
An assessment of performance of savings and credit cooperative societies in Tanzania: empirical evidence from Dodoma city

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Abstract: Savings and Credit Co-operative Societies (SACCOS) mobilise and administer savings within their members and provide them with affordable credit facilities. Despite this role they also have drawbacks which affect their performance. None of the previous reviewed studies assessed performance of SACCOS in Tanzania. This study therefore was set to fill this knowledge gap. Cross-sectional research design was used in collecting data. Multi-stage sampling technique was used. Data were collected by using interviews and documentary review and analysed by using perception of members, mathematical equations, profitability ratios and tables. Comparisons with WOCCU standards were also used in assessing performance of SACCOS. Perceptions of members show that SACCOS were achieving high performance in terms of IT. The study found that the SACCOS achieved high performance in terms of net surplus; ROA; CIR; and loan portfolio ratios. However, the SACCOS were not performing well in terms of amount of savings by members.

Keywords: performance; SACCOS; WOCCU; FFIs; MFIs; cooperatives; Dodoma city; ROA; profitability; financial institutions; respondents.

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1 Introduction

1.1 Background information

Savings and Credit Co-operative Societies (SACCOS) which are also referred to as financial cooperatives are autonomous associations of persons united voluntarily in order to meet their economic, social and cultural needs through a jointly owned and democratically controlled enterprise (ICA, 2014; Cheruiyaot et al., 2012). They mobilise and administer savings exclusively within their members and provide them with affordable credit facilities (Qin and Ndiege, 2013; Ganka, 2010) in order to improve their social economic wellbeing. Members of SACCOS are both the owners and clients of the institutions (Makori et al., 2013; Mataba, 2010; Temu and Ishengoma, 2010). Cooperatives including SACCOS are non-profit associations which are member based microfinance institutions that are formed on the basis of common bonds, either community bonds or occupational bonds (Magali and Qiong, 2014; Lagat et al., 2013; Getachew, 2013).

SACCOS provide financial services to people who would otherwise have insufficient or no access to the services (Kivuvu and Olweny, 2014). This observation was also shared by other previous authors. For example, Zikalala (2016) noted that poor and marginalised people throughout the world are excluded from financial services offered by the Formal Financial Institutions (FFIs) such as the banks on the ground that they are risk borrowers who do not own collaterals. In the case of Zwaziland, FinMark Trust (2011) found that only about 43.9% of the adult population had an access to FFIs and that about 44.4% of the population did not access any kind of financial services.

Access to financial services or financial inclusion is one of the major drivers of economic growth as it allows households and firms to reduce their transaction costs and risk of dealing with cash only (Royer, 2014; Maimbo and Gallegos, 2014). It also enables individual members and households to accumulate capital for lump sum investment through savings and development of entrepreneurship (AfDB, 2013).

Worldwide, SACCOS have proved to be important players of the global financial sector by reaching the poorest people and having a considerable economic influence (UN, 2013). They serve 857 million people, including 78 million living on less than one US dollar a day. SACCOS generate more than 100 million jobs throughout the world and provide livelihood to about three billion people and also contribute significantly to national economies (UN, 2013). In the year 2013 for example, there were 51,000 credit unions around the world which were operating in 100 countries. They had about 196 million members and they owned assets worth \$1.56 billion dollars (UN, 2013). In average, market penetration for SACCOS in the same year was about 7.8% but it varied from one region to another. For example, in North America, Oceania and Caribbean, SACCOS are renowned for their highest market penetration with 45%, 26.3% and 17.5%, respectively. On the other hand, in Africa, Latin America, Europe and Asia market penetration for SACCOS was 7.2%, 5.7%, 3.5% and 2.7%, respectively (UN, 2013). SACCOS provide financial services to a large number of people from different parts of the world. For example in the USA alone, they serve about 4 million members and run business worth \$93 billion.

