Factors Affecting the Financial Performance of Savings and Credit Cooperative Societies in the Agricultural Communities in Morogoro District: A Case of Kinole SACCOS

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Abstract
This article examines factors affecting the financial performance of SACCOS in the agricultural communities in Morogoro district, at Kinole SACCOS, Tanzania. The study involved 100 respondents who possessed membership of Kinole SACCOS and key informants such as SACCOS leaders, district cooperative officers, and extension workers who were selected through simple random sampling and purposive sampling, respectively. Primary data were collected through questionnaires and key informants' interviews. Quantitative data were analysed through SPSS version 20, and content analysis was used for analysing qualitative data. The findings reveal that the gender of respondents, education status, financial stability of SACCOS, managerial capacity of SACCOS' leaders, and members' capacity to pay loans were significant, implying their positive relationships with SACCOS' financial performance. The paper concludes that the financial performance of SACCOS determines the quality of services being provided to their members. The paper recommends that the respective public agencies have to provide technical services to the available SACCOS in order to improve their policies, by-laws and financial regulations for the sake of improving the quality of financial services and boosting rural productive sectors.

Keywords: SACCOS, Financial Performance, Quality Services, Agricultural Communities and Institutional Theory.

1.0 Introduction

Savings and Credit Cooperative Societies can be defined as cooperative financial institutions owned and controlled by their members, which operate for the purpose of attracting savings, providing credits at affordable interest rates and providing other related financial services to the targeted clients (Waweru, 2011). Such cooperatives, which are also called credit unions in other Asian countries, accommodate more than 370 million members in the developing world who access different financial services for improving their livelihoods. Such services enable their members, who mostly live in rural areas, to invest in agricultural activities and other related tasks for the sake of lifting their living standards and kicking out poverty in their respective communities. Balinda (2021) articulates that over 123 million people in South India participate in agricultural production and improve their well-being due to the presence of microfinance services in the respective region.

In Sub-Saharan Africa, there are limited opportunities for the lower income earners (smallholder farmers inclusive) to access financial services from the commercial banks that mostly operate in towns and cities (Abu et al, 2021). Therefore, the presence of financial cooperatives in the respective region opens a room for the marginalised people to access financial services for boosting the rural economy, which mostly depends on the agricultural sector (Kilave, 2019). According to Usman and Bakar (2013), the provision of financial services from SACCOS has enabled farmers in Sub-Saharan Africa to access agricultural inputs and other related services, which in turn boosted the agricultural productivity.

The Tanzanian economy relies on the agricultural sector, which employs approximately 75% of the country's population and contributes 25% of the Gross Domestic Product (GDP) (Mohammed, 2022). Despite playing a pivotal role in accelerating the economy, the sector lacks sustainable financial systems that can stimulate production and ensure better livelihoods for the farmers and their respective communities. Kwai and Urassa (2015) reported that the inability to possess collateral remains one of the major setbacks that limit opportunities for smallholder farmers to access financial services from commercial banks or formal financial institutions.

The presence of SACCOS in the agricultural communities has created a room for smallholder farmers to access loans for boosting productivity in the agricultural sector, which is the main source of livelihood for the majority of people in rural Tanzania (Shah et al, 2015). Hodera (2022) noted that the growth of SACCOS in rural communities provides a hopeful direction for improved access to financial services, which eventually promotes investments in the agricultural sector and helps the poor uplift from poverty. However, Mills (2021) reported that some SACCOS in the agricultural communities have remained weak because of managerial and financial constraints. Such challenges affect their performance and, in turn, lower productivity in the agricultural sector.

Morogoro District accommodates SACCOS that support farmers directly who produce food and cash crops such as fruits, vegetables, rice and spices. Financial services being provided to them enable the accessibility to agricultural inputs, transport services and other technical services which enhance productivity and raise farmers' household income. Preliminary information from the District Cooperative Officer of Morogoro District Council has shown that the performance of some financial cooperatives in the agricultural communities is poor because of the managerial crisis, financial inadequacy and corruption. Other SACCOS have remained strong as they provide financial services to the targeted clients for the sake of boosting agricultural productivity and improving their livelihood status. Likewise, Kumar et al. (2021) noted that poor performance of SACCOS in the agricultural communities affects the well-being of smallholder farmers as they fail to access loans for enhancing productivity and raising household income.

