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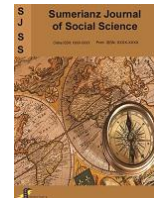
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Co-Operative Education and Training as A Means to Improve Performance in Co-Operative Societies

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Abstract

Improving operational performance has been among key targets by various organizations globally including co-operatives. Among the major strategies to improve performance of various kinds in organizations is the provision of education and training to enable implementation of daily activities. As member-owned business enterprises, co-operatives including savings and credit co-operative societies (SACCOS) need continuous provision of education and training to the Board, members and management as a means to build capacity needed to attain the desired needs and aspirations. The initiated co-operative education and training system has served as an empowering tool to build capacity of co-operatives to reach desired end, including better provision of services to satisfy members. This paper is written based on the study conducted in 7 SACCOS in Singida and Dodoma regions of Tanzania. The paper focuses on assessing the provision of co-operative education and training as a basis to improve performance in SACCOS' operations. Specifically it aims to; examine the provision of education and training in relation to SACCOS' governing instruments, to determine factors influencing provision of education and training in SACCOS, to evaluate the contribution of education and training in SACCOS' performance, and to determine the challenges facing provision of education and training in SACCOS. The study is descriptive and applied a cross-sectional design in 7 purposively selected SACCOS in the two regions. Total sample size was 70 people comprising of ordinary members, SACCOS staff and leaders. The study found that education and training is not well provided as per guiding instruments as mostly leaders (in Boards and committees) and staff get the priority while members rarely receive education and training. The influencing factors for provision of education and training were found to be; availability of funds, number of trainers and trainee, urgency of the training, cost of trainers, external influence and support, location and legal requirements. Education and training was found to contribute to improved customer care, loan collection, reduced bad debts, better accounting system, improved financial management and time service provision. The study went further indicating constraints to provision of education and training in SACCOS and gave recommendation to deal with them.

Keywords: Co-operatives; Co-operatives education and Training; Saving and credit co-operative society; Performance; Governing instruments.

1. Introduction

A co-operative is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (ILO, 2012). The definition shows that co-operatives are; are formed by groups of people with common need or problem, they are organizations of freely joined members who contributed assets and finally, the formed organization operate democratically to achieve desired objectives on equitable norms (Anania and Rwekaza, 2016). Tanzania is one of many African countries where co-operative organizations after independence have been given a prominent role in the rural development process and in implementing government policies. The co-operative movement has for many years been dominated by agricultural co-operatives, mostly those dealing with marketing of cash crops. Up to date, co-operatives are among the potential stakeholders in promoting socio-economic development in Tanzania through efforts done by its members. The Savings and Credit Co-operative Societies (SACCOS) in Tanzania (also known as credit unions in other countries) have been part of the history of co-operative movement in Tanzania. The SACCOS model in Tanzania was also imported from outside like other co-operative models operating in Tanzania. Savings and Credit Co-operative societies (SACCOS) are the co-operative societies whose main objective is to encourage their members to save, thereby creating and accumulating capital, which is then on lend to the members at a reasonable rate of interest (Anania and Gikuri, 2015).

The SACCOS are established in order to help those who have been excluded from accessing financial services in the mainstream of financial services and also contribute to reducing negative impacts of local money lenders in the areas where they operate (Anania and Gikuri, 2015). Since their earliest beginning, SACCOS have been a key to promoting local development, particularly by enhancing provision of financial services to the poor and marginalized classes in the communities. As indicated in the Co-operative Societies Act of 2013 in Tanzania, SACCOS are registered societies whose primary objects are to encourage thrift among its members and to create a source of credit

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for its members. However the purpose of SACCOS have extended from the concept of the poor and marginalized as they are formed even by the middle and rich classes. The Tanzanian SACCOS movement reached a historic era from 2005 when the 4th Phase Government indicated great interest in formation of SACCOS to promote development and access to financial services by majority of citizens. This was accompanied with formation of a special fund (famously called J.K. Billions) to support formation and expansion of SACCOS. The number and capital base of SACCOS has grown significantly in the country. The current statistics indicate that after independence in 1961 there were 3 SACCOS but by March 2014 the number increased to 5478 SACCOS with a total of 935,121 members. The total value of savings, shares and deposits was Tshs 451.1 billion and the value of total loan disbursed by SACCOS was Tshs 778.4 billion (Malamsha and Kayunze, 2014).

The initiatives to form SACCOS have involved decision by members with common bond and in need of promoting their access to financial services. Apart from common bond, education and training to members, leaders and staff in SACCOS have been considered important and necessary for promoting good performance and sustainability. Education and training in co-operatives has also been on attention of international community which support the co-operative movement such as the International Co-operative Alliance (ICA). In 1995 ICA formulated the seven guiding principles of co-operatives. Among them the fifth principles is about “*Education, training and information*”. The principles guides the co-operatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operative. Members also inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operatives. Co-operative education and training are co-related and interdependent, without one the other cannot be possible. Education help to develop mental facilities and increases knowledge as it sharpens the intellect, broadens the vision and builds up the character of an individual, while training develops the skills and moderate one’s (mental) capabilities.

Co-operative education and training have served as a source of inspiration in SACCOS. Co-operative education and training has been among the main areas of intervention by supporting institutions in countries where the co-operative movements exist (Kunhu, 2011). Generally, the success of co-operative movement depends on co-operative education and training of members as well as the application of the principles, practice and methods of cooperation as a way of conducting business. (Tchami, 2007) described co-operative education to be a set of practices and means used to make members aware of the co-operative principles and advantage. Therefore both education and training are therefore essential for the suitable development of any co-operative organization. The government is among the most important stakeholder in providing education and training to co-operatives. As (Bwana and Mwakujonga, 2013) suggested that the governments should concentrate building strong member controlled co-operatives, promoting good leadership, promoting strong and effective co-operative development support and improving co-operative education and training. The governments are putting various efforts to promote provision of education and training to the Co-operative sector. For example, governments in Africa have established universities, institutes and college for providing co-operative education and training to the stakeholders in the co-operative movement. Some of these countries in Sub-Saharan Africa include; Tanzania, Kenya, Uganda, Rwanda, Lesotho, Botswana and Zambia.