SACCOS are well developed in South American countries such as Argentina, Brazil, Chile and Uruguay. For example, in Bolivia the poultry producers' SACCOS supply about 60% of chickens and nearly 30% of eggs consumed in the country. In India,

SACCOS play a major role of supporting the green revolution and they supply 34% of fertiliser inputs in the country (Hezron and Muturi, 2015). In Tanzania, SACCOS have gained popularity as the most useful financial institution to majority of the poor people (Qin and Ndiege, 2013; Temu and Ishengoma, 2010).

This is because it enhances ability of the households to manage scarce resources more effectively, protect them against risks and provide security for the future. Access to credit also promotes savings and increases empowerment of poor people. SACCOS in the country are the major providers of financial services in the rural areas (Qin and Ndiege, 2013). For example, up to March 2012, there were a total of 5424 SACCOS registered with the Ministry of Co-operatives and Marketing in Tanzania whereby 3039 were in the rural areas. These SACCOS had a total of 1,059,213 members all over the country (UN, 2013; Qin and Ndiege, 2013).

Despite of this important role played by SACCOS and their comparative advantages in promoting accessibility to financial services among poor people, they also have several drawbacks which affect their performance in rendering the anticipated good services. Previous other studies (Zikalala, 2016; Baiyegunhi and Fraser, 2014; Ardic et al., 2011) noted that some of the SACCOS in recent years were plagued by scandals which are likely to affect their performances. Moreover, some of the leaders of SACCOS were criticised for allowing weaknesses to persist in their institutions without taking drastic measures to halt the situation. This lack of vigilance made the institutions more liable to difficulties.

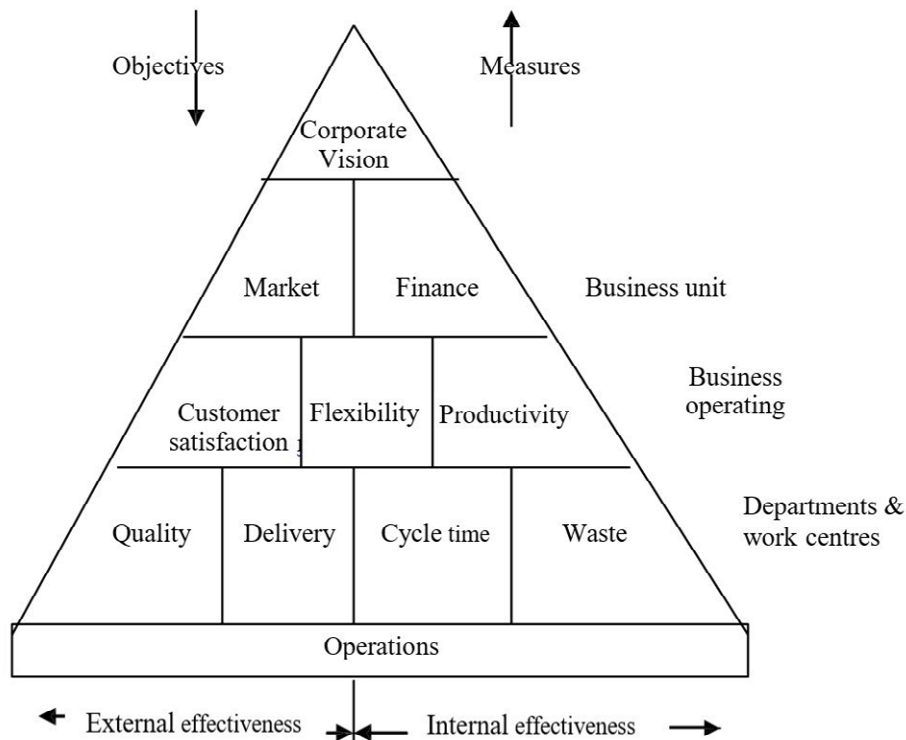
Some of the weaknesses which are likely to cramp performance of SACCOS and other types of cooperatives include: poor management which causes problems of ineffective resource allocation; high loan burdening; low liquidity levels; and knowledge about their organisations (Lakew et al., 2014). These and many other weaknesses are likely to affect performance of SACCOS and consequently reduce their contribution in improving lives of poor people. The impact of these weaknesses on performance of the SACCOS needs to be studied. There is large volume of literature in the area of MFIs and SACCOS in general around the world. Some of these studies (Hezron and Muturi, 2015; Maimbo and Gallegos, 2014; AfDB, 2013) conducted researches on the role of SACCOS in providing access to financial services among poor people. Few studies which dealt with performance of SACCOS include Muthoni (2016) who studied the effect of financial performance of SACCOS; Wanjiru and Muturi (2016) who studied factors affecting financial performance of SACCOS; and Hezron and Muturi (2015) who studied the effect of internal factors on performance of SACCOS. None of the reviewed studies assessed performance of SACCOS in the context of Tanzania using both financial and non-financial indicators. The aim of this study therefore was to fill this knowledge gap by assessing performance of SACCOS in Tanzania with special emphasis to Dodoma city.