Arguments developed by the respective scholars on the performance of SACCOS in the agricultural communities signified that the available literature on factors affecting the performance of SACCOS in the agricultural communities in Tanzania was not sufficient. Therefore, the decision to conduct this study came into being as a means of filling the gap that was observed through the previous studies. The study expected that the obtained findings would help policymakers and implementers know the dynamics of rural financial cooperatives in supporting smallholder farmers' livelihoods and thus develop proper strategies for improving such institutions for the common good.

2.0 Theoretical Framework

This theory was developed in the 1970s by John Meyer and Brian Rowan, and later on it was modified in the 1980s by Paul DiMaggio and Walter Powell. Bhasin (2017) affirmed that institutions are the working rules of a modern society, which encompass formal and informal procedures, routines, and norms in the organisational structure established as authoritative guidelines for social behaviour. Deegan (2009) revealed that the respective theory plays a vital role in explaining coherently how microfinance institutions can attain financial sustainability and thus be capable of delivering services for the targeted beneficiaries. Institutional theory has been improved to the extent that is currently closer to behavioural theory.

The study applied the institutional theory because it suggests that organisations must operate within a broader institutional environment, including regulatory, economic and social systems that shape behaviour and performance. The theory analysed the capacity of financial cooperatives to develop strategies and design desirable activities that can lead to the outstanding performance of the entire organisation. Such operations are shaped by the philosophy, institutional environment, shared beliefs, and stakeholder expectations. Kinole SACCOS remains one of the semi-formal financial institutions that provide services for the marginalised farmers who have been excluded by the formal commercial banks. Such operations are guided by the policies, rules and regulations that direct members to work and behave desirably for the public good.

3.0 Research Methodology

The study was conducted in Morogoro District, found in Morogoro Region. The economy of Morogoro district is predominantly agricultural, whereby 90% of the inhabitants depend on agriculture as the main source of their livelihoods. The majority of farmers are smallholder farmers who produce rice, maize, fruits, vegetables and spices for consumption and commercial purposes. The study was conducted in Morogoro District because of the presence of SACCOS that support smallholder farmers who have been excluded by the banking systems. One of the SACCOS was Kinole SACCOS, which supported hundreds of farmers living in Kinole Ward. Most of them produce rice, fruits, vegetables and spices for domestic use and commercial purposes.

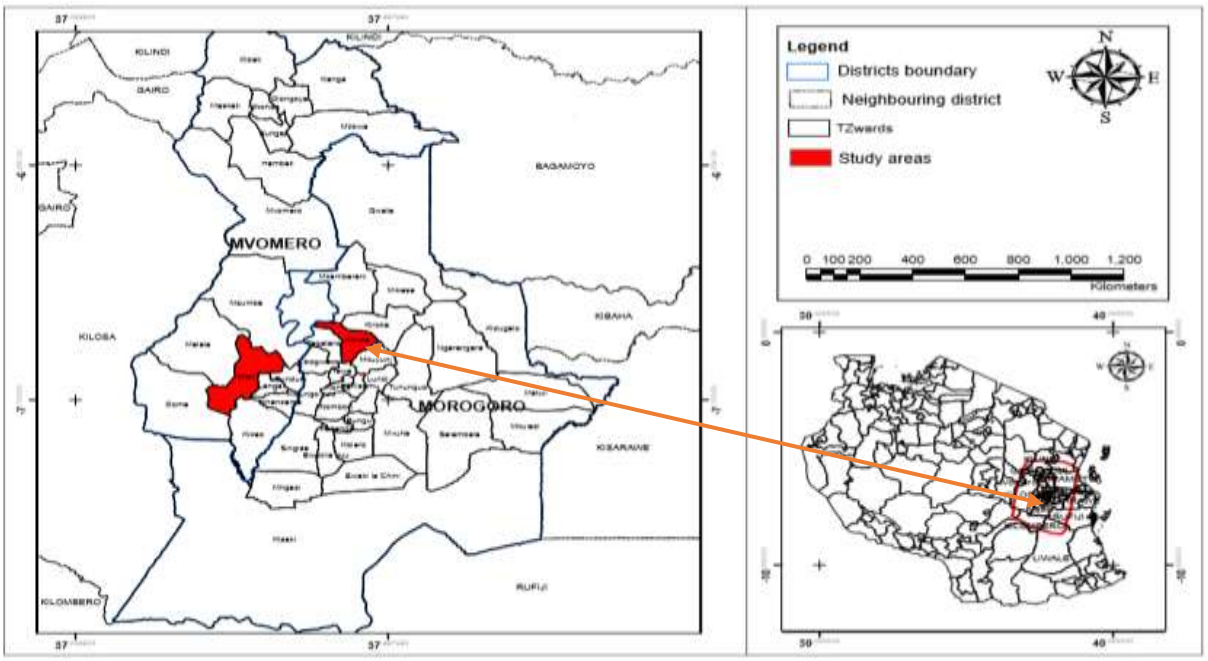

Figure 1: The Map of Morogoro Region (*the arrow shows the location of the study area*)

