Married	123	69.9
<b>Total</b>	<b>176</b>	<b>100.0</b>

**Source:** Field Data, 2013

As regards with age distribution of respondents, it ranged from 18 to 59 years. Majority of respondents (29.5%) were aged between 25 and 34 years followed by those aged between 35 and 44 years (26.7%). While respondents aged between 45 and 54 years amounted 24.4% of the total respondents. Those that aged of 55 years and above made up 12.5% of the total respondents. The age group below 24 years amounted to 6.8% of the total respondents. Table 4.3 indicates the age distribution of respondents.

The study results are in agreement Modigliani (1970) who came out with the results which showed that the age structure of the population can have an influence on the private saving behaviour and concluded that when the working group reaches the retirement age it dissaves to maintain consumption, causing a decline in the savings ratio.

**Table 4. 3: Age Distribution of Respondents**

<b>Age Group</b>	<b>Frequency</b>	<b>Percentage (%)</b>
0-24	12	6.8
25-34	52	29.5
35-44	47	26.7
45-54	43	24.4
55-60	22	12.5
<b>Total</b>	<b>176</b>	<b>100.0</b>

**Source:** Field Data 2013

**Table 4. 4: Education Level of Respondents**

<b>Education Level</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Std VII	18	10.2
Sec. School	38	21.6
College	89	50.6
University	31	17.6
<b>Total</b>	<b>176</b>	<b>100.0</b>

**Source:** Field Data 2013

On the whole issues of education and in assessing respondents' capacity and SACCOS' performance, the study found out that, 50.6% of respondents had college education, 21.6% of respondents had Secondary education, 17.6% had University education and 10.2% had Standard VII education as indicated by Table 4.4. The results show that majority of members have higher education level (College and University) and are therefore expected to be knowledgeable of SACCOS operations as members.

#### 4.1.2 General Characteristics of the Studied SACCOS

The SACCOS from which respondents were selected include Maswa Teachers and Nyerere SACCOS from Maswa District. Others are Kurugenzi and Shinyanga District Council (SDC) SACCOS from Shinyanga Municipality. The services offered are predominantly credits to members. The results of the studied SACCOS show that 51.63% (587) of members are Male and 48.37% (550) of members are female as indicated in Table 4.5. This implies that majority of members are men as compared to women.

**Table 4. 5: SACCOS Membership Profile**

Name of SACCOS	Members					
	Male	Female	Total	Male %	Female %	Total %
Maswa Teachers	139	53	192	72.40	27.60	100.00
Kurugenzi	142	265	407	34.89	65.11	100.00
SDC	163	124	287	56.79	43.21	100.00
Nyerere	143	108	251	56.97	43.03	100.00
<b>Total</b>	<b>587</b>	<b>550</b>	<b>1137</b>	<b>51.63</b>	<b>48.37</b>	<b>100.00</b>

**Source:** Field Data 2013

The mission of the studied SACCOS are; to develop their members economically by issuing them loans which are prudently used in economic activities; to build members behaviour to save through monthly savings contribution and build societies' capital and members' borrowing capacity; and to educate members on entrepreneurship and business management with the aim of improving members welfare.



## 4.2 Discussion of the Findings and Analysis

### 4.2.1. Relationship between Savings and Loans

**Table 4. 6: Relationship between Savings and Loans from 2008 to 2012**

Name of	Product	Year				
		2008	2009	2010	2011	2012
<b>SACCOS</b>						
<b>KURUGENZI</b>	SAVINGS	236,223,946	238,243,420	286,282,144	429,030,105	510,401,105
	LOANS	276,675,000	281,580,000	332,620,000	299,454,120	227,300,000
% of Savings		117.12	118.19	116.18	69.8	44.53
<b>SDC</b>	SAVINGS	28,400,730	113,662,726	311,690,544	242,831,834	305,035,834
	LOANS	9,800,000	233,880,000	665,518,000	30,120,000	230,424,000
% of Savings		34.5	205.76	213.51	12.4	75.54
<b>MASWA T.</b>	SAVINGS	98,443,371	130,012,517	170,817,317	216,622,117	264,235,440
	LOANS	135,427,635	179,636,638	243,846,852	301,702,940	430,892,817
% of Savings		137.56	138.16	142.75	139.27	163.07
<b>NYERERE</b>	SAVINGS	196,952,730	245,140,699	326,445,699	339,248,200	322,015,199
	LOANS	126,378,291	140,939,543	106,511,045	168,440,000	98,357,864
% of Savings		64.17	57.49	32.62	49.65	30.54