2 Theoretical framework: the pyramid theory of performance

This study subscribes to the Pyramid Theory of Performance as depicted in Figure 1. The theory is also known as the Strategic Measurement Reporting Technique (SMART). In addition, it has included both internal and external measures and how they should flow through the whole organisation in order to achieve its goals. Previous other studies (Striteska and Spickova, 2012; Page and Prescott, 2005; Tangen, 2004) noted that it is an excellent example of strategically driven Performance Measurement System (PMS). The

theory is a useful tool for trickling down objectives to lower levels of the organisation while maintaining the vision defined at the top by corporate management (Page and Prescott, 2005).

Figure 1 The pyramid theory of performance

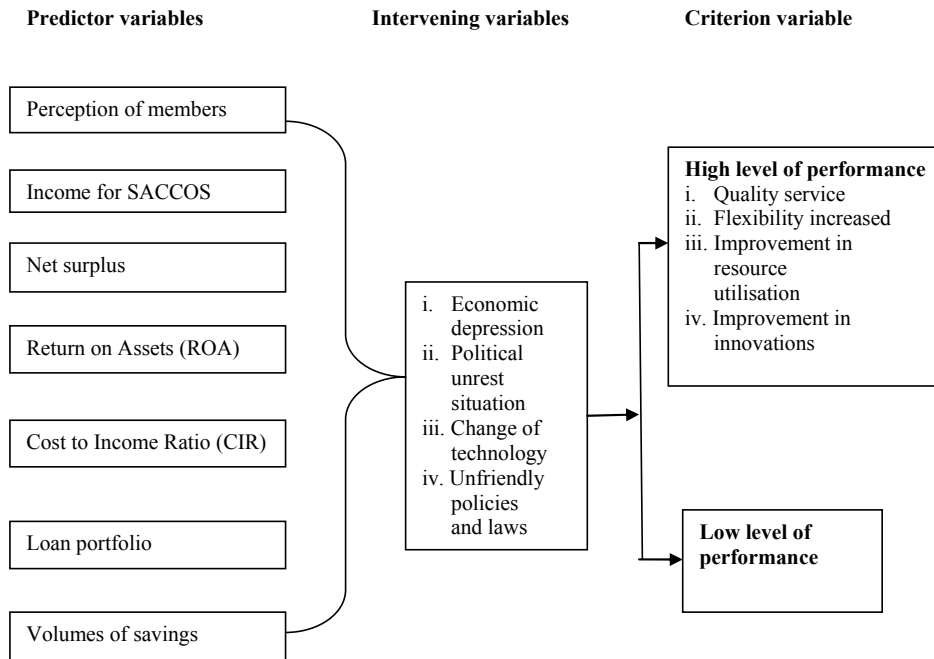


In developing the theory, the authors recognised the importance of including both financial and non-financial indicators (Neely et al., 2000) which gives it the quality of being multidimensional measure. At the top of the pyramid, there is vision or mission of the SACCOS and description of how to achieve them in the long-term. Level two of the pyramid involves Critical Success Factors (CSF) of the SACCOS in terms of market related and financial related measures. Level three is concerned with linking the marketing and financial strategies developed in level two with achievement of customer satisfaction, increased flexibility and high productivity. Achievement of what is mentioned in level three can be monitored at the departmental level with four indicators which are: quality of the services, delivery time, cycle time and waste. As one can observe, the left hand side of the pyramid contains measures which are predominantly non-financial and have external focus while the right hand side measures are predominantly financial and are focused on the internal efficiency of the SACCOS.

