

Implementation of the Fifth Co-operative Principle (Education, Training & Information) in Tanzania Savings and Credit Co-operative Societies (SACCOS): Experience from Moshi Rural Teachers' SACCOS and Wazalendo SACCOS

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ABSTRACT

This paper assesses the fifth Co-operative principle (education, training and information) in SACCOS using experience from Moshi Rural Teachers' SACCOS (MRTS) and Wazalendo SACCOS in Kilimanjaro region. Data were collected from 58 respondents by using questionnaires, interview and observation. The study found a satisfactory level of information sharing to members and employees, however, technology has not yet been fully utilized in sharing information relating to SACCOS. Education and training faces a number of challenges leading to lack of necessary skills and knowledge to employees in performing their job. It was also found that there is low engagement of the youth in SACCOS with no effective strategies to persuade them to join SACCOS. The study recommends the use of more advanced technology in information sharing, conducting training needs assessment, having on-the-job training and formulation of strategies for persuading young people to join SACCOS.

Keywords: SACCOS, Education, Training, Information, Co-operative principles.

INTRODUCTION:

Principles that govern organisations are what create the so-called corporate culture (Guiso, Sapienza, & Zingales 2015). The phenomenon of organisational culture as addressed in the management literature usually refers to the common and to the shared and as such resembles the notion of group identity (Erculj, 2009). It is fair to say that organisational principles help to create the organisational culture and ultimately the organisation obtains its identity. The organisational culture stands out as one of the components that is important to sustaining performance, and competitive advantage, and a good reason for becoming a great company (Badu, 2011). In 1995 The International Co-operative Alliance (ICA) identified seven (7) Co-operative principles through which co-operatives put their values into practices. Among others the Fifth Principle of Co-operative identity is “Education, Training and Information: Cooperatives provide education and training for their members, elected representatives, managers, and employees, so that they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.” Education, Training and Information are generally concerned with Training and Development of people which are basically Human Resource Management functions.

This paper assesses the effectiveness of the fifth principle of cooperation, specifically in SACCOS which are currently facing competition from other micro-finance institutions and even from commercial banks.

LITERATURE REVIEW:

According to International Co-operative Alliance (ICA) a cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly and democratically controlled enterprise. Co-operatives are objectively formed to help empowering their members economically and they have been playing a vital role in poverty alleviation in many parts of the world. Co-operative principles have been evolving from time to time. The *Rochdale Principles* were the first principles established set of co-operative principles and included organisational points that manifested social and political as well as business concerns. The most widely recognized contemporary set of co-operative principles is that sanctioned by International Co-operative Alliance (Zeuli & Cropp, 2004). The principles include: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among co-operatives and concern for community. SACCOS are voluntary associations whereby members regularly pool their savings together, and subsequently may obtain loans which they may use for different purposes. Generally, the idea behind establishment of SACCOS is to promote savings and make credits available to the members (Bwana and Mwakujonga, 2013). SACCOS are among the forms of co-operatives which are supposed to adhere to co-operative principles in order to have the co-operative identity.

The literature reveals that for SACCOS to perform effectively and efficiently education, training and information sharing are among important factors (Wabala, Gachunga, Odhiambo, & Muchiri, 2019; Ronoh, Samson, Kibasi & Kibati, 2018; Munyiva, 2015). It is believed that once employees and members of SACCOS are well trained and educated, they are more likely to make well informed decisions which will ultimately lead to improved financial performance of the SACCOS (Muriuki, 2010). The Cooperatives Reforms and Modernization Program, 2005 of Tanzania among other things aimed at promoting member empowerment through education and skills (Brown, Macki, Smith, Msoka, 2015). This implies that even the government acknowledges the role of education and training in the growth SACCOS and fostering co-operative movement. Training and education have been facing numerous challenges in Tanzania SACCOS. Anania and Rwekazwa (2018) found that inadequate funds, lack of serious training programs and policies, and lack of standardized training programmes for SACCOS to be one of serious challenges facing training and education in Tanzania SACCOS.

