

**CHALLENGES OF SAVINGS ON CREDIT UNIONS IN CREATING WEALTH.  
A CASE STUDY OF ZAMBIA ARMY SAVINGS AND CREDIT UNION**

**BY**

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**A Dissertation submitted to the University of Zambia in partial fulfilment of the  
requirements for the award of Master of Science in Accounting and Finance.**

**THE UNIVERSITY OF ZAMBIA**

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**DECLARATION**

I, Mwila Ian declare that this dissertation is a product of my individual effort hence it represents my own work; however scholarly content obtained from various literature has been acknowledged. This dissertation has not been published and submitted previously at this university or indeed other university elsewhere for a Master degree qualification.

Signed.....Date .....

## CERTIFICATE OF APPROVAL

This dissertation by **Mwila Ian** approved as fulfilment of the requirements for the award of the degree of Master of Science in Accounting and Finance.

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## ABSTRACT

Cooperatives play a significant role in the country's economic growth, job creation and poverty reduction. Hence, the number of registered Cooperatives in Zambia has been growing very fast. However, the main challenge is that majority of these Cooperatives are underperforming and failing to create wealth. The aim of this study was to identify the challenges of savings on Zambia Army Savings and Credit Unions in creating wealth and recommend possible solutions. The study used mixed research methods to collect qualitative and quantitative data, as both could not give the satisfactory results due to weaknesses in each method. 80 respondents were sampled of which seventy were sampled from members of ZASCU in survey questionnaire and the other ten were for in-depth interview from management. Top management of six respondents and four respondents from operation level were purposively sampled for expert sampling and in-depth interviews were used as a data collection technique. The other respondents were randomly sampled selected using probabilistic sampling, where every individual had an equal chance of being selected. Qualitative data was analysed using SPSS version 21 and qualitative data was analysed using thematic content analysis and document review. The research study's results collected through the questionnaire, in-depth interviews and document review showed that ZASCU had challenges of savings in creating wealth. The results showed the following challenges: 26% of participants cited delay in disbursing of money, 14% respondents identified inadequate online system and 19% was for lack of skilled personnel. Members had another concerned of limitation in loan facility as 21% of the respondents cited it and 14(20%) had a concern for underutilisation of funds at ZASCU. ZASCU needs to be as strategic in the market as it faces stiff competition from other lending institutions providing similar services. The study recommended that ZASCU needed to have modern technologies for online system, skilled personnel, prudence in financial management, paying on time and increase on loan disbursements. The challenges of savings are affecting negatively on ZASCU in creating wealth, this is causing loss of confidence by shareholders, and the sooner the solutions to mitigate the challenges are implemented the better.

**Key words:** Savings Challenges, Savings, Credit Unions and Wealth Creation.

## **DEDICATION**

I would like to dedicate this achievement to my beloved wife –Audrey Mwila Muwele and my beloved Faith, Matongo and Kabaso. To my wife and children you occupy a special place in my heart. I had to spend more time studying than being with the ones I love most. To my departed father and mother, Mr Moses Mwila and Mrs Love Mwila Loti ,thank you for your encouragements and pride in me and good norms you imparted in me during your days on earth. Your unwavering love and support in ensuring that I got an education at a tender age is priceless. Although tears may dry but the time we spent together will, forever be cherished.

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I will lift up mine eyes unto the hills, from whence cometh my help. My help comes from the LORD, who made the heaven and earth. He will not allow my foot to be moved: he that keeps me will not slumber. Behold, he that keeps Israel shall neither slumber nor sleep (Psalms121:1-4 NKJV). What I thought was impossible has become possible through the love of my dependable God.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>SACCOs</b>	-	Savings and credit Cooperative Unions
<b>SASRA</b>	-	Savings and credit Cooperative Societies Regulatory Authority
<b>ZASCU</b>	-	Zambia Army Savings and Credit Union
<b>CEs</b>	-	Civilian Employees
<b>MUSCCO</b>	-	Malawi Union of Savings and Credit Cooperative Union
<b>MFI</b>	-	Microfinance institutions
<b>ROSCAs</b>	-	Rotating and Credit Associations
<b>CFIs</b>	-	Cooperative Financial Institutions
<b>FSCs</b>	-	Financial Services Cooperatives
<b>MIS</b>	-	Management information systems
<b>MPIs</b>	-	Macro prudential indicators
<b>SPSS</b>	-	Statistical Package for Social Scientists
<b>IT</b>	-	Information Technology

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## LIST OF KEY WORDS DEFINITIONS

**Credit Union:** A Credit Union is a type of consumer Cooperative that specializes in the money market and it is, along with the food and clothing retail Cooperative, among the largest in terms of membership.

**Participants:** These members contribute savings and participate in the operations of Cooperatives.

**Challenges:** These hindrances affect Credit Unions in creating wealth for both members and the institutions.

**Wealth:** Wealth is the gross value minus any debt or loans such as Mortgages or Credit card debt (Rowlingson and McKay, 2012).

**Savings:** Savings is an intelligent use of the economic resources that a member possesses to provide for the needs that may present themselves in the future (Kabuga et al, 1995).

**Investment:** This is the application of finances raised by the society. It is the SACCOs' expenditure in long-term, short-term, mid-term and income generating activities.

**Deposit:** Means a sum of money received or paid on terms under which it shall be repaid, with or without interest or a premium and either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it.