The study employed a cross-sectional design, which involves interviewing a representative sample of a population at a single point in time. Babies (1973) describes that the design provides quick results and allows the collection of data from groups of different characteristics. Also, it has a high degree of accuracy and precision as it saves time and resources. This study employed a cross-sectional design because it is economical in terms of finance and time. Through this design, the study intended to minimise bias and maximise the reliability of the data collected from the respondents.

The target population of this study included SACCOS members, SACCOS leaders, local leaders and technocrats from the departments of Human Resource, Agriculture and Cooperative. The study had selected 100 members from Kinole SACCOS (almost 10% of the members of Kinole SACCOS) who were considered to be key respondents. The decision to select 10% of the respondents came into being as a strategy to attain objectivity. Key informants who participated in the study included: cooperative officers, agricultural officers, SACCOS leaders and village leaders. Different sampling techniques were employed for selecting the appropriate respondents for the study. SACCOS members were selected using the principle of simple random selection, implying that all members of Kinole SACCOS had equal chances to participate in the study. On the other side, purposive sampling was employed to select key informants who possessed expertise in key areas being researched.

The study employed different tools to collect data from the respondents. Semi-structured questionnaire was employed to gather raw data from the members who accessed financial services from Kinole SACCOS. Key informants' interviews were used for collecting information from the respondents who possessed expertise in the key research issues being investigated. The analysis for qualitative data was undertaken through content analysis, while for quantitative data, the analysis was done using Statistical Package for Social Science Computer software (SPSS), where descriptive and inferential analyses were carried out coherently. The descriptive statistics included frequencies, percentages, means, standard deviation and graphs. The empirical form of the double log model is given as:

$$\ln(Y_i) = \beta_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + \varepsilon_i$$

Where

Y_i = SACCOS' financial performance, β_0 is a constant term, $\beta_{1\text{-}9}$ are the coefficients that need to be estimated, and ε_i is the error term.

Table 1: Definitions of explanatory variables for the double log model

Variables	Types	Definition of variables
Age of the respondents	Continuous	Number of years of SACCOS members
Gender of the respondents	Dummy	(1= male; 0=female)
Education status of the respondents	Continuous	Number of years in schooling
Financial Stability of SACCOS	Dummy	(1= high; 0=otherwise)
Managerial capacity of SACCOS leaders	Dummy	(1= high; 0=otherwise)
Interest rate for creditors	Dummy	(1= affordable; 0=otherwise)
Members' capacity to pay back loans	Dummy	(1= high; 0=otherwise)
SACCOS members' income	Continuous	(1= high; 0=otherwise)

Source: Field Survey, 2025.

4.0 Factors Affecting Financial Performance of SACCOS in the Agricultural Communities

Discussion on the results of factors affecting the financial performance of SACCOS in the agricultural communities in Kinole SACCOS operating in Morogoro District is developed in accordance with the objectives. In undertaking such discussions, the study presents findings on the basic statistics of SACCOS' members, attitudes of pineapple growers towards SACCOS' performance, socio-economic factors influencing SACCOS' performance in the study area, and

4.1 Basic Statistics of SACCOS Members

Demographic and socio-economic characteristics have important implications for agricultural productivity and farmers' household income. The study examined age, gender, education level, family size, farmers' experience and land size. The findings revealed that the majority of banana growers were less than 55 years of age, while the minority were more than 55 years. Based on the indicated findings, it is evident that most of the farmers were in their productive age. According to Obeid et al (2020), farmers who are within the productive age can produce more efficiently than the aged farmers.

Results in Table 2 indicate that the majority of banana growers were males, whereas the minority were females. This implies that more men participate in banana production than women because of some undesirable cultural values that prevent them from accessing adequate productive resources for production purposes. Odillo (2020) reported that female farmers fail to participate fully in production because of some undesirable cultural practices which prohibit them from accessing adequate resources, such as land, extension services and agricultural inputs, which are essential attributes for agricultural production.