2.1 Conceptual framework

In analysing performance of the SACCOS, seven performance indicators were analysed and tested. The summary is presented in the conceptual framework (see Figure 2).

Figure 2 Conceptual framework: predictors of performance



This conceptual framework has three important levels which are: predictor variables; intervening variables; and criterion variables. Predictors of performance were chosen from the reviewed literatures as they were considered to be relevant to operations of SACCOS in the study area. These predictor variables were tested for performance using various methods as explained in the methodology. The assumption here is that if there are no intervening variables which may alter the expected performances, then the end result will be high levels of performance in the SACCOS. However, if there are some intervening variables, then the end result will be low or poor performance. If this happens, management of the SACCOS should consider revisiting its strategies in order to improve performance of their institutions.

High levels of performance in the SACCOS will manifest itself in terms of improved quality of services; increased flexibility in rendering services to customers and other stakeholders; improvement in resource utilisation; and improvement in innovations.

3 Methodology

The study was conducted in Dodoma city and it applied cross sectional research design. This area was selected purposely because of its position as capital city of the country where most residents were not much involved in intensive agriculture. Most of the residents of the city were either business people or employees working in different

organisations and they were members of the SACCOS. Hence, the study sought to assess performance of their SACCOS for their own development. Data for the study were collected at one point in time due to the fact that performance of the SACCOS in the area was not expected to change within a short period of time.

Furthermore, the design has a number of advantages over other designs as follows: it uses data from a large number of subjects; it can also include data on attitudes and behaviours of the respondents; it generates hypotheses for future researches and it reduces cost and at the same time save time without compromising quality (Saunders et al., 2000).

Sampling procedures in this study involved multi-stage sampling technique with three stages. The first stage involved selection of the geographical location, the second stage involved selection of the SACCOS while the third stage involved selection of the main respondents. A total of 20 SACCOS which had been operating in the city for more than 10 years at the time of conducting the study were selected randomly from the list of old SACCOS. The third stage involved selection of sample size which consisted of 300 respondents who were selected from the population of 3000 members by the use of simple random sampling technique. The number of sample size was computed by the use of Yamane formula (1967) as shown below.

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

whereby

n = sample size

N = population

e = precision

In addition to the main respondents, the study selected 10 key informants purposively basing on their experience and knowledge of the SACCOS in the city. Data for the study were collected through observation, interviews and documentary review.

Analysis of data was done by the use of different techniques such as members' perception on performance; profitability indicators like incomes; net surplus; return on investment; costs on investment; loan portfolio; and amount of savings. In addition, descriptive statistics like tables, graphs, bar charts and percentages were also used in analysing performance of the SACCOS in the study area.

4 Findings and discussion

The aim of this section was to assess performance of the SACCOS in Dodoma city. In doing this, performance of the SACCOS were assessed based on the following indicators: perception of members; incomes of the SACCOS; net surplus; return on investment; costs on investment; loan portfolio; and amount of savings. Analyses of these indicators are provided hereunder.

4.1 Performance of the SACCOS based on perception of members

Performance of the SACCOS based on perception of members is presented on Table 1. Respondents were asked to indicate their views on the levels of performances of their SACCOS. The findings show that majority (56.4%) of the respondents said that performances of their SACCOS were high, 33% said they were moderate while 10% of the respondents said they were low (see Table 1).

