

# EVALUATION OF CAPACITY BUILDING IN SACCOS - MBEYA REGION TANZANIA

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**Abstract:** The main objective of this study was to assess the internal factors affecting SACCOS on member empowerment in Tanzania. Specific focus was on assessing whether there is member participation in decision making in their SACCOS affairs, capacity building in individual SACCOS and if leadership which exists in SACCOS empowers its members.

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. Data were analyzed and presented using SPSS and frequency distribution tables.

Through questionnaires and observation it was found that, there were some weaknesses in capacity building. It was concluded that, unless there is capacity building effective member participation in SACCOS can hardly be 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. Government should strengthen the capacity of SACCOS by supporting them in required facilities, sufficient funds and relevant skills.

**Keywords:** SACCOS; Members; Capacity building.

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## 1. INTRODUCTION

SACCOS stands for Savings and Credit Co-operative Societies which is a form of co-operative organization that provides financial services to its members. Its primary activities 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). In Tanzania the importance of SACCOS is crucial. SACCOS promotes 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).

Capacity building is defined as the process of developing and strengthening the skills, instincts, abilities, process and resources that organizations and communities need to survive, adapt and thrive in fast-changing world (Phil bin, 1996). Capacity building is much than training and includes the following; Human resources development, the process of equipping individuals with understanding, skills and access to information, knowledge and training that enables them to perform effectively. Organizational development, the elaboration of management structures, processes and procedures, not only within organizations but also the management of relationship between the different organizations and sectors.

For organization, capacity building may relate to almost any aspect of its work, improved governance, leadership, mission and strategy, administration (including human resources, financial management and legal matters), program development and implementation, fundraising and income generation diversity, advocacy and policy change, marketing, positioning,

planning etc. For individual, capacity building may relate to leadership development, advocacy skills, training skills, technical skills, organizing skills, and other areas of personal and professional development (Linnell, D. 2003).

Capacity building is the elements that give fluidity, flexibility and functionality of program/organization to adapt to changing needs of the population that is served. 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). This study intends to evaluate whether there is capacity building in individual SACCOS in Mbeya Region Tanzania.

## 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.

#### 2.2.1 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.

### 2.3. 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).

#### 2.4. 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
	MKOMBOZI	Occupation – Farmers	Members	10	10
			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
<b>TOTAL</b>				<b>128</b>	<b>113</b>

Source: Data from survey (2014)

**3.1. Level of education:**

It was found that 60.2% of the respondent’s attained primary education, 34.5% of the respondents attained secondary education, while only 5.3% of the respondents attained college education (See table 2). Around 34.5% of respondents who attained secondary education were ex- bank employees who were declared redundant and are now employed by SACCOS as accountants or credit officers. The rest attained primary education and majority them were Tanzanians

**Table 2: Distribution of respondents by Overall SACCO’s level of education**

Level of education	Frequency	Percent (%)
Primary	68	60.2
Secondary	39	34.5
College	6	5.3
TOTAL	113	100

*Source: Data from survey (2014)*

**3.2. Members capacity building:**

The research objective on members capacity building was “to assess whether there is capacity building in individual SACCOS” and the corresponding research question was “Is there capacity building in individual SACCOS?” The researcher approached this part by looking at two major aspects; that is training and market support.

**3.3. Training:**

Respondents in this section were asked to indicate whether there was training in SACCOS and indicating the training attended. These questions were open-ended questions, of which everyone was free to explain as much as possible. In general, it seemed that there was no formal training in SACCOS. The existing training was the only one provided to members by different stakeholders including CRDB bank official for those SACCOS which have linked to this bank, district co-operative officer and Rural Financial Services Program (RFSP) for rural SACCOS and Moshi University College of Co-operatives and Business Studies (MUCCoBS). This form of training was provided in the general meeting and by meeting with a group of SACCOS members in seminars. These trainings were provided to few SACCOS which were under RSFP and for those SACCOS which were linked to CRDB banks. Also it was not easier to cover all important aspect required for SACCO’s members within short period (in the meeting). Further more it was noted that few members within these SACCOS attended those seminars.