**Source:** Field Data, 2013

According to Rule 90(1) of the Cooperative Societies Rules, 2004, a member of credit society may obtain loans for up to three times the amount of his own savings. The relationship between savings and loans for the past five years from 2008 to 2012 was considered for the study. Savings were regarded as main basis for granting loans. The ratio between savings and loans (Table 4.6) from all studied SACCOS

appears to be within the accepted ratio (1:3) provided by Rule 90(1) of the Co-operative Societies Rules, 2004.

However, on further probing of the basis of obtaining loans from SACCOS (Table 4.7), 52.8% of respondents said that they obtain loans basing on monthly salary and 47.2% of respondents said that the base used is savings. This indicated that members of SACCOS are not aware of Rule 90 (1) of the Co-operative Societies Rules, 2004 together with their loans policies which are prepared in conformity with Co-operative Societies Act No.20 of 2003 and the relevant Rules. It was also substantiated by SACCOS leaders who said that loans are granted basing on member's savings and or salary depending on source of loan financing. Loans issued from members' savings base on individual member's savings and loans issued from funds obtained from other financial institutions (banks) are based on members' monthly salary.

**Table 4. 7: Basis of Obtaining Loans from SACCOS**

<b>Basis of Loans</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Salary	93	52.8
Savings	83	47.2
Total	176	100.0

**Source:** Field Data, 2013

#### **4.2.2 Factors Affecting Growth of Members' Savings in SACCOS**

Savings in credit society are amounts that member deposits with their societies in order to enable them borrow from it and that cannot be withdrawn by members except when a member decides to leave the society. Savings are used as collateral of

allowing member to borrow from SACCOS and members could borrow three times the amount they held as savings (Rule 90(1) of the Cooperative Societies Rules, 2004). The results of savings from Maswa Teachers and Nyerere SACCOS showed a decrease in percentage change from year 2008 to 2012. The trend of savings from Kurugenzi and Shinyanga District Council (SDC) SACCOS revealed that savings by members were fluctuating (increasing and decreasing) from 2008 to 2012 as shown under Table 4.8.

**Table 4. 8: SACCOS Members Savings from 2008 to 2012**

Name of SACCOS	Year				
	2008	2009	2010	2011	2012
Maswa Teachers	98,443,371	130,012,517	170,817,317	216,622,117	264,235,440
% change	0	32.06	31.4	26.8	21.9
Kurugenzi	236,223,946	238,243,420	286,282,144	429,030,105	510,401,105
% change	0	0.85	20.16	49.86	18.96
SDC	28,400,730	113,662,726	311,690,544	242,831,834	305,035,834
% change	0	300.2	174.2	-22.09	25.61
Nyerere	196,952,730	245,140,699	326,445,699	339,248,200	322,015,199
% change	0	24.46	33.16	3.92	-2.13

Source: Field Data, 2013

With respect to the amount of savings deposited by SACCOS members analyzed under Table 4.9 indicate that 86.4% (152) of respondents deposit less than TZS.50,000, 10.8% (19) deposit between TZS.50,000 and TZS.100,000 and 2.8% (5) deposit above TZS.100,000 in every month through salary deductions. This

implies that majority of members on average deposits savings less than TZS.600,000 per year. This is a type of compulsory, lock-in savings set out by Wright (1999) who stated that clients actually deposit less in institutions that offer compulsory savings system. On the other hand, the savings methods used by SACCOS at workplaces are in agreement with savings mechanism made by Rutherford (1999a) that there are several ways in which savings can be built into usefully large sums of money which fall into three main classes namely; saving up, saving down and saving through.