Table 2: Socio-Demographic Characteristics of Respondents

Characteristics		SACCOS' members (n=100)	
		No	%
Respondent's Age (Years)	25- 40	30	30.0
	41-55	48	48.0
	> 55	22	22.0
Respondent's sex	Male	55	55.0
	Female	45	45.0
Education Status	No schooling	2	2.0
	Primary Education	60	60.0
	Secondary Education	28	28.0
	Tertiary Education	10	10.0
Family Size	1-4	25	25.0
	5-9	55	55.0
	> 9	20	20.0
Land Size	1-3 acres	30	30.0

	4-6acres	49	49.0
	> 6 acres	21	21.0
Farmers' Experience (Years)	1-5	30	30.0
	6-10	36	36.0
	> 10	34	34,0

Source: Field Survey, 2025

The survey shows that most of the SACCOS members (60%) had attained primary education, whereas 2% of them did not attend any formal education. About 28% of the SACCOS members had attained secondary education, and 10% of them had attained tertiary education. This implies that most of the SACCOS members in the study area were literate, meaning that they could read, count and write. This situation enabled them to be accountable for the betterment of their organisations, which play an important role in boosting agricultural productivity in their respective areas.

Moreover, the findings revealed that 55% of SACCOS' members had 5 to 9 household members where whereas 25% of them had less than 5 household members. Only 20% of the SACCOS members had more than 9 household members. The findings implied that most of the SACCOS members had more than 4 people in their households. Kwai and Urassa (2015) reported that in rural Tanzania, large households are less poor because they have a sufficient number of labourers who participate in various income-generating activities for raising income and securing other livelihood outcomes. Similarly, Kilave (2019) affirmed that labour services being offered by the household members reduce operational costs and hence ensure higher productivity.

The study identified that most of the SACCOS' members (49%) possessed between 4-6 acres of land, and the least percentage (21%) owned more than 6 acres of land. About 30% of them owned between 1-3 acres of land. This implies that all SACCOS members who participated in the study possessed different sizes of land, which enables them to produce various types of agricultural produce for domestic and commercial purposes. However, their capacity to use land systematically depends upon access to financial services from the respective financial cooperatives. This argument is supported by Melisa (2019) that the members of financial cooperatives who own land are in a better position to increase agricultural productivity and attain better livelihood status than their counterparts who do not possess land. Such disparities are supported by the financial services being accessed from SACCOS.

With regards to the farming experience of respondents, the results revealed that most of SACCOS' members had more than six years of farming experience. This implies that the majority of them possess practical experience on issues related to banana agricultural practices. According to key informants, experience in farming is essential for improving agricultural practices and increasing productivity in the banana sub-sector. Findings in Table 2 revealed that 85% of the respondents advocated for the necessity of SACCOS members to accomplish their financial duties in accordance with their constitutions, bylaws and other institutional laws. They emphasised the importance of SACCOS members to fulfil their duties by submitting their contributions for shares and investments. Such contributions can enable the financial cooperative to generate its income and ultimately attain financial stability. Similar findings from Odillo (2020) revealed that the financial growth of SACCOS in the agricultural communities depends on the capacity of its members to fulfil their duties in accordance with the existing rules and regulations.

4.2 Views of the Members towards the Financial Performance of Kinole SACCOS

Findings in Table 2 revealed that 85% of the respondents advocated for the necessity of SACCOS members to accomplish their financial duties in accordance with their constitutions, bylaws and other institutional laws. They emphasised the importance of SACCOS members to fulfil their duties by submitting their contributions for shares and investments. Such contributions can enable the financial cooperative to generate its income and ultimately attain financial stability. Similar findings from Odillo (2020) revealed that the financial growth of SACCOS in the agricultural communities depends on the capacity of its members to fulfil their duties in accordance with the existing rules and regulations.