Resource Based Theory:

RBT is concerned with the idea that a firm's internal resources can become a direct source of Sustained Competitive Advantage (SCA) for the firm (Davis & Simpson, 2017). The resource-based view (RBV) explores the role of key resources, identified as intangible assets and capabilities, in creating competitive advantage and superior performance (Clulow, Barry & Gerstman, 2007). This means firms are supposed to ensure that they acquire resources that will add value to their intended performance and make sure that the acquired resources are developed and retained. To provide sustained competitive advantage, a resource must have four qualities; the resources are supposed to be valuable, rare, in-imitable, and non-substitutable (Rantakari 2010) in (Mweru & Muya 2016). SACCOS like any other firms are supposed to have resources to enable them attaining and sustaining competitive advantage. These resources include human resources. The fifth co-operative principle focuses on training, education and information which are crucial in ensuring that employees are skilled, knowledgeable and well informed. In making human resource valuable, rare, inimitable and non-substitutable in SACCOS like in any other firms training, education and information are important determinants.

STUDY OBJECTIVE:

The study aimed at making an assessment of the fifth co-operative principle in SACCOS which is education, training and information. The study specifically aimed at identifying challenges facing the implementation and opportunities obtained by implementing the principle.

METHODOLOGY:

The study used a case study design through which Wazalendo SACCOS and Moshi Rural Teachers' SACCOS were used as cases. Case study was adopted to enable in-depth investigation of the phenomena. Researchers believed that having vast experience implies possession of rich information that would be useful for the study. Wazalendo SACCOS was registered in 1971 serving employees of Moshi Co-operative University (MoCU) and Moshi Rural Teachers' SACCOS was registered in 1998 serving teachers of Moshi Rural District. Data were collected from a total of 58 respondents, two (2) managers, six (6) employees and fifty (50) SACCOS members. Managers and employees were sampled by using purposive sampling technique since they were believed to possess sufficient and reliable information on how their SACCOS operate. Convenient sampling technique was used to sample SACCOS members. Self-administered questionnaires, interviews and observation were the tools used in data collection process. Interview was used to collect information from managers and employees and the questionnaires were used to collect data from both employees and SACCOS members. Observation enabled the researchers to collect information from the SACCOS websites and various documents. Data were collected from January to March, 2015. Descriptive data analysis was used to analyse the obtained data and data presentation was done using percentages and tables.

Table 1: Sample size

Sampled Category	Sample Size
Managers	2
Employees	6
Members	50
Total	58

FINDINGS AND DISCUSSION:**Information Sharing in SACCOS:**

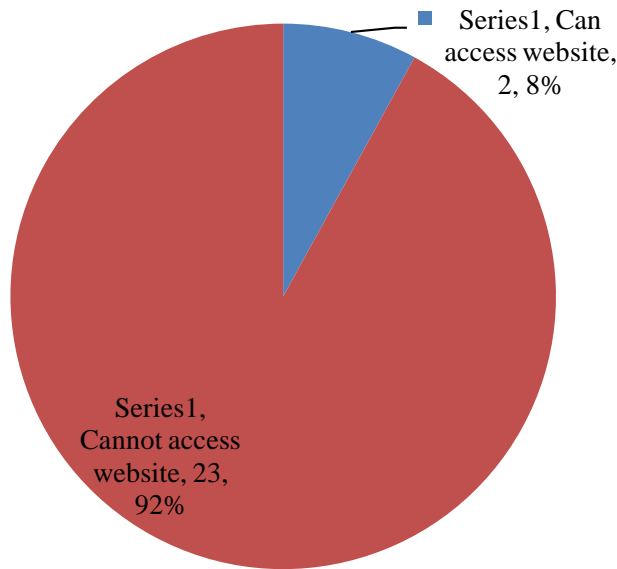
Firstly, the study assessed the level of satisfaction of the respondents on information sharing in their SACCOS. Sixty two percent (62%) of respondents expressed dissatisfaction with the level of information which they receive from SACCOS on matters pertaining their organisations and co-operative movement in general. This includes financial information, Laws and Policies governing co-operatives, and other information related to management of SACCOS. However, the study also observed that members do not exert enough efforts seeking for information because attendance in meetings especially annual general meeting becomes satisfactory only when members are paid seating allowances for that but in general attendance of members in meetings was poor. The study of (Shimane, 2010) observed the same thing in SACCOS of Botswana since members of the SACCOS were reluctant to attend SACCOS members as the result growth of SACCOS was negatively affected.