**Table 4. 9: Amount of Savings Deposited by Respondents**

<b>Savings Deposit (TZS)</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Below 50,000	152	86.4
50,000-100,000	19	10.8
Above 100,000	5	2.8
<b>Total</b>	<b>176</b>	<b>100.0</b>

**Source:** Field Data, 2013

The study considered four types of responses for analysis of factors affecting growth of members' savings in SACCOS at workplaces. That is; High, Moderate, Low and Not Applicable.

#### **4.2.2.1 Income Level**

The income level was included to find out whether an individual's income can really have an impact on his/her level of savings.

As per Table 4.10, it can be observed that 63.4% of the respondents who answered this question stated that income level has low impact to their level of savings. 14.6% said income has high impact, 10.4% said has moderate impact and 11.6% said the

question was not applicable to them. The findings are in contradiction with those made by Modigliani (1970) cited by Narayan (2006) who concluded that with respect to the growth rate of income, the life cycle theory postulates a positive relationship between savings rate and income growth rate.

**Table 4. 10: How Income Levels Affect Savings**

<b>Response</b>	<b>Frequency</b>	<b>Percentage (%)</b>
High	24	14.6
Moderate	17	10.4
Low	104	63.4
N/A	19	11.6
<b>Total</b>	<b>164</b>	<b>100.0</b>

**Source:** Field Data, 2013

#### 4.2.2.2 Inflation

**Table 4. 11: How Inflation Affects an Individual's Level of Savings**

<b>Response</b>	<b>Frequency</b>	<b>Percentage (%)</b>
High	126	78.8
Moderate	5	3.1
Low	2	1.2
Not impact	27	16.9
<b>Total</b>	<b>160</b>	<b>100.0</b>

**Source:** Field Data, 2013

#### 4.2.2.3 Interest Rate on Savings

The findings in Table 4.12 indicate that 48.1% (75) of respondents said that interest rate on savings has nothing to do with their level of savings. 34% (53) of respondents said that interest rate on savings has moderate impact, 14.1% (22) of

respondents said has low impact and 3.8% (6) of respondents said that interest rate on savings has high impact to their level of savings. The findings are contrary to those of Sylvia (2011) who concluded that high interest rates payable to savings encourage savings than low interest rates. This is probably the studied SACCOS don't have interest rate policy on members' savings and therefore its impact on their savings has never been experienced.

**Table 4. 12: How Interest Rate on Savings Affect Level of Savings**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
High	6	3.8
Moderate	53	34.0
Low	22	14.1
N/A	75	48.1
<b>Total</b>	<b>156</b>	<b>100.0</b>

**Source:** Field Data, 2013

#### 4.2.2.4 Lack of Education on Savings

This was included to find out whether lack of education on savings can have a big impact on an individual's level of savings.

**Table 4. 13: How Lack of Education on Savings Affect Level Savings**

<b>Response</b>	<b>Frequency</b>	<b>Percentage (%)</b>
High	13	8.2
Moderate	17	10.8
Low	19	12.0
N/A	109	69.0
<b>Total</b>	<b>158</b>	<b>100.0</b>

**Source:** Field Data 2013

From Table 4.13 above, 69% (109) of the respondents said that education on savings has nothing to do with their saving level, 12% (19) said has low impact, 10.8% (17) said has moderate impact and 8.2% (13) said has high impact. This probably means that individuals do not prioritize in the education on savings.

#### **4.2.3 Actions Necessary for the Members to Enhance the Growth of Savings and Borrowing Capacity**

The study aimed at identifying actions required for the members of SACCOS to enhance the growth of savings and borrowing capacity. Members identified the actions to be taken as shown in Table 4.14.

**Table 4. 14: Actions for the Members Enhance the Growth of Savings and Borrowing Capacity in SACCOS at Workplaces**

<b>Action Required</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Increase monthly contributions	28	15.9
Introduce incentives	148	84.1
Total	176	100.0

**Source:** Field Data, 2013

The findings from this study indicate that 84.1% (148) of respondents said that new incentives are required to motivate members put more savings in SACCOS, while 15.9% (28) said that increase monthly contributions through salary deductions. In addition to that, the respondents in their opinion to improve services provided by SACCOS they said that members should increase amount of monthly savings to enhance the growth of savings and borrowing capacity.