In Tanzania, education and training has been emphasized by various actors in co-operative movement to promote co-operative development, including SACCOS. Some of these actors include; the Moshi Co-operative University (MoCU), Tanzania Co-operative Development Commission (TCDC), Regional and District Co-operative Offices, Tanzania Federation of Co-operatives (TFC), Co-operative Audit and Inspection Corporation (COASCO) and, Savings and Credit Union League of Tanzania (SCULT). Further, there have been various initiatives by the government to promote accessibility to co-operative education and training. These include establishment of Co-operative College Moshi (now Moshi Co-operative University). Also there have been national and local level education and training programmes conducted. Some of these programmes include; Member Empowerment in Co-operatives (MEMCOOP) programme in Kilimanjaro and Arusha implemented by Moshi Co-operative University (MoCU) from 1996 to 2004. Also the government implemented Co-operative Reform and Modernization Programmes (CRMP) from 2005 to 2015 to revitalize the co-operative movement. Currently, MoCU is building capacity of rural SACCOS through Market Infrastructure, Value Addition and Rural Finance (MIVARF) programme, all over the country. Such initiatives aim to empower co-operatives, SACCOS included, effectively managing their businesses and ensuring sustainability under competitive liberalized markets. When the free market was introduced, co-operators had insufficient education and training, including how to operate under the new conditions hence failed to compete effectively in the new system.

The Co-operative policy of 2002 also emphasizes on the importance and promotion of co-operative education in the county. Bee (2011) provided that co-operative education can be offered through various forms of training conducted by designated training institutions or individual experts. These forms may include; self-directed learning guided by organized tutoring; networking especially through peer learning; workshops, seminars or Tailor Made Programmes, training of Trainers and Members; Open and Distance Learning (ODL), and long-term training programmes leading to award of accredited certificates. All these effort aim at ensuring effective delivery of what is expected in terms of skills and knowledge to people in co-operatives and supporting institutions. Therefore it may be argued that initiatives to promote and provide education and training to SACCOS and other co-operatives need integration of efforts from various players. As Pollet (2009) explained co-operative education requires co-operative members and staff, as well as government department staff to be aware and informed about procedures, policy and norms, a proper training system should be in place.

Co-operative education and training is essential in disseminating co-operative skills, knowledge and right attitudes to the members. It conveys related management knowledge, business and entrepreneurial skills to

employees and committee members to improve efficiency and effectiveness in the services provide to co-operatives members. It may further be argued that provision of training and (Gathigia, 2008) education enable creating enlightened and responsible leadership that can direct and ensure effective control of the co-operatives for the benefit of members and for continued prosperity of the Co-operative movement and the large population. Also it helps to teach the leadership skills of future leaders and should be provided permanently. The SACCOS also on their individual basis have been taken initiatives to provide education and training to their members, leaders (Board and committee members) and employed staff. The efforts include making training needs and allocating funds for them. The by-laws of all SACCOS have the provision demanding setting aside certain amount of funds (surplus) for provision of education and training. This is also emphasized in the Co-operative policy of Tanzania of 2002.

Through co-operative education and training, members are able to learn how to cooperate, participate and manage the co-operative they own, favouring their comprehension about their role in the organization (Gimenes *et al.*, 2016). Furthermore, co-operative education and training is an important asset in attracting and maintaining membership but also in ensuring sustainability (Anania and Kimaro, 2016). Savings and Credit Co-operative Societies have been struggling to assist the majority of Tanzanian population to improve their lives through provision of financial services. These services have commonly been; receiving savings from members and offering credits (loans). There has been establishment of other services such as accepting deposits, micro-insurance, money transfer, pension and others. As a way to ensure improvement in service provision and conducting profitable and sustainable business, various stakeholders have emphasized on provision of education and training to the SACCOS. Inadequate access to education and training by members, Board, and committee members as well as employed staff has been associated with poor performance, dormant and even collapse of the SACCOS. This is due to the fact that poor education and training affects service delivery in SACOS. However it should be noted that investment in provision of co-operative education and training done by various external stakeholders and the SACCOS alone does not guarantee that there is change in performance of SACCOS and co-operatives. There is a need for continuous follow up and guidance to ensure that acquired skills, knowledge, experience and attitudes are put into practice and bring expected results. Again, in assessing the impact of education and training intervention in need to capture the extent to which such efforts brought changes in terms of performance in SACCOS.

There have been inadequate empirical contributions in Tanzania as to how education and training impacts positively the performance of co-operative organization such as SACCOS. Again the emphasis for education and training has not well articulated on whether the SACCOS adhere to available governing instruments or not. Furthermore, questions about what is influencing provision of education and training and what are the prevailing challenges in provision of education and training in SACCOS need to be understood better, particularly from practical point of view. There is a need of enriching empirical knowledge about the actual contribution of education and training in enhancing performance of co-operatives societies particularly SACCOS in Tanzania. This current paper is therefore expected to contribute in adding knowledge on the subject matter. The paper therefore intends to assess the contribution of co-operative education and training towards improving performance in SACCOS' operations. It is expected that study will contribute to the understanding of the need for co-operative education among actors in co-operative movement and the need to adhere to governance instruments in co-operatives. It also shades light on what influence provision of education and training in SACCOS and challenges facing provision of education and training in co-operative, particularly in SACCOS. The following parts of the paper are organized into three areas which include the material and methods proceeded by results and discussion then conclusion and recommendations part. The results and discussion part describes about; the provision of education and training in relation SACCOS governing instruments, factors influencing provision of education and training in SACCOS, contribution of education and training in SACCOS' performance and, the challenges facing provision of education and training in SACCOS.