Table 1 View of respondents ($n = 268$) on performance of the SACCOS

<i>Levels</i>	<i>Per cent (%)</i>
High	56.4
Moderate	33.0
Low	10.6

Further investigation from the key informants revealed that there were high levels of performances particularly in the area of Information Technology (IT). One of the areas where high level of performance manifested itself was through the introduction of electronic transactions in activities of the SACCOS which was facilitated by mobile phones. This was seconded by both members of the SACCOS and mobile telecommunication companies. It was found that in recent years, the number of SACCOS which were using electronic transactions in the study area had increased rapidly. Most members of the SACCOS were happy with this kind of innovation as they were able to get their loans easily and quickly as well as making repayments through the use of M-Pesa, Tigo-Pesa, Airtel Money and other mobile services.

This appears to be a safer and convenient way of conducting business as it reduces risks of handling cash during transactions. Furthermore, respondents said that they were relieved from the burden of carrying large amounts of cash with them and travelling long distances to centres which offer payment services especially for those who were doing physical payments. On the other hand, a few members were not pleased with this kind of financial innovations. They argued that their SACCOS had failed to meet their expectations. They raised their concern on long processes of getting loans and that the amounts being issued were still very small, something which forced them to look for more loans from other institutions which in turn resulted in having multiple loans.

Some of the respondents noted that their SACCOS had been putting more effort on diversification to different types of businesses. Some of the typical examples that were given include: establishing supermarket businesses, farming and so on. This diversification according to them had some shortcomings on the side of the SACCOS because sometimes there was not enough money ready for loans when needed by members as it had been spent in other business activities. In a similar study, Gathurithu (2011) found that sometimes diversification in SACCOS resulted in a negative impact in the side of members because sometimes when they need loans they do not get them because money might have been directed to other businesses.

4.2 Performance of the SACCOS based on profitability ratios

In order to assess performance of the SACCOS in Dodoma city, various performance indicators were established and their figures computed for the period of 10 years for which performance of the SACCOS were assessed. Indicators which were used for this

assessment include: net surplus for the SACCOS; ROA for the SACCOS and CIR for the SACCOS (see Table 2). Equations (1), (2) and (3) show formulas which were used to compute net surplus, ROA and CIR.

Table 2 Performance indicators for the SACCOS in the study area

<i>Years</i>	<i>Total incomes (in TZS)</i>	<i>Total expenses (in TZS)</i>	<i>Net surplus (in TZS) (%)</i>	<i>ROA CIR(%)</i>	
2006	54,007,226.00	20,252,375.00	33,754,851.00	62.5	37.5
2007	71,390,458.75	27,973,433.96	43,417,024.79	60.8	39.2
2008	122,362,506.50	18,191,821.38	104,170,685.13	85.1	14.9
2009	150,859,606.63	45,191,250.00	105,668,356.63	70.0	30.0
2010	181,625,307.50	51,551,500.00	130,073,807.50	71.6	28.4
2011	174,200,552.50	55,568,500.00	118,632,052.50	68.1	31.9
2012	513,841,250.00	45,693,375.00	468,147,875.00	91.1	8.9
2013	182,818,858.63	48,285,846.38	134,533,012.25	73.6	26.4
2014	386625035.88	56790404.45	329,834,631.43	85.3	14.7
2015	553,220,235.75	60,621,936.21	492,598,299.54	89.0	11.0

Source: Computed from annual financial reports of SACCOS in the study area

$$\text{Net Surplus} = (\text{Total Income}) - (\text{Total Expenses} + \text{Income Tax Expenses}) \quad (1)$$

$$\text{Return on Assets (ROA)} = \frac{\text{Net Surplus}}{\text{Total Assets}} \times 100 \quad (2)$$

$$\text{Cost to Income Ratio (CIR)} = \frac{\text{Total Costs}}{\text{Total Income}} \times 100 \quad (3)$$

4.3 Performance of the SACCOS in terms of their incomes

Generally, it was found that there was an increase in incomes of the SACCOS for the whole period of 10 years under the study with the exception of two years where there were slight decreases. The two years which registered decrease were 2011 and 2013. In the year 2011, there was a decline of income from TZS181,625,307.50 to TZS174,200,552.50 which is a decrease of 4.1% from the previous year, while in the year 2013 there was a decrease of TZS331,022,391.37 from 2012 which is equivalent to a decrease of 64.4% from the previous year. In all the remaining eight years there were positive increases in terms of incomes generated by the SACCOS. For example in the year 2006, the SACCOS had an income of TZS54,007,226.00 while in the year 2015 the income increased to TZS553,220,235.75. In this case, the percentage increase for the whole period of 10 years was 924.3% which is very significant. On average therefore income for the SACCOS increased by 92.4% per year. In short, performances of SACCOS in the study area in terms of incomes were high.

