

ASSESSMENT OF MEMBERS' PARTICIPATION IN DECISION MAKING ON SACCOS AFFAIRS IN MBEYA REGION TANZANIA

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Abstract: The main objective of this study was to assessing whether there is member participation in decision making in their SACCOS affairs. Purposive and simple random sampling techniques were used and 128 questionnaires were distributed, of which 120 were collected and 113 were used. Observation, documentary review and personal interviews were also conducted to SACCOS' members, board members, and employees from 8 SACCOS in 4 districts of Mbeya Region, Tanzania. Data were analyzed and presented using SPSS and frequency distribution tables.

Through questionnaires and observation it was found that, members' participation and leadership was very good. However the quality of participation was subject to education, experience on the particular activity. It was concluded that effective member participation in SACCOS was well realized. It is also recommended that, SACCOS should solicit education funds and ensure regular training to its members. SACCO's members, employees and board members should be equipped with training on various technical skills.

Keywords: SACCOS; Participation; Members; Activities.

1. INTRODUCTION

Research findings shows that in Tanzania, there have been some positive results of financial sector reforms such as increase in financial products offered, improved efficiency, introduction of modern technology and decrease in lending interest rates. However, financial sector reforms have not positively affected all economic groups within the country. The lower income and rural population to a greater extent has been negatively affected by it. With state-owned banks restructuring accompanied by closure of some banks to concentrate mainly in urban areas. At the same time, some of them are offering financial services to a selective group of clients. This results into widening of institutional gap in the provision of financial services to low-income groups in the county (ICA, 2002).

In Tanzania SACCOS has promoted community ownership and empowerment. It is contributing to give voices to community in accessing financial resources needed. Also they are providing security framework to qualify for bank loans to improve community's effort in income generating activities. SACCOS promotes community ownership and peoples' voice is the driving force in relation to the cooperative principles. Members have equal right to participate in development of their society (Mwabulanga, 2009).

One of the critical factors, for causing member participation, is member empowerment. Empowerment is a process that increases the capacity of the disempowered to act on their own behalf and analyze and understand their problem, to recognize their ability to act on their own behalf and increase their power and control over resources necessary for sustainability and dignified life (TGNP, 1993; Muro, 1994; Misana, 1995).

However in Tanzania there are many areas where the member empowerment problem manifests itself. Studies conducted revealed that there are internal and external constraints facing SACCOS on empowering its members. External constraints consist of conditional and economic disempowerment. Internal constraints consist of the national system and micro-level dynamics of empowerment inside individual SACCOS (Chambo, 2003).

1.1. Empirical evidence in Tanzania:

The study conducted by Bibby, (2006) revealed that, successful SACCOS in Tanzania were not immune from the need to anticipate change. Posta na Simu SACCOS Ltd was a Tanzania's largest SACCOS, providing services to employees of Tanzania Telecommunication Company, Tanzania Postal Company, Tanzania Postal Bank, and Tanzania Communication Regulatory Authority. However, the job lost particularly in TTCL, threaten to reduce dramatically the number of members in the SACCOS and hence reduce her capability strength. Posta na Simu SACCOS was responding in several ways in empowering their members in terms of entrepreneurship development in order to make their SACCOS sustainable.

The study conducted by Mwabulanga (2009) on the SACCOS strengthening project which was carried in Dar es Salaam region revealed that, with members' empowerment, knowledge, skills and experience was shared in the process of problem identification, planning, implementation, monitoring and evaluation of the co-operative activities in a participatory manner. However, it was noted that at times, involvement and participation of members in SACCO's affairs was still weak. This was observed in Kimara Ward during participatory assessment where it was found out that, many SACCOS were experiencing deterioration of membership due to inadequate skill, knowledge and experience. The findings of this study based on importance of member participation on the decisions which have effects on their SACCOS and members capacity building. This study was on community-based SACCOS as the one which the researcher conducted, the difference was the area of the research which was the basis of comparison.

An article written by Orute (2004) on inadequate governance and poor management revealed that the management of most SACCOS had been left in the hand of the management committee. These are the people who wield executive powers and in most cases some of them were elderly people who predisposition was to resist change from all quarters and fight new ideas. These were people who regard any form of criticism, however genuine, as a conspiracy against them.

He added that this was not to say that old people have nothing tangible to offer, what he was opposed to, was a situation where the whole management of a financial entity like SACCOS was left in the hands of unscrupulous management committees instead of manager with sound knowledge of financial management. He argued that to make matters worse, these people run SACCOS as if they were social clubs and not business organization or entities, and therefore this study assesses of members' participation in decision making on SACCOS affairs.