Due to technological advancement, information sharing has been made so easy; however, SACCOS have not yet fully utilized the available technology. Moshi Teachers Rural SACCOS (MRTS) possess a website, something which could be a very powerful tool for information sharing but it has been observed that the website has outdated information and the current information concerning the SACCOS has not been updated for years. Two (2) members (8%) out twenty five (25) of MRTS admitted that they can access the website but 23 members (92%) could not access website and among them 12 members (52.2%) do not have knowledge on using internet services. This implies that availability of the SACCOS website does not benefit majority of the SACCOS members due to lack of knowledge on using it or inaccessibility of the website due to lack of technological facilities for that.

The use of website would be a very effective tool for information sharing to MRTS since members are geographically scattered and others live far from the SACCOS unlike WAZALENDO SACCOS whose members are basically of one organisation (Moshi Co-operative University) and information sharing can

be easily done through notice boards. All six (6) employees of both SACCOS agreed that information sharing among them has been very effective due to the reason that they are few in number and information can be quickly shared through cell phones. To ensure instant flow of information MRTS employees have their *WhatsApp* group which allows even discussions after working hours. The use of website would be a very effective tool for information sharing to MRTS since members are geographically scattered and others live far from the SACCOS unlike WAZALENDO SACCOS whose members are basically of one organisation (Moshi Co-operative University) and information sharing can be easily done through notice boards. All six (6) employees of both SACCOS agreed that information sharing among them has been very effective due to the reason that they are few in number and information can be quickly shared through cell phones. To ensure instant flow of information MRTS employees have their *WhatsApp* group which allows even discussions after working hours.

Figure 1: Accessibility of website among MRTS members



At MRTS customers can easily access their personal financial records since the SACCOS has adopted a banking system through which a member can request his or her bank statement in every three months. Members enjoy this system simply because it updates their financial records to enable them reconcile with the SACCOS management whenever there is a problem as far as financial records are concerned. Information sharing through short messages (SMS) via cell phones has been proven to be a very effective way of receiving information. Ninety two percent (92%) of MRTS SACCOS agreed that they regularly receive cell phone messages to remind them about the Annual General Meeting or any urgent information from the SACCOS management unlike WAZALENDO SACCOS whose only twenty percent (20%) of members agreed that they receive SMS of such nature. Though at WAZALENDO SACCOS it has been justified that notice boards are enough for information sharing of such nature but it is recommended by (Banikowski, 1999) if information is shared it important to remind the intended audience recipients as many times as possible to motivate them to positively respond to the information shared.

From this study hundred percent (100%) of members of SACCOS own cell phones, this means if SACCOS decide to use cell phones in sharing information which may be conveniently sent though cell phones, members will be able to receive information from wherever they are if other means are inaccessible or cannot be easily accessed at a particular moment. Moreover, the study of (Muchange, Muathe and Waithaka 2018) which was done in Kenya found that there is a positive relationship between the use of mobile communication services and performance of SACCOS.