4.4 Performance of the SACCOS in terms of net surplus

Performances of the SACCOS were also assessed by using net surplus in the SACCOS for the period of the study. This ratio was used because it gave the SACCOS reliable source of finance that can be used to increase investment or dividend among their members. When SACCOS have enough net surpluses, they may decide to reduce rate of interest charged on loans given to their members because costs incurred in other activities may be covered using net surplus. Result of this indicator show that net surplus for the SACCOS in the study area increased throughout the period of 10 years under study With the exception of the years 2011 and 2013 (see Table 2). For example, while the net surplus in 2006 was TZS33,754,851.00 in the year 2015 it increased to TZS492,598,299.54 which implies that there was an increase of net surplus of 1,359.3% for the whole period of 10 years. However, in the year 2011 and 2013 the rates of net surpluses decreased due to the fact that incomes generated for those two years decreased from the previous years. In short therefore, there was an average increase of 135.9% of net surplus per year which is a high level of performance.

4.5 Performance of the SACCOS in terms of return on investment

Another indicator which was used to assess performances of the SACCOS in the study area was ROA. This measure was used because it indicates the extent of profitability of the SACCOS relative to their total assets. It gives the SACCOS idea of how efficient were their management teams at using their assets in generating earnings. In other words, it tells the owners or members the amount of earnings that were generated from the invested capital (assets). The higher the percentages of ROA for the SACCOS, the better were the financial performances. That means the SACCOS were earning more money on less investment which is a sign of high efficiency of the SACCOS. Table 2 shows that for the whole period of 10 years under the study, the SACCOS managed to generate ROA which were more than 60% of the total assets invested.

The minimum figure of ROA was 60.8% which was generated in the year 2007 while the highest figure was 91.1% which was realised in the year 2012. According to these figures it shows that SACCOS in the study area were generating earnings which were between 60.8% and 91.1% of the total value of assets each year. The ratios of ROA were also higher than the consumer price index of 5.6% issued by the Central Bank of Tanzania in 2015 and also higher than the discount rate of 6.25% issued by the central bank during the same period. This shows that performance of the SACCOS in the study area in terms of profitability was positive and attractive which implies that they were achieving high performance in terms of ROA. This high ratio of profitability enabled the SACCOS in the study area to charge relatively low rates of interest on loans.

4.6 Performance of the SACCOS in terms of costs on investment

Another indicator of performance which was used to assess performances of the SACCOS in the study area was Cost-to-Income Ratio (CIR). This is because the ratio measures the cost of running the SACCOS compared with their operating incomes. The lower the CIR, the more profitable were the SACCOS and the vice versa. This is a useful indicator for measuring or gauging efficiency of management team of the SACCOS. According to Table 2, the CIR did not exceed 39.2% for the whole period of 10 years.

The highest figure of the ratio of CIR which was recorded for the whole period of 10 years was 39.2% that was realised in the year 2007.

This implies that in that year, cost of operating SACCOS was 39.2% of the total income generated by the SACCOS in the same period. In most organisations, if CIR exceeds 50% of income, it means that operating system in the organisation is not efficient. According to this result it means that even the highest ratio of CIR recorded in the operations of the SACCOS was not yet bad. The most efficient year for the SACCOS in the study area was 2012 in which the CIR was 8.9% which means that the costs of operating the SACCOS in that year were only 8.9% of the total incomes generated by the SACCOS. Generally, data in Table 2 shows that SACCOS in the study area were achieving high performance in terms of CIR for the whole period of 10 years under the study.