2. METHODOLOGY

2.1. Area of study:

The area of study was in a community-based SACCOS in selected four districts in Mbeya region in (Mbeya city, Mbeya rural, Mbozi and Rungwe). The targeted population for this study was SACCO's board members, staff and members from selected SACCOS. Board members were selected because the researcher expects to get essential information that answers research questions due to experience they had in the SACCOS. SACCO's staff was selected because they are the one who deal with daily SACCOS activities, hence having essential information concern SACCOS. Members of SACCOS were selected because they are the one who own the SACCOS. They were expected to provide useful information regarding participation, SACCO's governance and capacity building. It should be noted that, board members and staff are also SACCO's members.

2.2. Sampling techniques:

The study used purposive sampling and simple random sampling. Purposive sampling enables the researcher to use his/her judgment to select cases that will best enable answer research questions and meet research objectives (Saunders et al., 2007) Inclusion of participants depend on the researchers conception of their ability to provide necessary and quality information. SACCOS were selected basing on performance, geographical location and members occupation. Members who joined SACCOS and acquired services for more than two years were selected because they have experience with SACCOS. Board members were selected upon their committee and position in the SACCOS board. After identification the criteria of choosing the sample, members were selected by using simple random sampling. Moreover every effort was made to ensure that all potential and prospective sources of information were optimally utilized for meaningful and unbiased results for the study.

2.3. Sample size:

A total of 80 members were expected to take part in the study, 20 and 10 members from each district and SACCOS respectively; 24 people from board members were selected, 6 and 3 from each district and SACCOS. 24 people from SACCO's employees were also selected 6 and 3 from each district and SACCOS respectively. That means 2 SACCOS were selected from each selected district. The study involved different districts and SACCOS as per selection criteria shown in the table below.

2.4. Data collection methods:

This study used four data collection methods. They include questionnaires, interviews, observation and documentary review. In this study, questionnaires were designed to capture primary data from SACCO's members, staff and board members. Questionnaires consisted both open-ended and close-ended questions. Open-ended questions were employed so as to impress interviewees in expressing their views and opinions on the related matters. Closed-ended questionnaires were used whereby some questions demanded respondents to select an answer from the list provided under each question in the questionnaire. To ensure high response rate, questionnaires were translated and administered in Kiswahili. Pilot study revealed that most of SACCO's members, staff and board members were standard seven leavers who were not conversant with English language. The questionnaires were self administered by the researcher. Before embarking on data collection process, the questionnaires were tested so as to ensure that important considerations were taken into account in refining some of questions and make them user friendly. This instrument was used because it is one of the most widely used as survey data collection technique and it provides an efficient way of collecting respondents from large sample prior to quantitative analysis (Saunders, et. al., 2007).

2.5. Data analysis:

Data obtained were analyzed by using both quantitative and qualitative techniques. Before that, data analysis, data were cleaned. Data cleaning is the process of detecting and correcting errors and inconsistency in the data and it include identification of missing data, eliminating duplication and detecting entry errors (Saunders, et. al., 2007). Preparation of data for analysis was involving coding of data to facilitate the recording and entering in the computer for analysis. The data analysis was carried out with the help of Statistical Package for Social Science (SPSS). The data analysis package helps in producing a tally of summarized data and also coding of the data. Frequency distribution tables were used to facilitate the interpretation and presentation of data. The findings from this study were discussed in relation to the study objectives.

3. RESEARCH FINDINGS AND ANALYSIS

As shown in Table 1 below, questionnaires were distributed to three categories of people; members, employees and board members. The overall response rate was that; out of 128 questionnaires distributed to respondents, 120 were collected. Due to different errors or unclear information entered in the questionnaires exactly 113 questionnaires were used in data analysis. Non response was due to the fact that, members were discouraged by the leadership that existed, the way leaders manage their SACCOS. Some members did not even want to hear about SACCOS. This was revealed by interviewees of some of visited SACCOS.