2. Material and Methods

The current paper is written based on the findings from the cross-sectional design done in 7 SACCOS in Singida and Dodoma regions, Tanzania. The study design allowed collection of data at once in each region on specific issues, make adequate description of the various aspects and be able to generalize them in wider context as per study objectives. The study collected both primary and secondary data. The primary data were collected using survey, key informant interview and observation. In the survey method, the questionnaire was self administered by researchers to 70 respondents comprising of ordinary members, leaders (Board and committee members) and employed staff (managers and loan officers). The respondents were selected using convenient sampling method while ensuring representation from all the 7 SACCOS and given that members bare almost similar characteristics. Interviews were done to 14 SACCOS' leaders and staff (i.e. 2 respondents per SACCOS) where interview guide was used. The interview mainly focused on assessing possible innovations developed after acquiring education and training and other information such as provision of education and training as guided in governing instruments. Observations were also made, particularly on the front office and other customer care services given to members (customers) and it aimed at validating what was found during interview. The secondary data were collected through a documentary review, particularly the data concerning the existing governing instruments and kind of training received by the studied SACCOS. The 7 SACCOS (as shown in Table 1) were also chosen purposively by researcher but have allowed gathering of data from wide range of respondents from different geographical location making it possible to give clear picture about SACCOS country wide. For findings used in this paper, quantitative data were analysed using descriptive analysis where frequency and percentages have been produced. The qualitative data from interview

have been analysed through content analysis. The numerical findings have been presented in various graphs produced using Microsoft Office Excel. Documentary review findings have been presented in table.

Table-1. Savings and Credit co-operative Societies (SACCOS) selected for the study

S/N	Region	District	Ward	Name of the SACCOS
1	Singida Region	Singida rural	<i>Ilongelo</i>	<i>Ilongero SACCOS</i>
		Manyoni	<i>Kintinku</i>	<i>Kamilu Lusilile SACCOS</i>
2	Dodoma Region	Chamwino	<i>Hogoro</i>	<i>Chambasho</i>
			<i>Hombolo</i>	HOZEM SACCOS
		Kongwa	<i>Kibaigwa</i>	KIFISACO
			<i>Kibaigwa</i>	UMAKISO – SACCOS
Dodoma Municipal	<i>Kiwanja cha ndege</i>	KKKT SACCOS		

Key of the shortened words; HOZEM (*Homboro Zepisa and Makuyu*), KIFISACO (*Kibaigwa Financial Saving Co-operative Society*), UMAKISO (*Umoja wa Makuli Kibaigwa Sokoni*) and KKKT (*Kanisa la Kiinjili la Kilutheri Tanzania*)

3. Results and Discussion

3.1. An Overview of Education and Training Received By the SACCOS

Co-operative education and training are essential in promoting strong and better performing Savings and Credit Co-operative Societies (SACCOS). Therefore it is important to train and educate co-operative members to enhance their capacity to bring optimum results and promote sustainability of their organizations (Anania and Rwekaza, 2016; Hussain, 2014). Based on the interviews with the SACCOS' leaders and staff, the study has identified that most of the SACCOS have been providing education and training on different aspects depending on the needs of members, staff and/or Board. The study found that trainings being provided to SACCOS were mostly on areas of; financial bookkeeping, management and leadership of SACCOS, membership rights and obligations, business plan preparation, financial management, entrepreneurship, customer care, and loan management. Further, SACCOS mostly received training through informal system such as through "tailor-made" training programmes by the funders and training institutions. This have been the main approach in SACCOS and none of the SACCOS was found to have sent its members, leaders and/or staff for long medium or long term training in education institutions such as colleges/universities to receive extended learning.

3.2. Provision of Education and Training in Relation SACCOS Governing Instruments

The study intended to examine as whether the provision of education and training in SACCOS was done in accordance to the existing governing instruments. The governing instruments include; SACCOS' by-laws, Co-operative policy, SACCOS training policy and others. The study found that all the seven have by-laws and adhere to the national Co-operative policy and co-operative law as the governing instruments. During the interview with the SACCOS' leaders and staff and survey done on members, the study found that none of the SACCOS had a specific policy for education and training. This may have negative implication on the development of human resources (Board, staff and members) in SACCOS since initiatives for education and training are not well articulated in a policy. The by-laws are the key documents used by SACCOS in guiding their daily operations. The study found that the by-laws of all SACCOS have indicated the need to provide education to the members, Board and staff. The main challenge observed is the difference between what is articulated in by-laws against the practices on provision of co-operative education and training.

The by-laws indicates need for SACCOS to provide regular education and training to their members, but the practice has been exclusion of members in most of the opportunities for education and training while the Board members (and committees) and the staff are given priorities in most cases. Such malpractice is among the issues which have perpetuated the predominant culture of superiority of Board and staff over the ordinary membership. It was also found that education and training was received haphazardly; there was no formal modality which was to provide education and training. For instance it was found that the by-laws have not indicated the modalities on how education and training will be provided to members. Training needs assessment was not done hence, trainers (individuals and institutions) were found to be the one determining how trainings were provided. Most education and training providers were banks and non-government organizations.

3.3. Factors Influencing Provision of Education and Training in SACCOS

The study also intended to determine the key factors that influence the provision of education and training in Savings and Credit Co-operative Societies (SACCOS). The following influencing factors were found (also shown in Figure 1).