**Dividend:** This is an appropriation of surpluses to members as a return on investment in shares by the institution.

**Shares:** They are monetary units representing the member's ownership position in the SACCOs. They are a source of permanent capital because they have no maturity date.

## CHAPTER ONE

### INTRODUCTION AND BACKGROUND

#### 1.1 Introduction

This chapter presents the general view about the study by providing general background for the study. The chapter consisted of background of the Study, statements of the problem, aim of the research and objectives of the study. Furthermore the research questions, significance of the study, scope of the study, the limitation of the study and location of the study.

Savings and Credit Cooperatives (SACCOs) are established when a group of people with a common bond (e.g. work place, religion, location, community, profession) decide to save their money together for a commonly agreed purpose (Adekunle, 2011). Financial Cooperatives are member-owned Cooperatives with the mandate to mobilize savings and provide access to affordable credit to members as a way to assist their socioeconomic well-being (ICA, 2013). This innovation mostly results in members engage in more income generating activities and consequently improves on their economic and social development. In financial Cooperatives, the members are simultaneously owners and clients (ICA, 2013) and the Cooperatives are formed on common bonds, either community bonds or occupational/association bonds. The common bonds are used as security because they ensure that members have a sense of identity, mutual concern, Cooperation, loyalty and trust (Cheruiyot et al., 2012). SACCOs have the ability and opportunity to reach clients in areas that are unattractive to banks such as rural or poor areas (Branch, 2005). Borzaga and Galera (2012) state that the rise of the Financial Cooperatives model and its success globally, is attributed to its not-for-profit making nature as it strives to meet the needs of its clients and community at large.

As Credit Unions are a type of Cooperatives, they should offer the benefits that arise from this form of ownership in economic and social wellbeing (Nef, 2013). Savings and Credit Cooperatives (SACCOs) have solid bases of small saving accounts constituting of relatively low-cost source of funding and low administrative costs. This encourages more savings and the pooled funds are then used to extend loans and other services to members. They provide reasonable rates of interest and provide financial services to enable members improve their economic and social well-being. The pooling of deposits is there to provide financing to members according to how much each member has saved. The member controlled

Cooperative ensures the permanence and growth of the SACCOs even in turbulent economic times (Evans, 2001). The members in a Cooperative determine policies, rules, interest on savings, borrowings, and dividend-sharing formula in a democratic process. SACCOs are able to advance loans at interest rates lower than the market interest rates and provide higher interest rates on savings than the market rate.

Credit Unions are non-profit making institutions in many countries and they receive tax breaks on their core activity of lending to low-income households. This then helps SACCOs to grow and remain economically and financially viable (Gijssels and Devetere, 2007). Such growth of Cooperative Unions is through effective financial practices and meeting the Cooperatives objectives. This has led governments to introduce formal legislation restricting Credit Union membership. Credit Unions are mostly for poor people and affluent people do not have control of these Cooperatives because all members are equal. SACCOs are Savings and Credit Cooperative Organizations, formed by both governments and private individuals or firms in order to improve the welfare of members and society in which they are located. Devetere et al (2008) reveal that large Cooperatives are in "traditional" Cooperative sectors such as agriculture and credit. This has resulted in new generation of Cooperatives involved in new crops, distribution, handicraft production, tourism or health and social services tends to be smaller.

There has been an emergence of member based financial institutions in Zambia such as Savings and Credit Cooperatives (SACCOs). SACCOs have an ultimate objective of meeting the fundamental human needs by finding a way of savings and borrowing methods without taking risks and without handing over too much power to a moneylender (Getachew, 2006). Zambia Army Savings and Credit Union (ZASCU) is one of the SACCOs providing financial services like Savings, loans and financial advisory for members. ZASCU is a Savings and Credit Union established in 1986 to mitigate the financial challenges faced by Military personnel. ZASCU is a member of the Cooperative Societies of Zambia and the Cooperative Societies Act of 1998 guides its operations. ZASCU's mission statement states, "improving the welfare of serving members". The membership of ZASCU comprises of Commissioned officers, non Commissioned officers and Civilian employees (CEs). Zambia Army personnel were encouraged to join the Savings and Credit Union in order to save for the future and to access loans. The Savings, loans and financial advisory services come with terms and procedures aimed at ensuring achievements of operational efficiency and sustainability.

Savings and Credit Cooperatives (SACCOs) are likely to be the most viable and sustainable institutions to provide accessible and affordable financial services to the vast majority of urban poor (Aregawi, 2014). Zambia Army Command established ZASCU due to many challenges that personnel faced in accessing financial services from lending institutions. Lending institutions were exploiting military personnel through high interest rates, incorrect account balances and tedious procedures when opening accounts. These and other challenges used to compel men and women in the Army to borrow from relatives, friends and other lenders at an exorbitant interest rates and harsh terms. Zambia Army Command intervened in mitigating these financial challenges through the establishment of ZASCU.

