FINANCIAL SUSTAINABILITY FOR SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES (SACCOS) IN DODOMA AND MOROGORO REGIONS, TANZANIA

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ABSTRACT

Financial sustainability is one of important policy objective of Savings and Credit Co-operative Societies (SACCOS). However, some SACCOS have achieved financial sustainability while there are many SACCOS without financial sustainability. The existent of the two groups of SACCOS has remained inadequately established. That was a knowledge gap focused by this paper. The main objective was to assess financial sustainability of SACCOS in Tanzania. The specific objectives of the paper are to investigate internal sources of finance in SACCOS, examine loan practices in SACCOS, evaluate returns on financial investments of SACCOS and
evaluate financial self sufficiency of SACCOS. The theoretical framework of the paper was based on the theory of academic achievement which says that, ability cause achievement and achievement cause ability. The paper relies on primary data collected using a questionnaire which was administered to 60 SACCOS in Dodoma and Morogoro regions, Tanzania. Financial sustainability was measured through various aspects of financial self sufficiency for SACCOS which were guided by nine equations. The aspects worked are namely average savings collected, capital accumulated, loan disbursed, loan repayment rate, generated profit, return on asset (ROA), return on equity (ROE), return on capital (ROC) and financial self sufficiency ratio (FSSR). Descriptive statistics were used to present data. The results are that savings, shares, capital loan disbursed, loan repayment rate, profit, ROA, ROE, ROC and FSSR for SACCOS were increasing with time. The increase was bigger in more financially sustainable SACCOS than SACCOS without financial sustainability. These results justify the theory used in the article. It was concluded that financial sustainability of SACCOS in Tanzania is still inadequate. The policy interventions to increase financial sustainability of SACCOS are recommended.