## **CHAPTER FIVE**

### **5.0 SUMMARY, CONCLUSION, RECOMMENDATIONS AND AREAS FOR FURTHER RESEARCH**

#### **5.1 Summary of the Study**

The general objective of the study was to assess the effectiveness of savings on loan delivery to SACCOS members at workplaces. The study was conducted in Shinyanga region and involved four SACCOS namely; Nyerere and Maswa Teachers SACCOS from Maswa District. Others are Shinyanga District Council and Kurugenzi SACCOS from Shinyanga Municipality.

The findings from the studied SACCOS indicate that members' savings are in positive relationship with loans issued. It was found that total loans issued by the studied SACCOS are not exceeding the accepted ratio of savings which is 1:3 as provided by Rule 90(1) of the Co-operative Societies Rules, 2004. However, findings from individual respondents indicate that there are circumstances by which the basis of loans delivery is not adhered to as required by the Co-operative Societies Rules and Societies' By-laws and loans policies. Loans issued out from funds obtained from other financial institutions are granted basing on individual member's monthly salary. It was found that 52.8% of respondents are not aware of Rule 90(1) of the Co-operative Societies Rules, 2004 together with Societies' By-laws and loans and savings policies.

The trend of growth of members' savings has not been steady for the past five years. The results revealed an increase and decrease trend by all the four studied SACCOS. Findings from the studied SACCOS indicate that, a large proportion (78.8%) of



respondents said that inflation has high impact on their level of savings. The study also revealed that income level has low impact on the members' level of savings (63.4%), while interest rate on savings and education on savings has no impact on the members' level of savings 48.1% and 69% respectively.

The action required for the members of SACCOS to enhance the growth of savings and borrowing capacity include introduction of new incentives to motivate members who deposit their money as savings with SACCOS and increase amount of savings contribution through monthly salary deduction.

## **5.2 Implication of the Results**

The results of this study indicate that loans issued out from funds obtained from other financial institutions are granted to members basing on individual member's monthly salary instead of member's savings as required by Rule 90(1) of the Cooperative Societies Rules, 2004. Savings deposited by members are not sufficient enough to finance members' loans requirements and as a result SACCOS are necessitated to look for other source of funds to meet demand of members' loans.

## **5.3 Conclusion**

The study has shown that, loans are issued to members contrary to Rule 90(1) of the Co-operative Societies Rules, 2004 together with the Societies By-laws and loan policies which are prepared in conformity with the Co-operative Societies Act No.20 of 2003 although total loans issued by the studied SACCOS have shown a positive relationship with members' savings. Similarly, the study found that SACCOS members are not aware of the SACCOS operating policies (Rules, By-laws, Loans

and Savings policies) the act which deny them to know their responsibilities and rights as members of SACCOS. On the other hand, the operations of SACCOS at workplaces lack incentives to motivate members deposit more savings in spite of members' reliable income earned through monthly salaries.

#### **5.4 Recommendations**

Based on the findings and discussions drawn in the study, the following recommendations are suggested:

- i. SACCOS management in collaboration with the Cooperative Development Department should conduct seminars and members training on the Cooperative Societies Rules, SACCOS By-laws and other operating policies to build them in terms of SACCOS knowledge, members responsibility and rights. The training programs should also include education in basic personal financial management, such as cash management, credit use and management, budgeting, financial planning, general money management, and consumer decision making to improving members' financial literacy.
- ii. SACCOS management should adhere to the current basis of granting loans to members as provided by Rule 90(1) of the Cooperative Societies Rules, 2004 in order to encourage members deposit more savings with the SACCOS and therefore build up capacity of loan delivery to members.
- iii. SACCOS management should introduce incentives that will attract members deposit their savings with SACCOS, for example offer interest on members' savings, give bonus on a range of savings that remain deposited with SACCOS for a certain period of time, etc.

- iv. SACCOS management in collaboration with employers should initiate savings mobilizations to build up SACCOS lending capacity and reduce donor funding and external borrowing.
- v. The government should review the current Cooperative Societies Rules to accommodate issues not addressed including the basis of obtaining loans by SACCOS members at workplaces.