## **1.2 The background to the Research**

The potential of Cooperatives to respond to the social and economic needs of communities, and to constitute a distinctive and dynamic sector of the economy has been recognized internationally (Theron, 2010). Two social entrepreneurs named Hermann Schulze-Delitzsch and Friedrich Raiffeisen (Birchall, 2013) first introduced the innovation of the savings and credit Cooperative model in the 1850s in Germany. Europe was evolving from a long history of feudal relations and oppressive rule that created “the miserable economic conditions of the period and the realization that people would have to take action themselves if their lives were to improve” (Wilburn, 2003). Later, in the twentieth century, the idea went to North America. Credit Unions arose in Canada and the USA as early as the 1900s; however, they really took off during the Great Depression, particularly in rural areas, where commercial banks closed many of their branches during the downturn. The number of Credit Union members in Canada expanded by 13 per cent per year during the 1940s and the 1950s (Credit Union central of Canada, 2012).

The pioneers of SACCOs invented models of consumer and labour Cooperatives. The invention of SACCOs was based on defending and promoting interest of working class in the face of the social disasters endangered by the Industrial Revolution (Assenga, 2008). From 1850 when the first Credit Union was established in present day Germany, empirical evidence suggests that, today Credit Union exists and strives in every region of the world with an estimated 49,330. Credit Unions are in operation within 97 countries with a membership totalling 183,916,050 as at the year 2009 (Statistical Report, World Council of Credit Union Inc. 2009).

The savings and credit Cooperative movement has spread globally, with a vital contribution in the banking sector market share. Borzaga and Galera (2012) states that, the rise of the financial Cooperative model and its success globally can be attributed to its not-for-profit nature as it strives to meet the needs of its clients and community at large. SACCO's core business is mobilizing savings from members, then providing them with credit at affordable interest rates. The need of credit by rural household sparked the development of these institutions as the formal banks became unpopular because of their rationing in the delivery of credit services (Birchall, 2013). With access to these financial savings and credit services, members can start new businesses or improve on the existing businesses. Borzaga and Galera (2012) continue to state that the Cooperative operates on 'bond', i.e. a shared characteristic of its members.

The ultimate purpose of the financial Cooperative is to maximise customer welfare, as opposed to profit maximisation, and for this reason any interest and other income earned from loans to members is exempted from income tax (Write, 2013). Credit Unions are non-profit institutions in many countries and receive tax breaks on their core activity of lending to low-income households. Since the establishment of the first Cooperative in 1844, there has been an astonishing growth in Savings and Credit Cooperatives (SACCOs) and these are not foreign to Africa as they have existed in many forms (Birchall, 2013). These are some of the indigenous savings associations known by different names, "ekub" in Ethiopia, "sanduki" in Sudan, "enusi" in Nigeria, "chilimba" in Zambia. In Kenya, such organizations include the women's "mabati" or "makuti" groups. These groups meet at intervals (weekly, monthly and so on) and each of the members contribute a fixed amount (Alecia et.al, 2012). Most Cooperatives had challenges in terms of the maximum number of membership. This has compelled many governments to introduce formal legislation on restricting membership of Cooperatives.

The Zambian government embarked on promotion of Cooperatives throughout the country immediately after independence, catering for all types of economic and social ventures. The Cooperative Societies Act of 1970 consolidated this position by giving extensive powers to the Registrar of Cooperatives and emphasizing on the social role of Cooperatives in Zambia. Zambia Army embraced the importance of these institutions and it resulted in the formation of ZASCU in 1983, which has the objective of creating wealth for serving members. Microfinance has been centered on providing loans to financially excluded people

in the past, while savings have been neglected (Mwelukilwa, 2001). In the last years this approach has been criticized, fostered by a microfinance crisis in India and other low-income countries (CGAP, 2010). Many experts argue that it would be advisable for the people to save first and then invest the money (CGAP, 2006). The provision of save and reliable saving opportunities is of central importance for both the poor and the microfinance institutions (MFIs). Zambia Army Savings and Credit Union (ZASCU) is a member Co-operative Societies of Zambia and its operations are enshrined in the revised Cooperative Societies Act of 1998 . Military Personnel of Zambia Army used to access finance primarily through commercial banks, moneylenders, traders, friends and relatives at undesirable conditions. These economic challenges led Zambia Army into establishing ZASCU so that it mitigates those financial constraints faced by the employees. The identification of the challenges of savings would help ZASCU contribute to national development at micro and macro level. Thus, the study aims to identify the challenges of savings facing ZASCU at Army Headquarters in Lusaka and recommend possible solutions.

### **1.3 The Statement of the Problem**

Saving and Credit Cooperatives (SACCOs) are one of the most viable and sustainable institutions to provide accessible and affordable financial services to the vast majority of Poor people (Aregawi, 2014). They are the main financial solution of the people who have low income level. Zambia Army established ZASCU in order to encourage officers, soldiers and civilian employees (CEs) to pool together funds. The pooled resources made it easy to have access to loans and savings and engage in productive activities for development, hence the motto “improving serving member’s welfare”. Members’ continuous saving (deposits) with their SACCOs, enable them to have access to loans and savings at low interest rates and high interest rates respectively. Zambia Army Savings and Credit Union (ZASCU) have an objective of enhancing and improving the welfare of its serving members, and it has made tremendous strides in this area. Management through Command at Army Headquarters have instituted a lot of projects and programs for the benefits of all stakeholders. ZASCU allows withdraws from members’ Savings accounts and provides loans to members who are in need of long-term projects and financial needs. However, wealth creation for some members of ZASCU is still low as there is a general concern on the challenges of savings. Membership levels have reduced at a faster rate in the last 10 years despite having low interest on loans and high interest on savings. If members do not access adequate credits and are unable to

deposit sufficient savings, their improvement on economic and social development may not be realised. If wealth creation of ZASCU is to be enhanced and sustained, factors behind the challenges of savings should be identified and recommend possible solutions. The driving force for undertaking this study is that little is known about the challenges of savings that ZASCU faces for its growth and sustainability of wealth creation.