Other financial institutions which SACCOS compete with to gain market share utilize the technology well especially commercial banks like CRDB, NMB, ACB and others. These banks have mobile banking services which allow their customers to request for their bank balance, transfer money from their account

to other people's accounts, etc. Though to SACCOS it won't be an efficient plan for them to adopt mobile banking system at the moment due to a number of financial costs associated but at least they can use this technology to send and receive information which is sometimes shared on notice boards for their members. These findings are consistent with those of (Alecia, *et al.* 2014) which show that Kenyan SACCOS also were experiencing stiff competition from commercial banks as the result SACCOS members sought for financial services from commercial banks.

Education and Training:

Education and Training is one of areas which is highly challenged in SACCOS management. Three (3) out of six (6) employees in both SACCOS have attended formal job related training since employment and all have been in service for at least two years except one who has been in service for six (6) months. Financial constraint has been named a number one challenge towards training of SACCOS staff. Lack of enough employees is also another challenge towards training. One of employees commented that;

"We are few in number here, if one of us leaves just for a one month training the SACCOS will experience shortage and hiring a part time employee in a SACCOS is not an easy job. And if I decide to go for long term training and pay for all my expenses when I come back I think this job won't be mine anymore."

Out of five (5) employees and forty three (43) SACCOS members from both SACCOS (89.6 %) admitted that employees need to be trained in some areas to improve efficiency in their work. Customer service management, loan management, SACCOS management, computer accounting packages, financial management, and marketing are the major areas which were identified for training. Table 1 below shows the frequency percentage of identified areas which respondents from both SACCOS thought employees should be trained on:-

Table 2: Proposed areas for training in SACCOS

Identified Area for Training	Frequency	Frequency percentage
Customer service management	35	73%
Loan Management	28	58.3%
SACCOS Management	19	39.6%
Computer Accounting Packages	12	25%
Financial Management	25	52.1%
Marketing	18	37.5%

Note: Multiple responses existed hence percentage is > 100; Number of respondents = 48

Training and education to SACCOS members is more challenged due to limited resources especially finance. It has been observed that, in some cases members take loans to undertake business activities without enough knowledge on business and entrepreneurial skills. When they don't succeed in their undertakings repaying their loans to SACCOS is affected something which affects growth and sustainability of the SACCOS. Lack of sufficient training in SACCOS have been reported (Anania and Gikuri 2015) whose study show that SACCOS have been experiencing inadequate training and this problem was linked to insufficient funds to support training programs in SACCOS. However, it has been proven that education and training are one among determinants of performance of SACCOS (Ronoh, Samson, Kibas & Kibati, 2018)

Young People and SACCOS:

The number of young people in SACCOS is relatively low. The manager of MRTS admittedly said that the number of young people in his SACCOS is around 12%. This gives a bad picture of the future of SACCOS and co-operatives in general simply because young people who are expected to stir-up the spirit of co-operative movement seem to be less motivated to join. Fifty seven percent (57%) of members from both SACCOS agreed that there are no enough efforts done by SACCOS to motivate young people to join since there are no clear strategies for that. This finding is consistent with that of (Okwany, Ngutuku and Muhangi, 2011) who studied various SACCOs in Africa and found 70% of SACCO managers and leaders admitted that there are limited proactive steps have been taken to capture this niche group.

It was found that, at Wazalendo SACCOS the number of the youth is relatively increasing comparing to previous years. One of young members of Wazalendo SACCOS gave a reason to why the number is increasing by saying;

We have been persuaded by our seniors especially the Vice Chancellor (VC) to join Wazalendo SACCOS since we are in a Co-operative University, the VC regularly questions us that how can one work at a Coca-cola Company and consume Pepsi products. This is to compare with a person who works at the Co-operative University and receiving financial services especially loans from a non-co-operative institution.

Frequent reasons identified as to why the number of young people is not satisfactory includes lack of culture of saving among youth, having fewer responsibilities like taking care of families, access to alternative sources of finance like commercial banks and other micro-finance institutions, and lack of interest in entrepreneurial businesses which always motivate people to take loans from SACCOS.