3.3.1. Size of the Membership

The provision of education and training was found to be determined by the size of the membership in the SACCO. The study found that 68% of the respondents agreed that large size of the membership affects the capacity of SACCOS to provide education and training to members. Also the interview with the leaders and staff in the SACCOS revealed that large membership creates a burden for SACCOS to effectively provide education and training. However it was found that, using Annual General Meetings (AGMs) has been used as less cost and best alternative in attempting to educate many members at once. The strategy used by the leadership to offer education to members

was through the days for general meeting or calling them to attend seminars if external funders are available. Training has also been offered through externally supported seminars on particular technical skills and knowledge.

3.3.2. Financial Capacity of SACCOS

The availability of funds is a key to ensure capacity of the SACCOS to finance its education and training programmes. In this study, 82% of the respondents agreed that funds are essential to successful provision of education and training in SACCOS. The respondents indicated that availability of funds can assure provision of education and training if the SACCOS are capable of paying them. However, it was found that in most cases SACCOS were not able to make full payments so depended much on external assistance and exemptions of some charges given by the training institutions. The interviewed leaders and staff also indicated that availability of funds can assure implementation of planned provision of education and training to members, Board and staff in SACCOS. Lack of regular education and training sessions was limited by funding scarcity. Also there has been a notion that members demanded to be paid as they attend seminars something complicating acquisition of skills and knowledge in SACCOS.

3.3.3. Activeness of the SACCOS' Boards Members and Staff

The leaders (Board and committee members) and staff were found to be influential in enabling provision of education and training in SACCOS. It was found that 51% of the respondents indicated that the activeness of the leaders and staff is determining the frequency and kind of education and training provided to members, leaders and staff in the SACCOS. In this case it was found that active leadership and staff help to set priorities on issues for education and training in SACCOS and allocate or find resources for implementation. The respondents indicated that limited education and training received by members have also been due to inactive leadership that is less concerned to ensure regular provision of education and training. But the leaders and staff have been more active on authorizing training programme targeting themselves than those of majority of members.

3.3.4. Members' Interests on Education and Training

Education and training in SACCOS can be successfully provided if the trainees (members) are interested to receive them. In this case, training needs assessment becomes important before any education and training intervention. The interview with the Board members and staff revealed that they tend to push on training programme that are of high interest by members or when members show interest to demand them. This implies that the leaders and staff tend to facilitate members' access to education and training depending on the way members are interested. The findings showed that members have been interested much on trainings about entrepreneurship, business planning and management, governance, and financial literacy than other issues. Hence having received these trainings, members become less interested with other kind of training if not well influenced on their significance. Similarly, 62% of members indicated interest on given education and training had influence on their attendance. Therefore, they become selective on what to attend or not to attend.

3.3.5. Training Location

Location of the training activity was found to influence provision of education and training. The study found that 68% of the members revealed that convenience of the location where training is held matters a lot. They indicated factors like distance to be covered, attractiveness of the venue and cost of accessing the areas are highly considered. They however indicated that they prefer trainings being located outside their SACCOS than being in the same environment they are used to, everyday. Some gave reasons such as; need for exposure, change environment and settle their minds from exhausting daily activities in household. There was also a concern that being outside their usual places helps them to understand what they learn. The interview with leaders and staff also revealed that members are highly attending and interested in education and training activities don outside their areas of residence. They also prefer field visits in other places to learn from others.

3.3.6. Cost of Education and Training

The provision of education and training was found to be determined by the cost of training. The study found that 70% of the members agreed that costs of training have being affecting the frequency and kind of education and training being given to the members, leaders and staff. It was identified that in case of high cost of education and training for the highly demanded skills and knowledge, the SACCOS opted to provide training to few selected people. In case where the trainings are less expensive, more people have been involved. The costs were found to be related to expenses for transport and accommodations for trainers and trainees, facilitation fees, venue and stationeries. Although the co-operative law requires all co-operatives to set aside part of their income for education and training, in most cases such allocations are inadequate to meet costs for regular education and training activities to leaders, staff and members. Hence, they opt to educate or train few, mostly leaders and staff. But sometimes there is a tendency of diverting education funds to other activities, resulting into failure to meet costs for education and training when needed.

3.3.7. Prevailing Training Needs

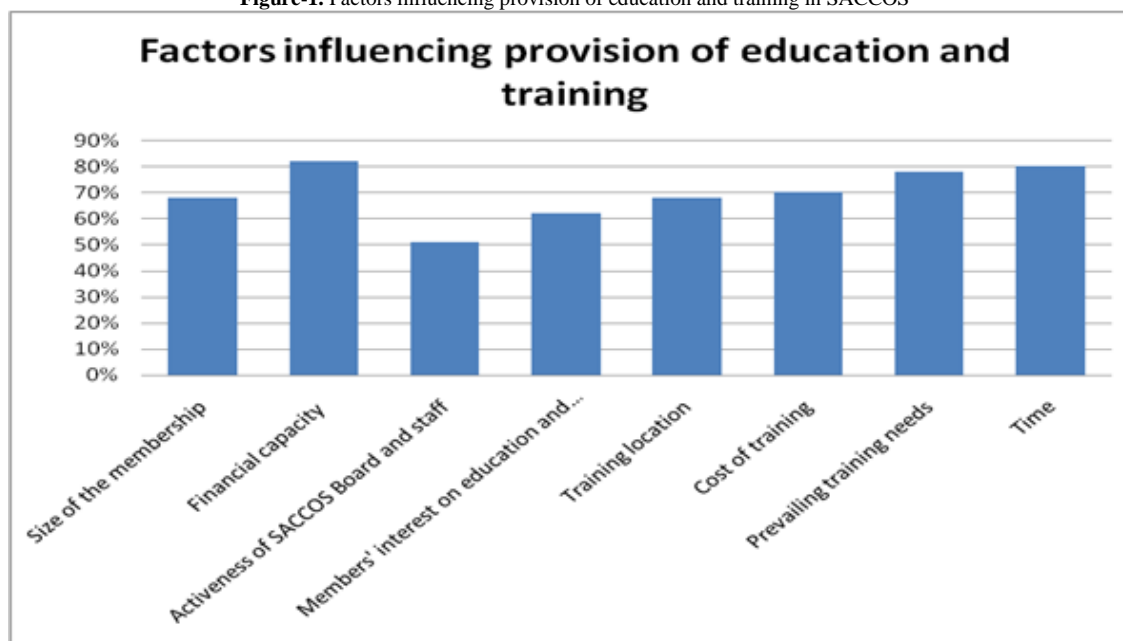
Perhaps the training needs assessment is the key determinant of what and when education and training initiatives needs to be done. The study found that the existing training needs in given period have influence on the provision of