#### **1.4 Aim of the study**

The study aimed at investigating the challenges of savings on ZASCU in creating wealth and providing possible solutions. The study was done at Zambia Army Headquarters in Lusaka where the headquarters of ZASCU are located.

#### **1.5 Research objectives**

Determining the research's aim leads naturally to determining its objectives. Research objectives are more specific than the aim and relate directly to the research question (Grove et al, 2014). The following are the objectives of the study:

- i. To identify the existing challenges of savings on ZASCU at Zambia Army headquarters in Lusaka.
- ii. To examine the current challenges of savings that ZASCU faces in creating wealth for members.
- iii. To determine possible solutions to the challenges of savings on ZASCU, in creating wealth for the members and the institution.

#### **1.6 Research Questions**

The research question is a particularly significant step in research, as it narrows the research aim and objective down to specific areas the study will address (Creswell 2014). A clear research question is vital and sets the scene for development of a clear research aim and objective that are inextricably linked (Martindale and Taylor, 2014.). The research questions are as follow:

- i. What are the current challenges of savings that ZASCU is facing in creating wealth?  
(Realist)
- ii. Why is ZASCU facing these challenges of savings in creating wealth? (Nominalist and Realist ontology)
- iii. How can ZASCU overcome these challenges of savings in creating wealth?  
(Pragmatic ontology)

### **1.7 Significance of the Study**

Savings and Credit Cooperatives (SACCOs) are one of the most reliable vehicles in mobilizing savings and consequently an important source of affordable credit for majority of low-income earners. The study is significant in the following ways: The study will help ZASCU management and members to understand how savings, credit and financial advisory services contribute to the creation of wealth. The study would help to widen the knowledge by contributing on the subject and in particular saving, credit and financial advisory services of SACCOs. The study will help to serve as a basis for further research by institutions and other scholars, having contributed to its literature and methodology. The study may help ZASCU to find possible solutions to challenges of Savings and improve on organizational sustainable growth. Zambia Army has had no research done to identify the challenges of savings faced by ZASCU in creating wealth. The challenges of savings on this Credit Union might lead to low confidence, mistrust and reduction in deposits by members. This could lead to inability by ZASCU in meeting its liquidity and long-term objectives.

### **1.8 Scope of the Study**

The study focused on identifying the challenges of savings on ZASCU in contributing to the creation of wealth. Growth of shareholders' wealth focuses on empowerment of members through accumulation of savings and provision of credit at low interest while growth of SACCOs' wealth focuses on accumulation of non-withdrawable funds in the form of institutional capital and share capital. The study identified the challenges of savings on SACCOs in creating wealth and provided possible solutions. The study was about the challenges of savings on Credit Unions in creating wealth. The lived experiences from ZASCU members and staff at Zambia Army Headquarters, were shared by respondents through questionnaire and interviews. The study was conducted in Lusaka Province of Zambia specifically Arakan barracks, Army headquarters and ZASCU directorate in Lusaka. These locations helped in coming up with the desired sample from the serving members and staff serving in various capacities at the headquarters of ZASCU and Arakan barracks.

### **1.9 limitations of the study**

Study limitations are problems that a study encounters during a given research process (Newman, 2001). The study was not free from limitations and in carrying out the study; the researcher faced a number of challenges some of which are listed below:

## **Financial problems**

Transport to and from the library and research materials required financial resources. The study required the researcher to review more journals, articles and review of published dissertations and this needed frequent visit to the library. The printing and photocopying of the documents gave another challenge faced by the researcher.

### **1.10 Location of the Study**

The study was done at Army headquarters Arakan barracks in Lusaka, which is the home to the headquarters of ZASCU. A research site is an area where participants that are going to answer to research questions reside (Cresswell, 2007). The site was convenient because the researcher was based in Lusaka as an Accountant in the same area and accessibility to participants was not difficult. In addition, data collection was not going to be costly because the participants resided in the same area.

### **1.11 Outline of the dissertation**

This study was divided into six chapters with each having a characteristic of its role as under listed. The first chapter deals with an introductory part, which consists of background of the study, statement of the problem, aim of the study, research objectives, research question, significance of the study and scope/limitation of the study. Chapter Two deals with literature review related to the topic under study in the light of the outlined objectives with a view of global, continental and regional. Chapter Three covers the theoretical framework as well as the conceptual framework on which the study is anchored. Chapter Four presents methodology used in the research. Chapter Five presents the results and discussion part of the study. Finally Chapter Six presents the conclusions and recommendations of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter is on the relevant literature review related to the challenges of savings on Credit Unions in creating wealth. The contributions of various write-ups are reviewed and analysed to establish their contributions and as well as getting a backup literature on the study of the challenges of savings on Credit Unions in wealth creation. The study highlighted the global, continental, regional and national challenges of savings on Credit Unions as they relate to the growth of SACCO wealth creation. Published past researches on Credit Unions were revealed to shed light on this pertinent area and identified the gaps in knowledge that this study proposed to fill.