More findings in Table 3 depicted that 90% of the SACCOS members emphasised the importance of formulating desirable institutional procedures that can facilitate the provision of financial services to the clients, while 10% of them had a negative response towards the respective research issue. Such procedures must focus on eliminating

bureaucracy in order to ensure that clients access financial services smoothly for tapping socio-economic opportunities in their respective areas. During face-to-face interviews with key informants, it was revealed that reforms in institutional procedures should rest on creating a favourable environment for SACCOS members to access loans for investing in agricultural activities and other related income-generating activities. Also, such procedures should focus on creating a conducive environment for the members to get their dividends timely manner for the common good. Similar findings from Rani and Yadeta (2016) revealed that accountability amongst SACCOS leaders is observed when they develop friendly institutional procedures that can facilitate the accessibility of financial services and other related rights for the sake of boosting productivity and uplifting people's livelihoods.

Table 3: Views of SACCOS Members towards SACCOS' Financial Performance

Statements	No	Yes
SACCOS must ensure that its members accomplish their financial duties accordingly	15 (15)	85 (85)
The SACCOS leaders must formulate desirable procedures that can facilitate the provision of financial services to the members	10 (10)	90 (90)
Affordable interest rates can motivate more SACCOS members to access loans, and on the other side, enable the institution to generate more income	17 (17)	83 (83)
The management team must reduce operational costs in order to maximise profit, which in turn can be distributed to the members as a dividend	32 (32)	68 (68)
It is necessary for the SACCOS leaders to ensure that members get dividends on time as a means of supporting their livelihoods and promoting re-investments within and outside their institutions.	5 (5)	95(95)
SACCOS leaders must mobilise the available institutional resources for investments in order to generate more income and attain financial stability	31 (31)	69 (69)
It is necessary for the SACCOS leaders to formulate by-laws that can reduce the defaulting rate amongst creditors, control corruption and other undesirable practices.	26 (26)	74 (74)

NB: Numbers in Brackets indicate percentage
Source: Field Survey, 2025.

The study identified that 83% of the SACCOS members reported that an affordable interest rate can motivate more members to access loans for investing in the agricultural sector and other related activities for securing their livelihoods, while 17% of them had a negative response towards the existing variable. The key informants reported that the provision of loans enables SACCOS members to access financial resources for investing in productive and non-productive sectors for attaining socio-economic gains at the household level. On the other hand, such services enable SACCOS to generate income through interest rates being paid together with the principal. On the same note, Hallis (2021) affirmed that the growth of rural microfinance institutions depends on the presence of proper institutional procedures that can facilitate the provision of loans to their members and the collection of payments from the respective beneficiaries. Such transactions enable SACCOS to generate income and attain financial sustainability.

The study results depicted that 68% of the respondents argued about the necessity of reducing operational costs in running SACCOS for the sake of maximising profit and ensuring financial stability, while 32% of them had a negative response towards the research issue. Through face-to-face interviews with key informants, it was reported that some SACCOS leaders have been misallocating resources for their own interests. This has disturbed the harmony in many organisations and thus led to a financial crisis. Therefore, the management team of Kinole SACCOS must mobilise resources and use them coherently for the betterment of all. This argument is supported by Kangile (2015), who reported that financial accountability among the management team of SACCOS is essential for maximising profit and attaining financial sustainability. Such accountability is attained when the management allocates resources for the substantial institutional activities. Likewise, Melisa (2019) admitted that proper financial management is the best strategy for promoting financial stability in the rural microfinance institutions whose operations rest on supporting the livelihoods of smallholder farmers.

About 95% of the respondents emphasised the necessity of SACCOS leaders to ensure that their clients get dividends on time in order to ensure harmony in the organisation and promote socio-economic development in their communities. Key informants reported that dividends enable the beneficiaries to deposit more savings (as part of re-

investment), buy more shares and settle other issues for the common good. Also, some SACCOS leaders reported that the provision of dividends to their members depends on the capacity of the organisation to make profits from the financial businesses being undertaken. However, they agreed that dividends enhance trust and increase members' attachment to the respective financial institution. Kumar et al (2021) pointed out that the provision of dividends strengthens members' attachments to their organisations because of the socio-economic benefits gained from such financial rights.

Study findings show that 69% of the respondents affirmed that mobilisation of resources for investments is an essential strategy for enhancing financial sustainability amongst SACCOS operating in the agricultural communities, while 31% of them had a negative response towards the research issue. This implies that the majority of SACCOS members are aware of the necessity of their institution to use the available resources properly for investing in other productive activities for the sake of generating income and attaining financial stability. According to Mills (2021), the growth of SACCOS depends on the capacity of its leaders to mobilise resources from different sources and invest in financial and non-financial activities for the sake of generating income for the common good.