4.7 Performance of SACCOS in terms of loan portfolio

Loan portfolio is another indicator which was used to assess performance of SACCOS in the study area (see Table 3). This refers to loans that have been granted and are being held for repayment. Loan portfolios are the major assets of the banks and other financial institutions including SACCOS. This is because SACCOS are expected to maximise investment in productive assets as a way of generating sufficient earnings for financial sustainability.

Table 3 Performance of SACCOS in terms of loan portfolio ratio

<i>Years</i>	<i>Loans (in TZS)</i>	<i>TD (in TZS)</i>	<i>TL (in TZS)</i>	<i>TA (in TZS)</i>	<i>TL/TA (%)</i>
2015	2,016,729,326.63	5,021,250.00	2,021,750,576.63	3,040,526,885.50	66.5
2014	1,991,856,230.00	6,527,625.00	1,998,383,855.00	2,766,278,094.13	72.2
2013	1,941,550,000.00	2,175,875.00	1,943,725,875.00	2,587,320,074.63	75.1
2012	1,924,879,450.00	0.00	1,924,879,450.00	2,536,581,180.25	75.9
2011	1,874,600,000.00	0.00	1,874,600,000.00	2,507,316,665.75	74.8
2010	1,774,175,000.00	3,514,875.00	1,777,689,875.00	2,029,260,190.75	87.6
2009	1,322,262,500.00	7,197,125.00	1,329,459,625.00	1,481,898,916.88	89.7
2008	1,004,344,901.63	9,875,125.00	1,014,220,026.63	1,136,123,423.50	89.2
2007	820,137,500.00	1,723,962.500	821,861,462.50	902,853,722.88	91.0
2006	50,307,518.79	4,181,027.50	54,488,546.29	119,911,918.91	45.4

Source: Computed from financial position of SACCOS in study area (2006–2015)

Key:

TD = Total Delinquency

TL = Total Loans

TA = Total Assets

In order to establish whether this was the case in the study area, the study assessed loan portfolio for the SACCOS for the entire period under the study, i.e. the period between the year 2006 and 2015. According to the World Council for Credit Unions (WOCCU) any credit organisation which is able to maintain between 70% and 80% of its total assets in terms of loans is considered to have high performance. Ratio of loan portfolio in this study was computed by using equation (4).

$$\text{Loan Portfolio Ratio} = \frac{\text{Net Loans}}{\text{Total Assets}} \times 100$$

In the year 2015 for example, loan portfolio was computed as follow:

$$\text{Loan Portfolio Ratio} = \frac{\text{TZS}2,021,750,576.63.100}{\text{TZS}3,040,526,885.50} = 66.5\%$$

This means that in the year 2015 about 66.5% of all assets of the SACCOS were maintained as loans. However, if all assets are maintained in terms of loan portfolio there is a risk that in case where large amount of money is defaulted, then operations of the SACCOS may be cramped. SACCOS in the study area maintained a positive rate of increase in the value of loan portfolio for the whole period of 10 years under the study. In the year 2006 for example, the SACCOS had a loan portfolio of TZS50,307,518.79 while in year 2015 the value of loan portfolio increased to TZS2,016,729,326.63 which was an increase of 3,908.8% for the entire period of 10 years.

Table 3 shows that the ratio of loan portfolio for 10 years of the study was within the level recommended by the WOCCU with the exception of three years which were 2006 that had 45.4%; 2007 which recorded = 91% and 2015 which had 66.5%. While the ratios of loan portfolio for the years 2006 and 2015 were below the level recommended by WOCCU, on the other hand level of loan portfolio for the year 2007 was above the level recommended by the WOCCU. The remaining period of seven years (70%), the ratio of loan portfolio were within the recommended level of 70% to 80%. This implies that performance of the SACCOS in the study area in terms of loan portfolio was high.