#### **2.2. Credit Unions**

A Cooperative is “an autonomous association of people united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly-owned and democratically-controlled enterprises (ILO, 2002). These Credit Unions are Cooperative financial organizations owned and operated by and for its members, according to democratic principles (ICA, 2012). The basis of instituting a Cooperative organization includes common business interest, location, professional goals and objectives, need for social interaction on common interest, exploitation of common resources through group scheme (Kassali et al, 2013). Some countries in Europe simply call them Credit Unions, others popular or people’s banks or Cajas. An important characteristic of Credit Unions is the relation between operational and social efficiency within these institutions.

SACCOs take aggressive measures to smooth mobilization and improvement on savings, despite stringent conditions and restrictions imposed on them by the legal framework. Such institutions are created as extensions of their members’ economies and aim to provide them with financial services (Barroso et al, 2010). Loans at market rates of interest are the central services provided by the village banking methods. Loans are offered to low income micro entrepreneurs because at the cost of their poverty is lack of opportunity, not lack of desire to work. While many poor families have ideas for fostering their own employment by creating small businesses, few can access capital they need to begin. The virtue of being poor, results in these people being cut off from this type of support because of lack of collateral or credit

ratings. Through a small loan, poor people could stimulate productivity enabling the micro entrepreneur to build assets and purchase inventory at the best prices. By investing more and repaying the loan on time by members, increases an additional reward and self-esteem through self-help. Loans are renewable resources, which can affect entire communities. A loan is borrowed, invested and repaid after which it can be used to stimulate yet another fledgling business as these loans circulate throughout low income communities until their effect is multiplied many times.

### **2.3 Wealth**

Wealth maximization is the process that increases the current net value of business or shareholder capital gains, with the objective of bringing the highest possible return (Jones, 2013). Rowlingson and McKay (2012) defined wealth as the gross value minus any debt or loans such as Mortgages or Credit card debt. There is a lot of theory about how access to and accumulation of financial resources can help lift people out of poverty. First, assets provide income, which may be financial (e.g. income from pensions), in-kind (e.g. the services received from housing), or accrue as capital gains (e.g. increase in house prices, or interest earned on savings). Cooperative Unions are influential institutions in both industrialized and developing countries that contribute to socioeconomic development, support employment growth, and sustain a more balanced redistribution of wealth (Borzaga and Galera, 2012). For instance Nembhard and Otabor (2014) point out those Cooperatives address market failure and fill gaps that other private businesses and the public sector ignore. This therefore places Credit Union within a context whose importance cannot be over emphasised. Access to assets can give people greater control and provide the 'infrastructure' from which other financial resources will flow. Sylvester (2010) cited that success of financial institutions depends on their ability to mobilize resources. They can build a stock of wealth, which provides support at times of change across the life course, and prevent people falling into debt and poverty. Cooperatives' major aim is to help mostly poor people in alleviating poverty levels amongst themselves.

### **2.4 Savings**

Savings according to Kazi (2012) is the scheme intended to encourage customers to deposit more cash with the SACCOs and this money in turn will be used by the firms to disburse more loans and generate additional revenue for them. Savings are valuable to lower income

households as a buffer against unexpected changes in income or expenditure (Paxton, 2002). According to Kabuga et al (1995), Savings is an intelligent use of the economic resources that a member possesses to provide for the needs that may present themselves in the future. Members of Cooperatives have to restrict their current consumption to accumulate savings that are for future demands. Methods of saving include putting money aside in, for example, a deposit account, a pension account, an investment fund, or as cash. This saving effort and reduced current welfare is compensated with interest paid by Cooperatives to members. Savings in a SACCOs should be a systematic process by which the member forms a reserve and involves reducing expenditures, such as recurring costs. In terms of personal finance, saving generally specifies low-risk preservation of money, as in a deposit account, versus investment, wherein risk is a lot higher; in economics more broadly, it refers to any income not used for immediate consumption (Paxton, 2002). Savings are a stock of liquidity and financial assets in Credit Unions, savings serve as a basis to obtain credit and interest for future use. The pool of deposits is there to provide finance to members according to how much each member has saved. The amount to borrow is often a multiple of the members' current savings. Savings may be short term used across the life cycle, or may be long term, such as a pension. Cooperative members are encouraged to save as they receive an interest higher than the market offer.

## **2.5 Challenges of SACCOs the Global perspective**

A challenge is a difficulty that bears within an opportunity for development. Once we triumph over a challenge, we rise up to a higher level than before (Kluss, 2016). Challenges are the hindrance factors that limit the expected services of SACCOs Prospects: the opportunities, chances, expectations etc. that are helping success of SACCOs (Ergetew, 2014). Cooperatives worldwide are facing many challenges in creating wealth for members and nothing much is being done in addressing the challenges of savings in creating wealth. The following are some of the challenges faced by Cooperatives in different countries in creating wealth:

### **2.5.1 Challenges of SACCOs in Brazil**

The member-owner management of Credit Unions have contributed to the economy of Brazil and expanded in parts of the country. McKillop and Wilson (2011) claimed that there were over 49,330 Credit Unions in 98 countries, totaling over 184 million members in 2009,

and these Credit Unions boasted around US\$ 1,354 billion in assets. However, It is worth emphasizing that the number of Credit Unions in Brazil decreased from 1,378 in 2008 to 1,318 in 2010 (Banco Central do Brasil, 2011). The drop in the number of Cooperatives were due to the challenges faced by the institutions. Braga, Bressan, Colosimo and Bressan (2006), reviewed that Cooperatives in Brazil are sometimes created with almost no planning, something which leads to staffing deficiencies and an inadequate support structure. These Cooperatives are exposed to damaging political involvement and unbridled self-interest (Mckillop et al, 2011). These factors have caused dissatisfaction in stakeholder benefits resulting in low membership.