Results in Table 3 depicted that most of the SACCOS members (74%) emphasised the necessity of SACCOS to formulate laws and by-laws that can reduce defaulting, corruption and other undesirable practices, while the minority (26%) denied the respective statement. According to key informants, undesirable practices prevail in rural SACCOS because some of their members and leaders are not accountable and committed to the rules that guide them. Such findings are supported by Melisa (2019), who reveals that financial instability in many SACCOS has been caused by undesirable practices that make ordinary members and their leaders irresponsible in dealing with substantial issues that could ensure sustainable growth for the respective institutions.

4.3 Perceptions of Technocrats towards the Financial Performance of Kinole SACCOS

Through face-to-face interviews with Cooperative Officers serving in Morogoro District Council, the study was informed that financial literacy among SACCOS leaders and members remained as one of the driving forces for ensuring good performance of the respective financial cooperative. Financial literacy made the leaders have the capacity to manage financial resources for the betterment of the whole institution. The same experience was applied for ordinary members who used such skills for managing financial resources accessed from the SACCOS, which were provided for improving their socio-economic wellbeing. Shah *et al* (2015) emphasised that proper management of financial resources in the microfinance organisation depends on the financial literacy skills acquired through a capacity building programme. For the microfinance organisations to be financially stable, every member must possess knowledge and understanding of financial matters, which include: financial planning, proper savings methods, consumer rights and time value of money.

Such ideas from the cooperative officers were supported by the extension officers who argued that financial literacy could be attributed to the literate SACCOS members and not all members. They revealed that educated SACCOS members could easily acquire financial literacy skills and apply them accordingly for the sake of improving their well-being. This implied that the education status of SACCOS' members could determine their capacity to acquire proper financial literacy skills. However, Callis (2021) did not find any connection between higher education status and financial literacy skills, arguing that these two variables are totally separate and do not depend on each other for the latter to succeed.

They also reported that for the financial performance of SACCOS to be retained, members of the respective financial cooperatives have to serve for the institutional interest and not for their individual interests. Such practices had to be undertaken by SACCOS leaders and members whose operations depended on each other. One of the key informants revealed that:

> SACCOS are financial cooperatives that function for the public good. Members of such semi-formal institutions have to fulfil their financial obligations for the well-being of their institutions and for personal interests. Such practices have to be undertaken for protecting the interests of the members and their respective institution(s); (Interviewer 3; A Technocrat from the Cooperative Unit - Morogoro District Council, 04/06/ 2025).

This implied that SACCOS have to be considered as public entities whose progress relied on the commitment of each player in ensuring that the public good is attained. Similarly, Hallis (2021) revealed the egoism syndrome, which

destroys most of the financial cooperatives in rural areas where the level of consciousness amongst the responsible members is low.

4.4 Socio-economic and Institutional Factors Affecting SACCOS' Performance

The regression of the double log model was employed to estimate the influence of socio-economic and institutional factors affecting the performance of SACCOS in the agricultural communities where small-scale farming operates. The results depicted that the gender of the respondents was statistically significant, implying its positive influence towards the outstanding performance of SACCOS in the agricultural communities in Kisemu ward. Such findings were supported by Kilave (2019), who reported that the presence of male and female members in the SACCOS creates a room for them to share knowledge, skills and experiences that have brought positive changes in their financial cooperative. Likewise, Mori and Olomi (2012) pointed out that a good relationship between male and female SACCOS members enables them to work together for the prosperity of their organisation.

:The education status of the respondents was highly statistically significant, implying its positive contribution to the performance of SACCOS in the agricultural communities. Educated SACCOS members have knowledge, skills and experiences which enable their financial cooperatives to flourish and attain financial stability. Also, education enables them to possess consciousness, accountability and commitment, which in turn leads to the outstanding performance of SACCOS in financial and administrative areas. According to Callis (2021), education creates awareness amongst SACCOS members and thus makes them responsible in fulfilling their duties for the betterment of all. In addition, Abu et al (2021) reported that education enables SACCOS' members to get rid of outdated practices and concentrate on desirable financial practices that can enable their organisation to prosper and attain financial sustainability.