Moreover, in one occasion in which the researcher attended the board member election, it was observed that though, member’s attendance was excellent, still the election was postponed due to some misunderstanding between election supervising officer and members. It was revealed that members were not familiar to new procedures followed in electing board members as per the section 63 of the (revised edition, 2004) co-operative Act (2003). They used to vote in for incoming candidates (i.e., for new entrance to board member) but not familiar to vote out for outgoing candidates (i.e., for removal from board member). As a result they gave vote out for the candidates whom they wished to continue with as their board membership. Consequently, they realized that the candidate whom they liked to remain as their board member scored highly in voting out. This resulted into chaos which ended up by the postponement of the election till the member understood new election procedures stipulated in (revised edition, 2004) co-operative Act (2003).

In the same meeting, members asked for clarification on reasons for eliminating one of expected incoming candidate from the nominated election candidates. The election supervising officer clarified that such candidate was not eligible for the election as per section 35 (2) of (revised edition, 2004) cooperative Act (2003). The officer elaborated that, the candidate has more than one membership in the co-operative society (SACCOS) with similar objectives, which is prohibited by the Act.

These events implied that although there was member participation, members lack co-operative knowledge and skills which resulted to misunderstanding between election supervising officer and members. Probably the solution would be capacity building to members, board members and employees by equipping them with appropriate knowledge,

understanding, skills, information and training that enables them to perform effectively. This could be done by SACCOS themselves and ask for support from government and other support institutions such as financial institutions, training institutions and non- governmental organizations as per experience on Thai co-operatives given by Wallanchongkon.

### 3.4. Market support:

In this part, question was constructed in such a way that it could reveal whether there was market support in SACCOS. The respondents in this section were asked to indicate whether there were market support services in their SACCOS.

The Table 3 below represents the findings relating to market support. The results showed that 97.3% of the respondents indicated that there was no market support in their SACCOS. 2.7% of the respondents indicated that there is market support. This percentage (2.7%) was from one of SACCOS respondents who claim that they always attended trade fair exhibition. But through interview of non board members of this SACCOS it was revealed that such exhibition attendance was not for all members but for the leaders only. This implied that generally, there was no market support services offered to majority of SACCO's members.

**Table 3 Distribution of respondents on Market support**

	Frequency	Percent
No	110	97.3
Yes	3	2.7
Total	113	100.0

*Source: Data from survey (2014)*

Moreover, some SACCOS through interview revealed that some SACCO's leaders and employees attended recent seminars on marketing which were facilitated by CRDB banks and RFSP. The realization of such benefits from such seminars was not yet to be seen. They agreed that this aspect of market support is very important to SACCO's members and promise to start offering it as early as possible. This implied that the issue here was not market support services, but lack of knowledge and skills on this service; hence members' capacity building is highly needed for member empowerment.

## 4. CONCLUSION AND RECOMMENDATION

### 4.1. Conclusion:

The overall objective of the study was to assess the capacity building in individual SACCOS and if that exists in individual SACCOS empowers its members. The existence of capacity building in SACCOS has been regarded as fundamental facilitating member participation in SACCO's affairs. In this study, it was found out that market support services were not in place, and member capacity building was minimal if not absent; hence need to be strengthened. 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.

### 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 the following 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. Also 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. And finally SACCO's management should make efforts aimed at linking with formal financial institutions like CRDB

banks and other support institutions such as Moshi University College of Co-operative and Business Studies (MUCCo BS) and Rural Financial Services Program (RFSP) which show willingness on assisting these co-operative societies on funding their operations and provision of technical skills and other relevant facilities. These will facilitate the SACCOS in meeting members' requirements in terms of funds and technical skills.

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