Table 1 Distribution of expected and actual respondents

Name of District	Name of SACCOS	Selection criteria	Categories	Respondents	
				Expected	Actual
MBEYA CITY COUNCIL	UWAMU	Occupation – Business persons	Members	10	10
			Employee	3	3
			Board members	3	3
	NEEMA	Geographical location - Urban	Members	10	10
			Employee	3	3
			Board members	3	3
MBEYA RURAL	SWAYA	Geographical location - Rural	Members	10	10
			Employee	3	3
			Board members	3	3
	MKOMBOZ	Occupation –	Members	10	10

	I	Farmers	Employee	3	2
			Board members	3	3
MBOZI	TUNDUMA	Geographical location - Border	Members	10	10
			Employee	3	3
			Board members	3	3
	WAT	Gender - Women	Members	10	5
			Employee	3	3
			Board members	3	2
RUNGWE	KIWIRA	Duration /Performance – Best Case	Members	10	10
			Employee	3	3
			Board members	3	3
	JITIHADA	Duration /Performance – Worst Case	Members	10	7
			Employee	3	-
			Board members	3	1
TOTAL				128	113

Source: Data from survey (2014)

3.1. Occupation:

Survey results based on overall SACCOS (Table 2) indicated that majority (34.5%) of respondents were farmers. The second largest group (28.3%) of respondents was business persons; further more there was another group (8.8%) of respondents who were farmers and business persons. Only 10.6 % were ordinary employee, while 17.7% were employed by SACCOS. However survey results based on individual SACCOS (Table 4.6) indicated that the majority (MKOMBOZI 80%; SWAYA and KIWIRA 68.8%; JITIHADA 62.5%) of respondents were farmers. The second large group (UWAMU 68.8%; NEEMA 62.5%; TUNDUMA 31.3%) of the respondents were business persons. Majority of a combination of both farmers and business persons were from TUNDUMA 43.8%. Lastly at WAT a SACCOS for women, 50% of respondents were employees.

This implied that majority of community based SACCOS in Mbeya region were formed by farmers and business persons. This is in agreement with what is stated in co-operative Act, that primary activities of SACCOS are to mobilize savings and furnish secured and unsecured loans or credit to households, smallholder producers and market entrepreneurs, micro-enterprises in rural and urban areas. (URT, 2003).

It is also indicated that, through SACCOS 17.7% of the sample secured employment from SACCOS and most of them are those people who got redundancy from banks.

Further more there is an indication that this region lack gender awareness, it seemed that most of women who organized themselves to form SACCOS were employees (50%), in one way or another they might have acquired gender balance knowledge from their place of employment.

Table 2: Distribution of respondents by overall SACCO's member's occupation

Occupation	Frequency	Percent (%)
Farmers	39	34.5
Business Persons	32	28.3
Employee	12	10.6
SACCOS employee	20	17.7
Farmer and Business person	10	8.8
TOTAL	113	100

Source: Data from survey (2014)

3.2. Member's participation:

The research objective which deals with members participation was “to assess whether there is member participation in decision making on SACCOS affairs” and the corresponding question was “is there member participation in decisions on SACCO's affairs?” In this part, questions were constructed to find the extent to which members participate in planning,

implementation, monitoring and evaluation of SACCO's matters, particularly in choosing their Board Members, setting SACCOS By-Laws, amount of loan and interest rate and appointment of auditor.

The respondents in this section were asked to indicate the responsible person for choosing leaders, setting amount of loan and interest as well the by-laws and appointment of external auditor, and whether they participate in planning, implementation, monitoring and evaluation of SACCO's affairs.

The following Tables 3 to 8 below represent the findings relating to member participation. The findings revealed that 91.2% of the respondents participate in planning, implementation, monitoring and evaluation of SACCO's affairs as well as in board members election .While 72.6% and 92% of respondents indicated that, SACCO's members are the one who are responsible for setting interest rate and by-laws respectively. These results were in accordance with Cooperative Societies Acts, (Act No. 20 of 2003) Revised Edition, 2004 and Cooperative Societies Rules (2004) which stated clearly what refers to member participation.

On the other hand, 34% and 15% of the respondents indicated that SACCO's members are the one who are responsible for setting amount of loan and appointing external auditor respectively. The rest of respondents indicated other people apart from SACCO's members as being responsible. These results revealed that, there is minimal member participation in this area contrary to the requirements of Cooperative Societies Acts, (Act No. 20 of 2003) Revised Edition, 2004 and Cooperative Societies Rules (2004).