### **5.5 Areas for Further Research.**

A comprehensive study should be conducted in future on types of incentives required to motivate members to deposit more savings with SACCOS at workplaces. There is also a need to research on the impact of salaries to be used as a criterion to obtain loans from SACCOS at workplaces instead of members' savings as provided by Rule 90(1) of the Cooperative Societies Rules, 2004.

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE TO MEMBERS OF SACCOS

This study is designed to assess the effectiveness of savings as a basis of granting loans to members of SACCOS at workplaces. Your answers will be helpful in coming up with recommendations to improve the service of SACCOS at workplaces. Your response will only be used for survey purposes.

Put a tick (✓) in the relevant answer.

1 Sex

Male [ ]                      Female [ ]

Marital Status:

Single [ ]                      Married [ ]

Occupation.....

2 Age: a: [ ] under 24    b: [ ] 25 to 34    c: [ ] 35 to 44    d: 45 to 54  
e: [ ] 55 and above

3 Education Level: Standard Seven [ ]    Secondary [ ]    College [ ]  
University [ ]

4 Do you have savings in the savings and credit cooperative society? Yes [ ]  
No [ ]

5 How often do you deposit your savings in the society? i) once in every  
month [ ] ii) occasionally [ ] iii) rarely [ ]

6 What method do you use to deposit your savings in your society? i) through  
monthly salary deduction [ ] ii) Cash deposit [ ] iii) Both salary  
deduction and cash deposit [ ]



- 7 Do you know the savings policy of your SACCOS? Yes [ ] No [ ]
- 8 On average approximately how much do you usually deposit as savings in SACCOS? a: below 50,000 [ ] b: 50,000 – 100,000 [ ] c: above 100,000 [ ]
- 9 How do the following factors affect your level of savings in SACCOS?

Tick the relevant situation for each factor.

	High	Moderate	Low	Not Applicable
i) Income				
ii) Inflation rate				
iii) Low interest rate on savings				
iv) Lack of education on savings				

- 10 What is the motive of depositing savings in SACCOS?  
a: wealth accumulation [ ] b: earning interest [ ] c: obtaining loan [ ]
- 11 Do you know the loan policy of your SACCOS? Yes [ ] No [ ]
- 12 What is the basis of obtaining loans from your SACCOS? a:  
basic salary [ ] b: Savings [ ]
- 13 Do you think that the current basis of obtaining loans from SACCOS provided by the Cooperative societies Rules should be maintained? Yes [ ] No [ ], If No, what then should be the basis?  
.....
- 14 What should be done for the members to enhance their amount of savings in SACCOS?  
i) Increase savings contributions through monthly salary deductions [ ]

- ii) Introduce incentives that will attract and convince members to save more than is the current situation [ ]

15 What suggestions do you have to improve the service provided by your SACCOS?

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**END**

*“Thank you for your time and valuable input”*

## APPENDIX II: DODOSO KWA WANACHAMA WA SACCOS

Dodoso hili limekusudia kufanya tathmini ya Akiba kama msingi wa kutoa mikopo kwa wanachama wa SACCOS mahali pa kazi. Majibu yako yatasaidia kutoa mapendekezo ya kuboresha huduma ya SACCOS mahali pa kazi. Majibu yako yatatumika kwa makusudi ya mada hii tu.

Weka alama ya vyema (✓) katika jibu sahihi

1. Jinsia

Mme [ ] Mke [ ]

Hali ya ndoa:

Nimeoa [ ] Sijaoa [ ]

Kazi yangu ni: .....

2. Umri miaka: a: chini ya miaka 24 [ ] b: 25 – 34 [ ] c: 35 – 44 [ ]  
d: 45 – 54 [ ] e: 55 na zaidi [ ]
3. Kiwango cha elimu yako ni (a) Darasa la Saba [ ] (b) Sekondari [ ]  
(c) Chuo [ ] (d) Chuo Kikuu [ ]
4. Je unazo akiba katika Chama cha Ushirika wa Akiba na Mikopo?  
Ndiyo [ ] Hapana [ ]
5. Ni mara ngapi unaweka akiba katika Chama chako cha Akiba na Mikopo? i)  
mara moja kila mwezi [ ] ii) mara kwa mara [ ] mara chache [ ]
6. Je ni utaratibu gani unautumia kuweka akiba katika chama cha Akiba na  
Mikopo? i) kwa njia ya makoto ya mshahara kila mwezi [ ] ii) kwa njia ya  
taslimu [ ] iii) kwa njia ya makoto ya mshahara na taslimu [ ]
7. Je unajua Sera ya Akiba ya SACCOS yako? Ndiyo [ ] Hapana [ ]