education and training in SACCOS. This was revealed by 78% of the respondents who agreed that the prevailing training needs has been critical in determining what training to be done, whom should attend, location, facilitators to be involved etc. The training needs were found to be identified by leaders and staff, mostly by imitating from other SACCOS performing better or being advised by experts. The interviewed Board members and staff also responded to be doing unstructured training needs mostly. Unfortunately, SACCOS' members were found not to be considered much in the training needs assessment done assuming that their leaders and staff know what they need. This might be fine in attempt to cut down costs to do survey for training needs, but sometimes, top down needs assessment can be biased and fail to wholly capture the needs and expectations of members.

3.3.8. Time Factor

Timing of the training events and provision of education was found to be another significant factor to be considered. The study found that 80% of the respondents agreed that time should be considered in providing education and training. The finding indicates education and training that involve members are allocated at the end of the year and mostly provided during the Annual General Meeting (AGM) where majority of members attend. In busy seasons for farming activities, few training works were found to be provided as most of prospective trainees are committing themselves in farms works. The post harvest season was found to be more appropriate in providing education and training to the members. Also members indicated that the period at the end of the year to the beginning of the New Year (December to January) is not much good for training since most of the members as busy with finding money for paying schools fees for their children and relatives. Time flexibility was found to be possible for the training that focused few people such as SACCOS' staff and Board members. Members were also showed not to be satisfied for the AGMs to be for provision of education as they want to use the meetings to discussion various agenda of their SACCOS. This was also revealed in the study by [Gathigia \(2008\)](#) in Kenya.

Figure-1. Factors influencing provision of education and training in SACCOS



3.4. The Contribution of Education and Training in SACCOS' Operational Performance

The study was also interested on finding out the contribution of education and training in improving the performance of the savings and credit co-operative societies (SACCOS). The following outcomes were found in the study area (also indicated in Figure 2).

3.4.1. Improved Service Delivery

The provision of better services to the customers has been a key target by any financial institution including SACCOS. Better services delivery was assumed to a strategy for ensuring sustainability and profitability of the business done by the SACCOS. The respondents in this study indicated that their SACCOS have improved in service delivery after being provision of education and training mostly to the employed staff, supervisory committee and Board members. This was revealed by 82 % of the members covered by this study. However the nature of services improvement found to differ from one SACCOS to another, but the common aspects were found to be; improved customer care services like reduce time to process loan applications and loan authorization. In general improvements were also provided to be in terms of attractive language in serving customers, reduced bureaucracy in requesting loans, initiating a front office services to easily help members in need of services and increase in working hours and days for opening the SACCOS office to serve customers. Some SACCOS were found to have targets for initiating the use of Auto-Teller Machine (ATMs). Kibaiywa Financial Saving and Credit Co-operative Society (KIFISACO) was found to be using ATM services (that accepts *Tembo* Card Visa provided by CRDB Bank) to ease members

access to financial services when in need and avoid staying on queue in wait for services. Also even non-members (the public) can draw money from their bank accounts using the ATMs at the SACCOS. The improvement of the service delivery has been accompanied with the establishment of various innovations by the studied Savings and Credit Co-operative Societies (SACCOS) (see Table 2 attached).

3.4.2. Reduced Rate of Bad Debts and Overdue Loans

Education and training provided to the Board, committees and staff have improved SACCOS' capacity in managing their loans. During the interview with the SACCOS' staff and leaders, they revealed that the capacity to collect loans and debts from members has significantly improved after receiving education and training. Similarly, 77% of the respondents agreed on improved capacity of their SACCOS in dealing with bad debts and collecting overdue loans. For example it was found that during the early years of their formation, there were repeated incidents of increasing bad debts and more overdue loans on hands of borrowers due to poor education and training among members of the Board, loan committees and staff (mostly loan officers) concerning loan management. They also revealed that even behaviour of some members to delay loan repayment has changed a lot. Members felt the need to be committed to their obligations by paying loans on time. Education on entrepreneurship and business management helped members to manage business properly and get profit to repay loans. Also education about how to manage their loans has helped them a lot. As [Kwai and Urassa \(2015\)](#), people with high education are expected to have better knowledge on credit procedures and skills for running economic activities.

3.4.3. Proper Recording Keeping

Improvement in record keeping of financial information and transactions was found to be another contribution of education and training in SACCOS from the study area. It was found that 81% of the respondents indicated that their SACCOS have improved in the ways they keep their financial records. This was due to training provided on record keeping and preparing financial reports. Some SACCOS receive computer training and were in process of moving from manual to electronic data storage. For those continuing on manual record keeping, they were to have improved in the way they make entries of financial details in accounting books, and copies of the information were made and stored for future use and for easy retrieval when needed. Computer applications including the use of softwares such as quick book, financial solution and Microsoft excel were found to be less adapted by the SACCOS in the study area. However training on accounting issues was found to have improved the way SACCOS record and keep their financial information.