### **2.5.2 Challenges of SACCOS in India**

The Cooperative movement in India was formed in 1904 under the auspices of British government. In India, Cooperatives are unique as they were initiated and supported by common business needs and aspirations. They are basically welfare driven rather than profit-oriented and are legal institutions supported by the government. Despite the importance of Cooperatives in India, they face challenges in wealth creation. Siddaraju (2012) reviewed the challenge of government influence and interference. Right from the beginning, government has had adopted an attitude of patronizing the movement and Cooperatives were treated as if they were part of the administrative set up of the government. The Cooperatives are dogged by problems such as inadequate capital, poor member participation, absence of common brands, inadequate managerial skills, corruption and frauds (Siddaraju, 2012). This has engendered inefficiency and lack of competitiveness of these institutions hence hampering more wealth creation.

### **2.5.3 Challenges of SACCOs in Ethiopia**

Saving and credit Cooperatives have been playing a distinct and important role in providing various financial services in rural areas of Ethiopia. However, the performance of financial Cooperatives in mobilization of saving and provision of credit has been inadequate (Kifle et al, 2013). The most critical challenges facing SACCO Cooperatives are among others, lack of standardized accounting and prudential standards, lack of concessionary credit facilities previously given by Government with donor contributions (Olga et al, 2017). SACCOs invested much of their financial Lack of awareness and poor saving culture, lack of

infrastructure like office buildings and equipments, weak governance policy and regulatory environment.

According to Todd (2012), the financial records for only about 40 percentages of Cooperatives in Ethiopia are audited each year, even though the country's audit board has a large staff of auditors. These auditors are at regional, zone, and woreda- levels and they fail to undertake annual audits of 81 primary Cooperatives even when it is less costly to audit these Cooperatives. This audit shortage is due to several factors, including: low productivity of FCA auditors stemming from a poor incentive package – low salary, limited transport and other logistical facilitation, and consequent rapid staff turnover; poor bookkeeping practices of many Cooperatives, due to lack of accounting skills within their membership; and limited incentives for Cooperatives to have their books audited.

The other challenge in Ethiopian Cooperatives is dividend paid to members as most Cooperatives generate limited profits, with no annual dividends being paid regularly to their members (Nigusie, 2015). Dividend distribution attracts new members and without proper audit, it is impossible to distribute dividend to members. A research study conducted by Nigusie (2015) indicated the regression analysis of the study shows that dividend has a positive relationship with outreach of SACCOs and this implies that as dividend paid to member's increases. This attracts people to join SACCOs and member increase as a result at the same time loan size will also increase.

#### **2.5.4 Challenges of SACCOs in Kenya**

Kenyan SACCO sector is the largest in Africa and the seventh worldwide (Ademba, 2010). With over Kshs 230 billion in assets and a savings portfolio estimated at Kshs 190 billion, the movement in Kenya constitutes a significant proportion of about 20% of the country's savings (Makoriet al, 2013). However, SACCOs in Kenya have been experiencing wealth maximization challenges. Report by SASRA (2016) identified several challenges that limit SACCOs from maximizing wealth. These include; strict requirements/bureaucracy that are enforced by SASRA, inadequate government support and legal restrictions to the operations of Cooperatives. High default risks on loans and poor repayment methods, inadequate funds to lend clients and lack of securing loans (guarantors/collateral). It is also estimated that less than 50% of the SACCOs are unable to meet their strategic objectives (SASRA, 2016). SACCOs

in Kenya were confronted by myriads challenges such as poor record keeping, high illiteracy level among their members, managerial deficiencies and audit arrears(Ondieki et al, 2011).Legal frameworks often prevent the adoption of better corporate governance practices; hinder the mergers, acquisitions, or splits needed to operate competitively in the market; and inhibit broader diversification. Regulatory frameworks often lack the prudential regulations that are critical for regulating financial institutions, and supervisory agencies often lack the skills and the financial resources to effectively supervise FCs. (ACCOSCA, 2012).Meanwhile Pesa and Muturi (2015) assessed that loan backlogs and inadequacy in accumulating capital are challenges resulting from failure of savings mobilization by Cooperatives in Kenya.

### **2.5.5 Challenges of SACCOs in Ghana**

Recent developments in Ghana's economy since the introduction of the economic Liberalization program in 1985 have posed some challenges to the Credit Unions. This comes especially from competition from other financial institutions and increasing demand for improved financial services (e.g. automation).This is with informal methodologies based on personal relations, family connections or knowledge and business relations for providing easier loans. For instance, research has shown that people patronize these microfinance institutions for a number of reasons such as loans and savings (Aryeetey et al., 1994). This is with informal methodologies based on personal relations, family connections or knowledge and business relations for providing easier loans. For instance, research has shown that people patronize these microfinance institutions for a number of reasons such as loans and savings (Aryeetey et al., 1994). This is with informal methodologies based on personal relations, family connections or knowledge and business relations for providing easier loans. For instance, research has shown that people patronize these microfinance institutions for a number of reasons such as loans and savings (Aryeetey et al., 1994).