4.8 Performance of the SACCOS in terms of amount of savings

Savings is one of the most important sources of funds for SACCOS as it enables them to be independent from external sources of financing thereby eliminating credit rationing. Furthermore, it provides members with greater selection of savings and loan products. It is until a SACCOS has managed to save enough money that it can start to issue loans to its members and hence attract interest. This is the reason for the name Savings and Credit Co-operative Societies which means that they have to save first before issuing credits to their members. In analysing performance of any SACCOS, it is therefore important to assess how it has managed its savings and whether its strategies for accumulating savings are sustainable. This is the reasons which prompted the author to assess volumes of savings for the SACCOS in the study area (see Table 4).

Table 4 shows that SACCOS in the study area managed to maintain a positive rate of increase of volumes of savings for the entire period of 10 years under study. For example, in the year 2006, they accumulated volumes of savings amounting to TZS180,765,000 while in the year 2015 it increased to TZS1,887,331,647.18 which is an increase of 944%. This as one can observe is a good indication that each year there was an increase in savings of the SACCOS. Furthermore, the researcher went further by establishing the ratio of volume of savings to total assets of the SACCOS as shown in equation (5).

$$\text{Savings Volume Ratio} = \frac{\text{Net Savings}}{\text{Total Assets}} \times 100 \quad (5)$$

According to WOCCU, health situation for any credit organisation including SACCOS is achieved when the ratio of its savings to total assets is between 70% and 80%. Table 4 shows that ratios of Volume of Savings to Total Assets (VS/TA) for the SACCOS in the study area were less than the level recommended by WOCCU with the exception of the year 2006 when it was far above the recommended level. This implies that performances of SACCOS in the study area in terms of ratio of VS/TA were not good and that they had not managed to generate enough savings. Finding of this study is consistent with the study by Chambo et al. (2008) who found that members were not saving in order to borrow money, but rather due to competitive rates offered by their SACCOS.

Table 4 Performance of SACCOS in terms of volume of savings

<i>Year</i>	<i>Total assets (in TZS)</i>	<i>Volume of savings (in TZS)</i>	<i>VS/TA (%)</i>
2015	3,040,526,885.50	1,887,331,647.18	62.1
2014	2,766,278,094.13	1,526,962,125.00	55.2
2013	2,587,320,074.63	1,191,375,250.00	46.0
2012	2,536,581,180.25	1,003,413,125.00	40.0
2011	2507316665.75	814,112,000.00	32.5
2010	2029260190.75	281,190,000.00	13.9
2009	1,481,898,916.88	269,473,750.00	18.2
2008	11,36,123,423.50	247,715,000.00	22.0
2007	902,853,722.88	212,566,250.00	23.5
2006	119,911,918.91	180,765,000.00	150.7

Source: Extracted from financial position of SACCOS in study area (2006–2015)

Key:

VS = Volumes of Savings

TA = Total Assets

5 Conclusions

Performances of SACCOS in the study in terms of perception of the members were high. This performance manifested itself in terms of innovations in IT which include introduction of electronic transactions in financial activities which hastened financial transactions and at the same time reduced the risks of handling cash. Other indicators which were used to measure performance of the SACCOS are: incomes; net surplus; return on investment (ROA); costs of investment (CIR); loan portfolio; and amount of savings. Assessments of these indicators show that SACCOS in the study area achieved high performance in the following areas: incomes, net surplus, ROA, CIR and loan portfolio.

Generally, there was an upward trend in incomes of the SACCOS for about 80% of the period under which the study was carried. In terms of net surplus, the SACCOS in the study area managed to generate an average increase of net surplus of 135.9% per year which means high performance. Performance in terms of ROA was also good as they were able to generate rates which were within the level recommended by WOCCU. In

terms of cost to revenue, the SACCOS in the study area achieved high performance because the ratios of CIR did not exceed 39.2% for the entire period of study. The SACCOS were able to maintain costs of operation below the level of 39.2% of their investments which is a high performance. Performance of the SACCOS in terms of loan portfolio was also high. This is because ratios of loan portfolios were within the level recommended by the WOCCU for the entire period of study. However, performance of the SACCOS in terms of amount of savings was not good. This is because the ratios of VS/TA were below the level recommended by the WOCCU for the entire period of study.

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