8. Kwa wastani wa makadirio kwa kawaida ni kiasi gani unaweka kama akiba kwenye SACCOS? a: chini ya 50,000 [ ] b: 50,000 – 100,000 [ ] c: zaidi ya 100,000 [ ]
9. Ni kwa kiasi gani sababu zifuatazo zina athiri kiwango chako cha uwekaji akiba katika SACCOS? Weka alama ya vyema (✓) kwenye hali inayo athiri kila sababu.

	<b>Juu</b>	<b>Wastani</b>	<b>Chini</b>	<b>Haihusiki</b>
i) Mapato				
ii) Mfumuko wa bei				
iii) Kiwango kidogo cha riba kwenye Akiba				
iv) Kutokuwa na elimu juu ya Akiba				

10. Ni kitu gani kinakusukuma kuweka akiba katika SACCOS?  
a: kujilimbikizia utajiri [ ] b: kupata mapato ya riba [ ] c: kupata mkopo [ ]
11. Je unajua sera ya mikopo ya SACCOS yako? Ndiyo [ ] Hapana [ ]
12. Ni kigezo gani kinatumika kupata mkopo toka katika SACCOS yako?  
a: Mshahara wa mwezi [ ] b: Akiba [ ]
13. Je unafikiri kigezo cha sasa kinachotumika kupata mikopo toka SACCOS kama inavyoelezwa na kanuni za vyama vya Ushirika ni budi kikaendelea kutumika? Ndiyo [ ] Hapana [ ]. Kama ni hapana, ni kigezo gani unataka kitumike? Eleza .....
14. Je ni nini kifanyike ili wanachama waongeze kiasi cha uwekaji akiba katika SACCOS? i) Ongeza kiwango cha makato ya akiba kupitia mshahara wa kila

mwezi [ ] ii) Anzisha vivutio vitakavyovutia na kushawishi wanachama kuweka akiba zaidi kuliko ilivyosasa [ ]

15. Je unatoa maoni gani kwa ajili ya kuboresha huduma inayotolewa na SACCOS yako?

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.....  
.....  
.....  
.....

***MWISHO***

***Nashukuru kwa Kutumia Muda wako Vyema na Kutoa Majibu yenye Kujenga***

**APPENDIX NOIII: QUESTIONNAIRE TO STAFF/ MANAGEMENT OF SACCOS**

This study is designed to assess the effectiveness of savings as a basis of granting loans to members of SACCOS at workplaces. Your answers will be helpful in coming up with recommendations to improve the service of SACCOS at workplaces.

Your response will only be used for survey purposes.

Put a tick (√) in the relevant answer.

1 Sex

Male [ ] Female [ ]

Marital Status:

Single [ ] Married [ ]

Designation .....

2 Education Level: Standard Seven [ ] Secondary [ ] College [ ]

University [ ]

3 How many workers are registered as members in your SACCOS?

Male..... Female..... Total.....

4 Do your SACCOS have savings policy? Yes [ ] No [ ]. If Yes, what incentives are provided to members by depositing their savings?

.....  
.....

5 What factors affect growth of members savings in your SACCOS?

.....  
.....  
.....

6 Do your SACCOS have Loans policy? Yes [ ] No [ ]

7 What is the basis of granting loans to members?

a) Basic salary [ ] b) Members savings [ ]

8 Do you think that the current basis of obtaining loans from SACCOS provided by the Cooperative societies Rules should be maintained? Yes [ ] No [ ], If No, what then should be the basis? .....

9 Do deposits from savings sufficient as source of funds to finance demand of members' loans? Yes [ ] No [ ]. If No what source do you use to meet demand of members' loans? .....