The financial sector in Ghana, like most developing countries is fragmented in terms of different institutions using diverse methods to serve varied clients. This resulted in the emergence of formal and informal segments in the financial sector. Fragmentation also implied that the different market segments approached problems of poor information, high transaction costs, risk management, mobilization of funds, grants and capitalization differently (Steel, 1998).Competition from financial institutions come especially from Microfinance

institutions (MFI). The cumbersome features of formal financial institutions in the delivery of credit and lending procedures have led to the development and growth of a considerable number of MFI's. These microfinance institutions, mostly Rotating and Credit Associations (ROSCAs), mobile informal banking (Susu clubs) and Savings and Loans societies, like the Credit Unions have adopted innovative strategies.

### **2.5.6 Challenges of SACCOs in Rwanda**

SACCOs in Rwanda have challenges that are hindering these Cooperatives from attaining their projected targets. ACCOSCA (2011) reviewed challenges of lack of managerial capacity in SACCOs' committees and staff, inadequate management information systems (MIS) and low capacity of maintaining enough liquidity in some SACCOs. Collins (2013) carried out study on the challenges of change management practice at Posta SACCOs. The findings were that SACCOs faced challenges such as resource inadequacy, high resistance to change among the staff, existing staff were not competent enough to deliver on the required results, and the SACCOs did not have ICT capability to improve the delivery on its mandate. These challenges are affecting the operations and growth of Cooperatives in this country and the savings challenges are not taken into considerations.

### **2.5.7 Challenges of SACCOs in Malawi**

Malawi Union of Savings and Credit Cooperative Union (MUSCCO) is a National Democratically controlled apex body for Savings and Credit Cooperatives (SACCOs) in Malawi. According to Mvula (2013), common issues that were affecting performance of SACCOs in Malawi were inadequate capital, poor asset quality, poor governance, poor profitability, poor liquidity and noncompliance. Currently Malawi has a total 54-affiliated SACCOs with membership totalling 119, 219 and total assets at MK. 363,183,035. With increased competition in the financial services market, some of the challenges faced by SACCOs in Malawi are lack of technologically driven services, financial viability, good governance, and products diversification (ACCOSCA, 2011).

### **2.5.8 Challenges of SACCOs in Swaziland**

Swaziland Cooperatives play a pivotal role in creating sustainable income to members. However, winning back trust of the public as a financial provider (Ardic et al., 2011) is one of the challenges it's facing. This weakness is proving to be an obstacle for people to save in

Cooperatives. The public has lost confidence in the capability of the Cooperative movement to provide access to financial services, because of the bad publicity of corruption and mismanagement of funds constantly portrayed in the media about financial Cooperation (Hlatshwako, 2009).

#### **2.5.9 Challenges of SACCOs in Tanzania**

SACCOs in Tanzania have scored highly in terms of expansion and have catered for both rural and urban. The members are the sole beneficiaries, sole savers and sole decision-makers (Mwakajumilo, 2011). This is apparently the case of Tanzania, where Cooperatives contribute significantly to employment creation, income generation and stimulation of growth in both urban and rural areas. However, many SACCOs in Tanzania face problems of poor management, embezzlement, lack of working capital, poor business practice and high loan delinquency rates (Maghimbi, 2010). Cooperative all over the world is known to play a major role in social economy development. These challenges are affecting Cooperatives in meeting their role of wealth maximization to stakeholders.

#### **2.5.10 Challenges of SACCOs in Zambia**

The Cooperative business models maintain the livelihood of communities in which they operate, support the development of MSMEs, create sustainable employment and improved social standing of the members and their families (Von Ravensburg, 2011). The government and other development agencies in Zambia acknowledge the importance of not only strengthen the capacity of small-scale farmers but also facilitate micro, small and medium enterprise, Cooperatives included, engage in value addition in order to reduce poverty, create jobs and provide food security (USAID/Zambia, 2011-2015). In particular, Zambia's Cooperatives have not performed satisfactorily since early 1980s in spite of increased government support through Zambia Cooperative Federation (Mason et al., 2013). The Cooperative sector has challenges that are affecting creation of wealth to stakeholders. Bonger and Chileshe (2013) survey reports, that Zambian Cooperative environment is characterized by lack of finance, imperfect market, modern technology constraints, and inadequate education and profession of staff. According to Conway and Shay (2010), most Cooperatives in Zambia fail to access start-up capital, working capital, investment capital and the level of education and professional qualification for most Cooperatives and workers is low with resultant low productivity and poor quality products.

These challenges cause a lot of mistrust among members and lack of confidence in the services being rendered to clients.

## **2.6 The Emerging Issues**

Cooperatives are facing many competitions from other lending financial sectors that are able to provide clients with so many services. The Loans ,dividends, interests and other advisory services that other financial services provide, are becoming so attractive to so many. The other emerging issue is the stagnation in the growth of membership and this affect the expansion and profitability of the Cooperatives. The Cooperatives depend on the contributions of member savings and the interests from the loans offered to members .When the growth in the size of the membership is low ,that results in the entire institutions inability to provide certain services to members.