Table 4: Factors affecting SACCOS Performance in Kisemu Ward

Variables	Definition of exogenous variables	OLS estimates (Double log model) (SD)
Intercept		-0.03^{NS} (0.18)
Age of the respondents	Number of years	-1.44^{NS} (2.02)
Gender of the respondents	(1=male; 0=female)	0.64^{*} (0.36)
Education Status	Number of years	0.43^{***} (0.05)
Financial Stability of SACCOS	(1=high; 0=otherwise)	2.15^{***} (1.05)
Managerial Capacity of SACCOS leaders	(1=high; 0=otherwise)	0.54^{**} (0.02)
Interest rate of creditors	(1= affordable ;0= otherwise)	-0.09^{NS} (0.34)
Members' capacity to pay back loans	(1= high ;0= otherwise)	3.45^{***} (0.24)
SACCOS members' income	(1= high ;0= otherwise)	0.45^{NS} (0.32)

Note: *Where *, ** and *** represent the level of significance at <10, < 5 and < 1 per cent, respectively. NS indicates non-significant parameters. SD represents the standard deviation of the given variables.*

Results revealed that financial stability was highly statistically significant at the 1% implying that SACCOS with outstanding financial performance are in a better position to flourish and grow than their counterparts with financial stability. According to Kumar et al (2021) reported that financial stability enables SACCOS to provide financial services to their members for boosting productivity and improving their livelihoods. On the other side, loans that are offered to SACCOS members enable them to pay back loans with interest rates and thus contribute directly to the increase of the organisation's income. In addition, Masunga (2014) reported that financial stability enables SACCOS to provide loans to their members and generate income through the payment of loans at an interest rate.

Results depicted that managerial capacity among SACCOS' leaders was positively signed and statistically significant to the dependent variable. SACCOS with good leadership have remained strong because of having accountable and transparent systems that can operate for the common good. Sangeeta et al (2013) reported that SACCOS that have visionary leaders have recorded an outstanding performance in providing services to their members and generating income. Likewise, Adelemi and Yusuph (2021) argued that a proper management team in the SACCOS enables its members to access their financial services for investing in different productive roles for the sake of generating income and improving their livelihoods.

Findings in Table 4 revealed that members' capacity to pay back the loan was reported to be highly statistically significant, implying that its presence leads to an effective SACCOS performance in the agricultural communities. This situation enables SACCOS to generate income and thus provide quality financial services to other entitled members for the common good. According to Callis (2021), successful SACCOS in the agricultural communities are the ones that accommodate members who fulfil their duties for the betterment of all. Some of the duties include their ability to access loans and pay back the loan with affordable interest rates. Similar findings from Hodera (2022) revealed that the rate of defaulting decreases when SACCOS members pay back loans at the right time for the sake of enhancing financial powers for the respective financial cooperative.

5.0 Conclusion and Recommendations

SACCOS play an imperative role in supporting the livelihoods of people in rural communities where financial services from the commercial banks are not accessible. Financial services being provided by SACCOS enable smallholder farmers in the agricultural communities to access different forms of agricultural services for the sake of boosting productivity and ultimately raising income at the household level. However, in some places, SACCOS have failed to accomplish their duties accordingly. This has been caused by poor financial management, high rate of defaulting among loan beneficiaries, poor relationship between SACCOS' leaders and their members and lack of managerial skills to run financial cooperatives. Findings obtained from the field have shown that outstanding performance of SACCOS in the agricultural communities is determined by the capacity of SACCOS leaders to manage financial resources, presence of desirable institutional rules that can facilitate provision of financial services to the members, members' willingness to access loans and pay back loans with affordable interest rates and among members and presence of knowledgeable members who are ready to work seriously for the common good.

Based on the available findings, the study recommends that the Ministry of Agriculture, Food Security and Cooperatives have to cooperate with Local Government Authorities in designing and implementing capacity building programmes for improving skills of SACCOS leaders and their members for the sake of enhancing their performance and strengthening financial accountability for the betterment of all. The cooperative personnel from the respective Local Government Authority have to provide technical support to local SACCOS in reforming their policies and by-laws in order to promote good governance and enhance financial sustainability, since their operations play unique roles in accelerating the rural economy in Tanzania. The Government should create a conducive environment for SACCOS to cooperate with commercial banks by reforming monetary policies that would enable the respective financial cooperatives to access financial services, technical support on financial management and other institutional assistance for strengthening performances in their daily operations. SACCOS' leaders have to make sure that meetings are conducted in accordance with their constitution in order to create an avenue for the members to share experiences, identify key problems and develop appropriate strategies to curb the existing challenges for attaining common goals.

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