Table 2: Reasons for fewer number of youth in SACCOS

Reasons	Frequency	Percentage frequency
Lack of culture of saving	9	34.6
Fewer responsibilities	15	57.7
Access to alternative sources of finance	8	30.8
Lack of interest in entrepreneurial businesses	13	50

Note: Multiple responses existed hence percentage is > 100; Number of respondents =26

Cheruiyot, Kimeli and Ogendo (2012) recommended that, it is important to target the youth than the old generation, the current approach (in Kenya) is to encourage the youth to start saving, in a period of five to ten years, the ratio of savings to GDP will have gone up.

CONCLUSION AND RECOMMENDATIONS:

The study concludes that, information sharing in SACCOS is generally satisfactory since employees and members can access information whenever they like to do so although technology has not yet been well utilized to enable members receiving and sending information at their own convenience. Education and training provision face a number of challenges which make it ineffective since employees lack an opportunity to develop their skills and knowledge to enable effective performance of their jobs. Engagement of young people in SACCOS is relatively low since the number of young people is not satisfactory and SACCOS do not have clear strategies to influence and persuade young people to join.

The study recommends the following;

SACCOS should not only concentrate on traditional ways of sharing information like the use of notice boards but also the use of cell phones, e-mails and websites or Blog-Spots to enable instant access of information. Time to time training needs assessment should be done to employees and even members of SACCOS to ensure that training gaps are identified and addressed as soon as possible. On-the-job training should be encouraged to enable employees developing their knowledge and skills for the development of SACCOS and gaining a competitive advantage. SACCOS should initiate special programs and formulating strategies to encourage youth to join SACCOS. Persuasion can be made by disseminating information to youth on benefits of being a SACCOS member and even offering incentives for joining SACCOS. Establishment of Co-operative clubs in schools, colleges and Universities will also help the youth to understand the benefits of co-operatives and help to build saving-culture among them.

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An Evaluation of Fraud and Deposit Money Banks' Profitability in Nigeria: (2009-2018)

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ABSTRACT

This work evaluates Fraud and Profitability of Deposit Money Banks (DMB's) in Nigeria for ten years (2009-2018); with the specific objective of assessing whether the rate at which fraud occurs, the number of persons involved in fraud, the amount targeted in fraud and the loss that the banks incurred to fraud has significant impact on Profitability for the period. Using Regression Analysis on historical data from Nigeria Deposit Insurance Corporation (NDIC) Reports, we found out that there exists a strong positive correlation between DMB's Fraud and Profitability at more than 90%; and judging by our data analytics at 5% level of significance, the frequency of fraud, fraud amount and monies that could not be recovered from fraud proved to assert strong influence on the profitability of DMB's in Nigeria with only Fraud Involvement proving insignificant. To mitigate fraud, we recommend that banks create fraud policies that are robust enough to prevent fraud perpetrators from committing fraud and a Whistleblowing System (WBS) that guarantees protection for a Whistle Blower.

Keywords: *Fraud, Profit, Profitability, Deposit Money Banks, Performance.*

INTRODUCTION:

Background to the Study:

Albrecht, Albrecht, & Albrecht (2008) define Fraud as a representation about a material point which is false and intentionally or recklessly so; and is believed and acted upon by a victim to the victim's damage. Fraud prevention effort requires that all fraud measures need to be tested and monitored; meaning that all companies need to have an external auditor that will test for strength or weakness of internal control systems; and give a qualified or unqualified report. According to (Ajayi, Ajayi, Enimola & Orugun 2019), profit and profitability are not the same things. They stressed that profitability does not mean profit before or after tax of DMB's but the plausibility of them making a profit, and; is identified by profitability ratio analytics. One amongst such profitability ratio is Return on Equity (ROE). ROE is also known as return on net worth-it simply projects how many naira or kobo that DMB's generates on each naira or kobo of shareholders fund. ROE is sorted out by fractioning Net Income by Shareholders Equity. The interplay between fraud and profitability is what encapsulates discussions in this research effort. (www.Investinganswers.com).

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