Table 3: Distribution of respondents on member participation

	Frequency	Percent
No	6	5.3
Not sure	4	3.5
Yes	103	91.2
	113	100.0

Source: Data from survey (2014)

Table 4: Distribution of respondents on board member's election

	Frequency	Percent
SACCOS members	103	91.2
Education committee	1	0.9
Credit committee	1	0.9
Supervisory committee	4	3.5
SACCOS Board members	2	1.8
District Co-operative officer	-	-
SACCOS By-Laws	2	1.8
I don't know	-	-
Total	113	100.0

Source: Data from survey (2014)

Table 5: Distribution of respondents on setting amount of loan

	Frequency	Percent
SACCOS members	34	30.1
Education committee	-	-
Credit committee	54	47.8
Supervisory committee	1	0.9
SACCOS Board members	5	4.4
District Co-operative officer	-	-
SACCOS By-Laws	18	15.9
I don't know	1	0.9
Total	113	100.0

Source: Data from survey (2014)

Table 6: Distribution of respondents as per interest rate setting

	Frequency	Percent
SACCOS members	82	72.6
Education committee	1	0.9
Credit committee	11	9.7
Supervisory committee	1	0.9
SACCOS Board members	5	4.4
District Co-operative officer	-	-
SACCOS By-Laws	11	9.7
I don't know	2	1.8
Total	113	100.0

Source: Data from survey (2014)

Table 7: Distribution of respondents on appointment of external auditor

	Frequency	Percent
SACCOS members	15	13.3
Education committee	1	0.9
Credit committee	1	0.9
Supervisory committee	4	3.5
SACCOS Board members	24	21.2
District Co-operative officer	65	57.5
SACCOS By-Laws	1	0.9
I don't know	2	1.8
Total	113	100.0

Source: Data from survey (2014)

Table 8: Distribution of respondents on setting By-Laws

	Frequency	Percent
SACCOS members	104	92.0
Education committee	-	-
Credit committee	-	-
Supervisory committee	-	-
SACCOS Board members	8	7.1
District Co-operative officer	1	0.9
SACCOS By-Laws	-	-
I don't know	-	-
Total	113	100.0

Source: Data from survey (2014)

Based on the interview results it seemed that low participation of members in some aspect in SACCOS was caused by lack of skills and knowledge on their rights and obligation on co-operative societies. Thus there is a need of capacity building to members by equipping them with knowledge, understanding, skills, information and training that enables them to participate effectively.

Apart from the results obtained from questionnaires, member's participation was also observed by researcher in one of SACCOS during one of their board member election exercise. In this election the attendance was excellent. For this particular SACCOS, it seemed that they applied leadership-membership trust model in the process of empowerment.

4. CONCLUSION AND RECOMMENDATIONS

The overall objective of the study was to assess whether there was member participation in decision making on their SACCOS affairs. The existence of capacity building and democratic leadership in SACCOS has been regarded as fundamental facilitating member participation in SACCO's affairs, one of the key factors of member empowerment. In this study, it was found out that, the result from questionnaires on members' participation that exists in SACCOS was very good. Further, it was observed that members do not participate effectively in SACCOS due to lack of skills, abilities, and information and training, which can be facilitated through capacity building and having democratic leadership.

4.1. Conclusion:

The study examined whether there was member participation and capacity building in individual SACCOS. Findings revealed that, though, there was participation in individual SACCOS. Effective participation can exist only and only if members were equipped with skills, knowledge, understanding, abilities, information and training, which can be facilitated through capacity building and having democratic leadership. Absence of those three elements impairs member empowerment.

4.2. Recommendations:

From the study, it was observed that SACCOS are playing a great role of improving living standard of poor people. For the SACCOS to do much better, member empowerment was inevitable. To facilitate member empowerment within individual SACCOS the study recommends that SACCO's members, employees and board members should be equipped with training on various technical skills such as leadership, business management, computer, marketing, gender, cooperatives, financial management, entrepreneurship, rights and obligation of members and rules and regulation which guide cooperative societies and micro-financial institutions. This can be done by the Government agents and supporting institutions. This will enable them to manage their SACCOS, businesses, farming activities and improve their life standard socially and economically.

Furthermore Member's skills on rules and regulations guiding SACCO's operations should go hand in hand with regulatory framework (Co-operative societies Act, 2003). Where there is mismatch between member's knowledge and reform of regulatory framework, may result into serious threats to SACCOS, as the case of one of the SACCOS board members election events in this study. Also, the study recommends that SACCOS management, collaboration with other stakeholders should make sure that market support services is in place in order to assist their members in marketing their products. This can be done through involvement of their members in trade fair exhibition and provision of relevant training on marketing.

Finally SACCO's members should make sure that they attend SACCOs' meetings accordingly so as to enable them to participate full in all matters concern their SACCOS. It is in these meetings where SACCO's leaders, employees and members can communicate and discuss issues concern SACCOS transparently and get opinions from each group (leaders, employees and members) as well as election of their leaders.

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