3.4.4. Improved Attendance in Meetings

Members' based education and training was found also to have contributed in changing the attendance rate in meetings. It was found that 87% of the members have agreed to have improved their attendance in meetings after receiving education and training. Some members indicated that having been educated about their rights, responsibilities and obligations as members, they became aware on the need to attend meeting regularly for discussing, questioning and approving various affairs about their SACCOS. The interviewed leaders and staff from studied SACCOS also indicated that previously members were less attending in meetings as they did not see the importance of doing so. Their activeness had been during the period they want to get loans, but after that they were less interested about the progress and operations of their SACCOS. But all these changed after receiving membership education from external facilitators in different periods.

3.4.5. Improved Relationship between Members, Board and Management

The sustainability and better performance of the SACCOS is, among other things, facilitated by good relationship between members, Board and staff. The interviewed leaders and indicated that the members had a tendency to interact well with the staff and leaders (like loan committee members and loan officers/managers) when they want to get loans. Members were less concerned about other matters about their SACCOS apart from loan issues. But having received education and training, members started working closely with the Board and staff to know the performance of their SACCOS. It was found that members started asking for financial reports and other information they required from board and management. Also they indicated that cooperation with their leaders and employed staff has been improved after being trained on various issues about SACCOS. It was identified that 84% of members agreed the relationships among themselves and with their leaders and staff to have improved after being trained. Therefore, education is essential to the performance of co-operatives, as it improve the understanding that receiving training for co-operative affairs improve cooperation and loyalty of co-operative members, essentially in highly competitive environments and sectors ([Gimenes et al., 2016](#)).

3.4.6. Enhancement of Commitment by Board and Management

Apart from improvement revealed on the membership, education and training have been useful in enhancing performance of the Board members and staff in SACCOS. It was found that 83% of members responded on this aspect indicated the improvement in performance and commitment of their Board members and staff after receiving education and training. They indicated that the Board members and staff have become more committed in collecting loans, dealing with overdue loans and reduce time taken to receive and discussion loan applications from members. They are also improved in terms of preparation and auditing financial reports on time and present them and other reports to members in meetings. This was attributed by education and training on governance and leadership including obligations and rights and responsibilities of the leaders and staff. This relates to [United Republic of](#)

Tanzania (URT) Ministry of Co-operative and Marketing (2005) who suggested that the provision of necessary knowledge and skills to leaders and staff to modernize their activities is crucial for SACCO's performance in Tanzania. Also the study by Churk (2015) indicated that training to SACCOS workers is needed in order to improve their performance.

Figure-2. Contribution of education and training in SACCOS performance

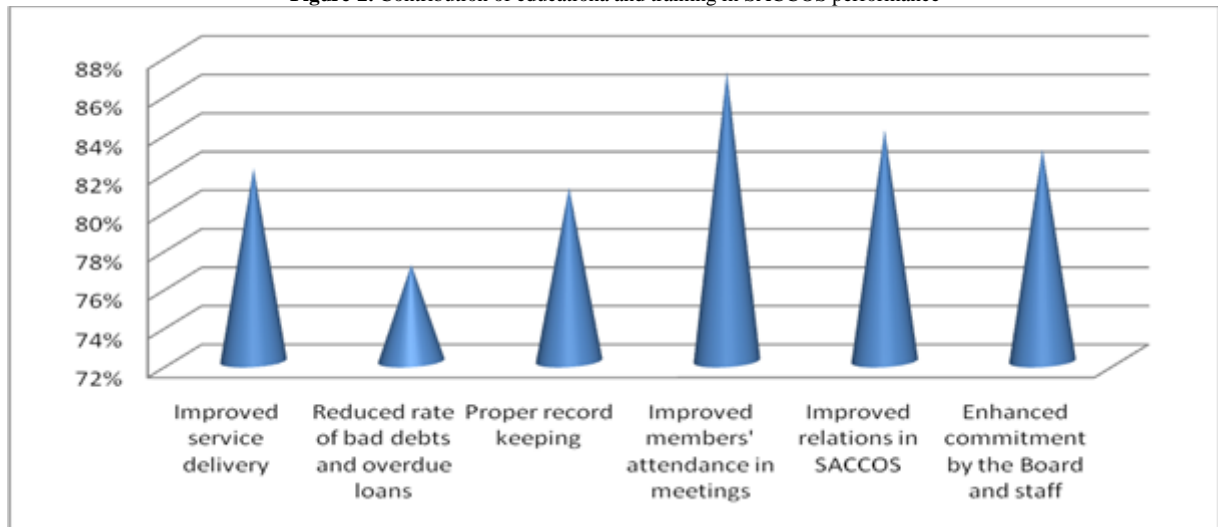


Table-2. Identified innovations in the selected Savings and Credit Co-operative Societies (SACCOS) after receiving education and training