10 Are loans from other financial institutions good source of funds to finance loaning activities in your entity? Yes [ ] No [ ]

11 Fill in the table below the position of savings and loans as they were in each of the five years.

<b>Year</b>	<b>Savings TZS</b>	<b>Loans Issued TZS</b>
2008		
2009		
2010		
2011		
2012		

12 What are the problems associated with loans from other financial institutions?

.....

.....

.....

13 Do you think it is prudent and sustainable for your entity to continue obtaining loans from other financial institutions? Yes [ ] No [ ], If Yes why?

.....  
.....

14 What are your strategies to improve the performance and growth of your members' savings?

.....  
.....

**END**

***“Thank you for your time and valuable input”***



#### APPENDIX IV: DODOSO KWA VIONGOZI WA SACCOS

Dodoso hili limekusudia kufanya tathmini ya Akiba kama msingi wa kutoa mikopo kwa wanachama wa SACCOS mahali pa kazi. Majibu yako yatasaidia kutoa mapendekezo ya kuboresha huduma ya SACCOS mahali pa kazi. Majibu yako yatatumika kwa makusudi ya mada hii tu.

Weka alama ya vyema (✓) katika jibu sahihi

1. Jinsia

Mme [ ] Mke [ ]

Hali ya ndoa:

Nimeoa [ ] Sijaoa [ ]

Cheo: .....

2. Kiwango cha elimu yako ni (a) Darasa la Saba [ ] (b) Sekondari [ ]

(c) Chuo [ ] (d) Chuo Kikuu [ ]

3. Ni wafanyakazi wangapi wameandikishwa kama wanachama katika

SACCOS yenu? Wanaume ..... Wanawake .....

Jumla .....

4. Je SACCOS yenu inayo sera ya Akiba? Ndiyo [ ] Hapana [ ], Kama jibu

ni Ndiyo, je ni vivutio gani vinatolewa kwa wanachama kwa kuweka akiba zao kwenye chama? .....

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5. Je ni sababu zipi zina athiri ukuaji wa akiba katika SACCOS yenu?

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.....  
.....  
.....

6. Je SACCOS yenu inayo sera ya Mikopo? Ndiyo [ ] Hapana [ ]

7. Je ni nini msingi wa kutoa mikopo kwa wanachama? a) Mshahara wa mwanachama [ ] b) Akiba za mwanachama [ ]

8. Je unafikiri kuwa msingi wa sasa wa kupata mkopo toka kwenye SACCOS kama unavyoelekezwa na kanuni za vyama vya ushirika unapaswa kuendelezwa? Ndiyo [ ] Hapana [ ], Kama ni Hapana, kitu gani kitumike kama msingi wa kupata mkopo? .....

.....

9. Je akiba zinazowekwa na wanachama zinatoshia kuwa chanzo cha kugharimia mahitaji ya mikopo ya wanachama? Ndiyo [ ] Hapana [ ]. Kama ni Hapana ni chanzo gani cha fedha mnakitumia kugharimia mikopo ya wanachama?

.....  
.....  
.....

10. Je mikopo toka taasisi zingine za fedha ni chanzo kizuri cha gharimia shughuli za utoaji mikopo katika taasisi yenu? Ndiyo [ ] Hapana [ ]

11. Jaza jedwali hapo chini ukionyesha hali ya akiba na mikopo ilivyokuwa kwa kila mwaka kwa kipindi cha miaka mitano iliyopita.

<b>MWAKA</b>	<b>AKIBA TZS</b>	<b>MIKOPO ILİYOTOLEWA TZS</b>
2008		
2009		
2010		
2011		
2012		

12. Je ni matatizo gani yanatokana na mikopo toka taasisi zingine za fedha?

.....

.....

.....

.....

.....

.....

13. Je unafikiri ni busara na salama kwa asasi yenu kuendelea kupata mikopo toka taasisi zingine za fedha? Ndiyo [ ] Hapana [ ], kama jibu ni ndiyo eleza ni kwa nini?

.....

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.....

14. Je kuna mikakati gani ya kuboresha utendaji na ukuaji wa akiba za wanachama?

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.....

.....

***MWISHO***

***Nashukuru kwa Kutumia Muda wako Vyema na Kutoa Majibu yenye Kujenga***