S/N	SACCOS	INNOVATION	DESCRIPTION
1	ILONGELO	<i>Mjali ndugu</i> (care your fellow)	This was a service formulated to increase number of members specifically to ensure lower class income earners in the society get the SACCOS service by forming a group to be registered in the SACCOS
		Front office innovation	The office is opened during working hours in five working days to ensure full operation of the office
2	KAMILU LUSILILE	The use of Water User Associations	Water user associations in the area integrated as the members in the SACCOS hence increased community participation and promotion of water users to access financial service
		The use of government programs in advancing the institutions	Adapted Participatory Irrigation Development Programme (PIDP) for provision of Agriculture implements loan
			Adapted Rural Financial Services Programme (RFSP) supported by FAO to provide training and capital loan to the SACCOS
			Linked itself with Rural Livelihood Development Company (RLDC) for provision of agriculture education, loans and construction of the offices
3	CHAMBASHO	The opening of AMCOS as well as Sunflower processing machine	The SACCOS made these initiatives so as to increase membership and capital as well as extending service coverage to members
		The use of government programs in advancing the institutions	Linked itself with Rural Livelihood Development Company (RLDC) for provision of agriculture education, loans and construction of the offices
4	HOZEM	Forming partnership with UWAZAMA	These are the union of grapes agriculturists into become members in the SACCOS
		Wide area coverage	The SACCOS operate within three wards namely <i>Hombolo</i> , <i>Zepisa</i> and <i>Makulu</i> that becomes significant in increasing potential members
5	KIFISACO	Installation of ATM machine	This is the use of auto teller machine used that accept Tembo Cards Visa and can provide money service to the general public
		Front office operation	The office is opened during working hours in five working days to ensure full operation using employees and Board members

6	UMAKISO	Front office operation	The office was opened during working hours in five working days to ensure full operation using employees and board members
		The use of small business man and women as the key members	There were small entrepreneurs who were not united as a groups found joining SACCOS to be the best alternative.
7	KKKT (Lutheran church) SACCOS	The use of religion	Establishment of the common bond for establishment and running o the SACCOS using Christian Religion
		The use of profit to purchase of assets Front office operation	Central bank provides any financial service with more that 700,000,000Tsh be regulated by central banks. Hence SACCOS reduces capital by purchase of fixed assets. The office was opened at Working Hours in five working days to ensure full operation of the office by the use of employees and board members

However, despite the deliberate efforts done to ensure SACCOS stand firm and do better as well as the better results indicated above on performance, there were some weaknesses observed. The following issues were observed to be unhealthy for the SACCOS performance regardless of the efforts on provision of education and training.

- (i) The education and training were provided to Board members who usually are required by the law to resign for the period stated in the Co-operative act, co-operative rules and regulations. But unfortunately even for those in the last term of services got opportunity to go for training while in fact soon they could be out of their positions
- (ii) The aspect of loan management is normally being neglected to be trained to members who are the key stakeholders in implementing and using SACCOS' products
- (iii) The skills and knowledge for managing SACCOS was identified to be known to only board members. Members do not know all their rights and obligations and less questioned decisions made by their leaders. Mostly major decisions were left on hands of Boards
- (iv) In most of the SACCOS, the committees were found not to know their functions and responsibilities, especially the supervisory committees. The Supervisory committees were found to be less powerful and sometimes their affairs being interfered by the Board.
- (v) The fixing of interest rates do not comprehend to any formula or justifications as it was found that different SACCOS have their own base for fixing the rates
- (vi) Banks had transformed the SACCOS from its dual function to become the agents of loan provision to its fund. This is harmful for SACCOS sustainability and compliance to co-operative principles and values

3.5. Challenges Affecting Provision of Education and Training in SACCOS

The last objective of this study was about the finding out the key challenges facing the provision of education and training in savings and credit co-operative societies (SACCOS). The study found the following challenges from the studies SACCOS (also indicated in figure 3 below).

3.5.1. Inadequate Funds for Education and Training Initiatives

Financial capacity was found to be a barrier in effective provision of education and training in SACCOS. The study revealed that 87% of the members indicated that their SACCOS cannot facilitate provision of regular training and education (mostly to ordinary members) due to financial shortages. The by-laws demands for regular provision of education and training to members, and SACCOS are required to set aside part of their surplus (income) for education. But the shortage of funds to be allocated for education and training programme have made SACCOS prefer providing such opportunities to few people, mostly leaders (Board, management and committee members) and staff, while members are less accessing the opportunities to be trained. When happens, it is usually not frequent for certain number of years. This relates to the study of [Anania and Rwekaza \(2016\)](#) which found co-operatives have a challenge of lacking better managerial skills among their staff and Board members due to inadequate financing for education and training.

3.5.2. Large Number of Membership and Cost of Training

Presence of large number of members has been found to be another challenges facing provision of education and training in SACCOS. The study found that 64% of the respondents agreed that large number of the membership hinder effective provision of education and training. This was due to the case that large membership demand many resources to make them access education and training. The findings indicates members requires sitting allowance, meals and drinks during the training sessions, the costs that most of the SACCOS were found incapable to meet them. Provision of education and training however can not be a problem if the increase in membership is proportion with the rapid increase in the SACCOS's financial position, including profit generated. For the case of SACCOS

with large amount of capital, providing education and education to large number of members can be not always the challenge. The study by [Wadsworth \(2011\)](#) found that education is mostly provided to directors/Board members (82%) followed by employees (70%), management (66%), members (35%), and the general public (15%). Contractly to our study, Wadsworth also found that larger co-operatives appear to educate more (90% responded) compared to smaller co-operatives (59%) responded this.

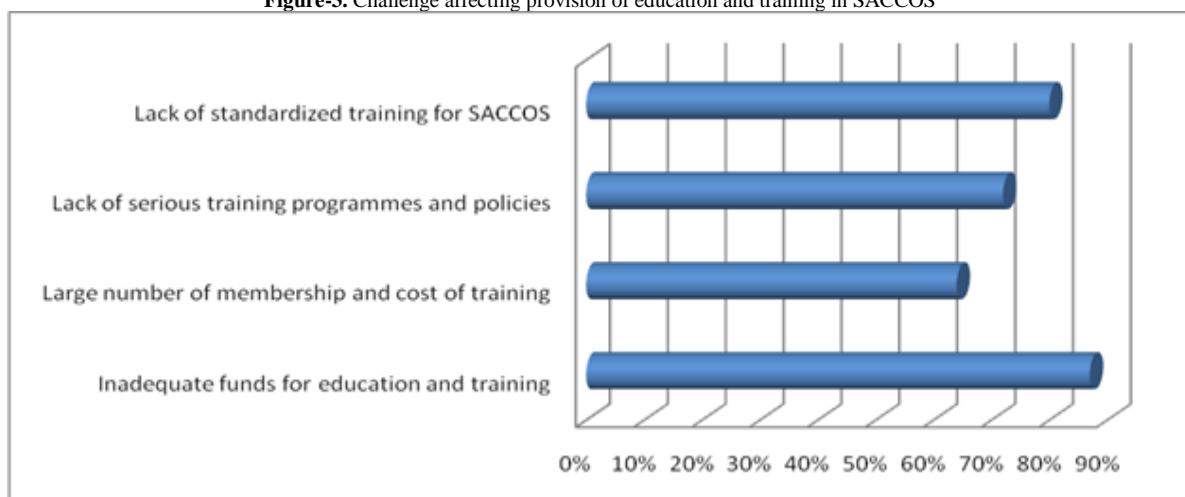
3.5.3. Lack of Serious Training Programmes and Policy

It is argued that lack of plan is the plan for failure. Most of the SACCOS do not have well prepared training programmes and policies for education and training (or even a human resource development policy). The study found that all the studied SACCOS do not have well prepared programmes for developing their human resources (members, Board and staff). Also 72% of the respondents indicated that their SACCOS do not have serous training programmes and policies to guide provision of education and training, while the rest (28%) were not aware of whether such programme and policy exist or not. It was found that training and education were provided based on the needs arising on given period, interest of members and Board on certain kind of training and imitation of training done by other SACCOS elsewhere.

3.5.3. Lack of Standardized Training for SACCOS

The education and training provided to SACCOS in the study area were found to be not standardized. The external facilitators/trainers (individuals and institutions) were found to be highly used in providing education and training to the SACCOS but unfortunately, each one had a different package to train members based on the needs of his/her institutions or funders. In this case, 80% of the respondents indicated that the training given to SACCOS in the regions are not standard as different SACCOS get different kind of skills and knowledge on same issues trained by different facilitators in same or different SACCOS. This has created confusion among members. Lack of standardized training led to differences in SACCOS' performance. For example, the differences observed in the studies SACCOS included; differences in the model of SACCOS establishment (top down formation, member-based model and external agents influence), different understanding in accounting process and preparing business plan, difference in fixing interest rates, difference in calculating capital of the firm, difference in determining the dividend on shares one has to acquire at the end of the financial year and, limited understanding in financial product development to capture growing members' needs. It was also found that the topics to be taught did not much include what were highly desired by the majority of the members. As argued by [Tchami \(2007\)](#) and [Gathigia \(2008\)](#) first co-operatives have to know what members need, next it must set up education and/or training programme. Education and training programmes should include views of employees, management committees and members before setting topics to be included in the co-operative education and training. This will ensure relevance and lack of monotony thus encouraging more attendance and participation.

Figure-3. Challenge affecting provision of education and training in SACCOS



4. Conclusion and Recommendations

4.1. Conclusion

This study was assessing the provision of co-operative education and training as key factor to improving performance of SACCOS, with reference to Singida and Dodoma regions in Tanzania. The study has provided that co-operative education and training is very important in ensuring better performance and sustainability of the SACCOS but should be provided to leaders, members and staff as demanded in the by-laws and other governing instruments. Effective provision of education and training in SACCOS can be attained if leaders, staff and members get enough understanding of issues influencing achievement in providing education and training. This should go together with determining challenges likely to face any education and training programmes so as to realize how to address them on time. Again, despite being so important on improving operational performance (and sustainability) of the SACCOS, still education and training found to be less provided through SACCOS initiatives rather, relied much on externally-initiated programmes. Having education and training programmes that are less incorporating

members' needs may have some unfriendly impact in long run due to risk of training people on issues they are likely not to apply much in their daily life. However, despite all the setbacks and source of efforts in delivery of education and training, still SACCOS are assured of performing better their daily activities and even become innovative, which in turn make them competitive, able to extend adequate financial services to members and assured of being sustainable.

4.2. Recommendations

The study has revealed the importance of education and training in enhancing operational performance in SACCOS as found in the study area. However based on the findings from this study, the following issues are recommended to be done by the SACCOS (and other supporting institutions).

- (i) Co-operative institutions should formulate the programmes with co-operative societies, including SACCOS in order to have a good education and training programmes that reflect the need of all actors in SACCOS i.e. Leaders, staff and members. This will also help in establishing standardized training for SACCOS and other co-operatives. Such
- (ii) Co-operative education and training should base much on the education of members who are leaders-in-waiting, instead of focusing only on staff and leaders. This will ensure continuity and expanding the co-operative skills and knowledge to the larger community rather than only co-operative management.
- (iii) SACCOS should prepare good programmes and policies to guide their provision of education and training
- (iv) There is a need to establish regional or district and national fund for co-operative education and training so as to subsidize SACCOS (and other co-operatives) in local communities to access education and training when they lack enough funds, including those with large number of members
- (v) SACCOS need to adhere to the Co-operative policy and the by-laws which require provision of education and training to members. They should set aside funds for education and training purpose and avoid diverting such funds to other uses
- (vi) Screening of the trainers needs to be done (by regulatory authorities, co-operative officers and/or Board) to avoid provision of education and training that are not relevant to SACCOS or create confusion to them.

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