## **2.7 Knowledge Gap**

Cooperatives have not yet provided demand driven products that could address the needs of their members through addressing the challenges of savings for wealth creation. In spite of their older age and better outreach to the grass roots level and unbanked community. The study done by Mvula (2013) in Malawi did not cover much about the challenges of savings in creating wealth. The study in Tanzania by Maghimbi (2010) highlighted on only poor management, embezzlement, lack of working capital, poor business practice and high loan delinquency rates and did not cover on the challenges of savings. Collins (2013) carried out study on the challenges of change management practice at Posta SACCOs in Rwanda. His study findings were that SACCOs faced challenges such as resource inadequacy, high resistance to change among the staff, existing staff were not competent enough to deliver and the study didn't prove enough on the savings challenges. The most critical challenges facing SACCO in Ethiopia are among others, lack of standardized accounting and prudential standards, lack of concessionary credit facilities previously given by Government with donor contributions done by Olga et al (2017). This study didn't bring out much on savings challenges in creating wealth. The Savings and Credit by members play a vital role in creating wealth for members and this is so critical in retention of members .The Literature review covered does not cover on the significance of the challenges of savings that affect Cooperative Unions in meeting demands of wealth creation in members through social and economic growth. The study aims to fill up this gap at other studies haven't highlight particularly on Cooperative matters do with ZASCU in Lusaka, Zambia.

## **2.8 Chapter summary**

This chapter reviewed literature and other studies on the topic of study at global, continental and regional levels in order to have a better understanding of the topic in relation to the stated objectives. The literature cited helped the study in understanding what others have said on the topic of Challenges of savings on Credit Unions in creating wealth. The literature reviewed covered both civilian and military community Cooperatives. The discussion of literature was done in line with the outlined objectives and research questions in chapter one. The Cooperative movement in Zambia is so important because it helps in alleviating poverty levels in many societies through the services provided. Members can only appreciate the services provided by Cooperatives if the challenges affecting wealth creation are identified and possible solutions found. The growth and sustainability of ZASCU depends on so many factors and the challenges of savings is one of them. If the factors behind the inability to create more wealth to members is not identified and possible solutions found then the institutions will end up failing to meet the set objectives. Members are attracted by the services provided in an efficient and effective way and if this is not provided, then membership levels dwindle and this would result in so many Cooperatives wounding up. ZASCU needs to identify the challenges of savings in wealth creation for the benefit of the institutions and members. The variables to creating wealth in ZASCU are the savings, loans and the financial advisory that the institute provides to members. In chapter three, the researcher describes theoretical and conceptual framework.

## CHAPTER THREE

### THEORETICAL AND CONCEPTUAL FRAMEWORK

#### 3.1 Introduction

This chapter presents the theoretical framework and the conceptual framework that the study is based on. Theoretical framework comprised of three theories, namely stakeholder theory, Ricardian theory and Growth theory. The conceptual framework had three independent variables and these are Savings, Loans and Financial advisory services, while the dependent variable was the wealth creation.

#### 3.2 Theoretical Framework

Theoretical framework is composed of scientific theory well-substantiated and explained, referred to aspect of “the natural world, based on a body of facts that have been repeatedly confirmed through observation and experiment” (Imenda, 2014). It explains a phenomenon through a clear explanation as to why things happen the way they do in various social interactions in the social sciences world (Kombo and Tromp, 2006). The study covered three theories and these are stakeholder theory, Ricardian theory and the growth theory.

##### 3.2.1 Stakeholder theory

Stakeholder theorists suggest that managers have a network of relationships to serve, which include the suppliers, employees and business partners. This study was hinged on the Stakeholders Theory which advocates for treatment of all stakeholders with fairness, honesty, and even generosity (Harrison et al., 2015). According to Harrison et al. (2010), a firm which advocates for its stakeholders, allocates more resources for the purpose of satisfying the needs and demands of its legitimate stakeholders. Sundaram and Inkpen (2004) contend that stakeholder theory attempts to address the group of stakeholder deserving and requiring management’s attention. As Harrison Bosse and Phillips (2010) put it, “a firm that manages for stakeholders allocates more resources to satisfying the needs and demands of its legitimate stakeholders than what is necessary to simply retain their wilful participation in the productive activities of the firm.” Donaldson & Preston (1995) suggest that all groups participate in a business to obtain benefits. Nevertheless, Clarkson (1995) concludes that the firm is a system, where there are stakeholders and the purpose of the organization is to create wealth for its stakeholders. Stakeholder theory suggests that “managing for stakeholders”

involves attending to the interests and wellbeing of these stakeholders, at a minimum (Harrison, Bosse and Phillips, 2010). Stakeholder theory, at its core, is about creating more value.

### **3.2.2 Ricardian theory of production and growth**

The theory relates to the effect of access to credit on savings in which the level of savings is an important determinant of the overall level of investment in an economy, and thus is directly linked to growth both at household level, institutional and national levels. According to the classical Ricardian theory of production and growth, increasing either of the factors of production in this case capital, while holding the other constant and assuming no technological change, will increase output, but at a diminishing rate (Bjork, 1999). Given that savings may be considered less of a necessity when credit is available, (Japelli and Pagano, 1994) argue that alleviating credit constraints on households reduces the savings rate, with negative repercussions for economic growth. They provide empirical evidence to support this argument, based on a sample of middle and high income countries. Beck (2008) also provide empirical evidence showing that while access to credit for enterprises does increase growth in GDP per capita, increasing access to credit for households does not have a positive impact on growth.

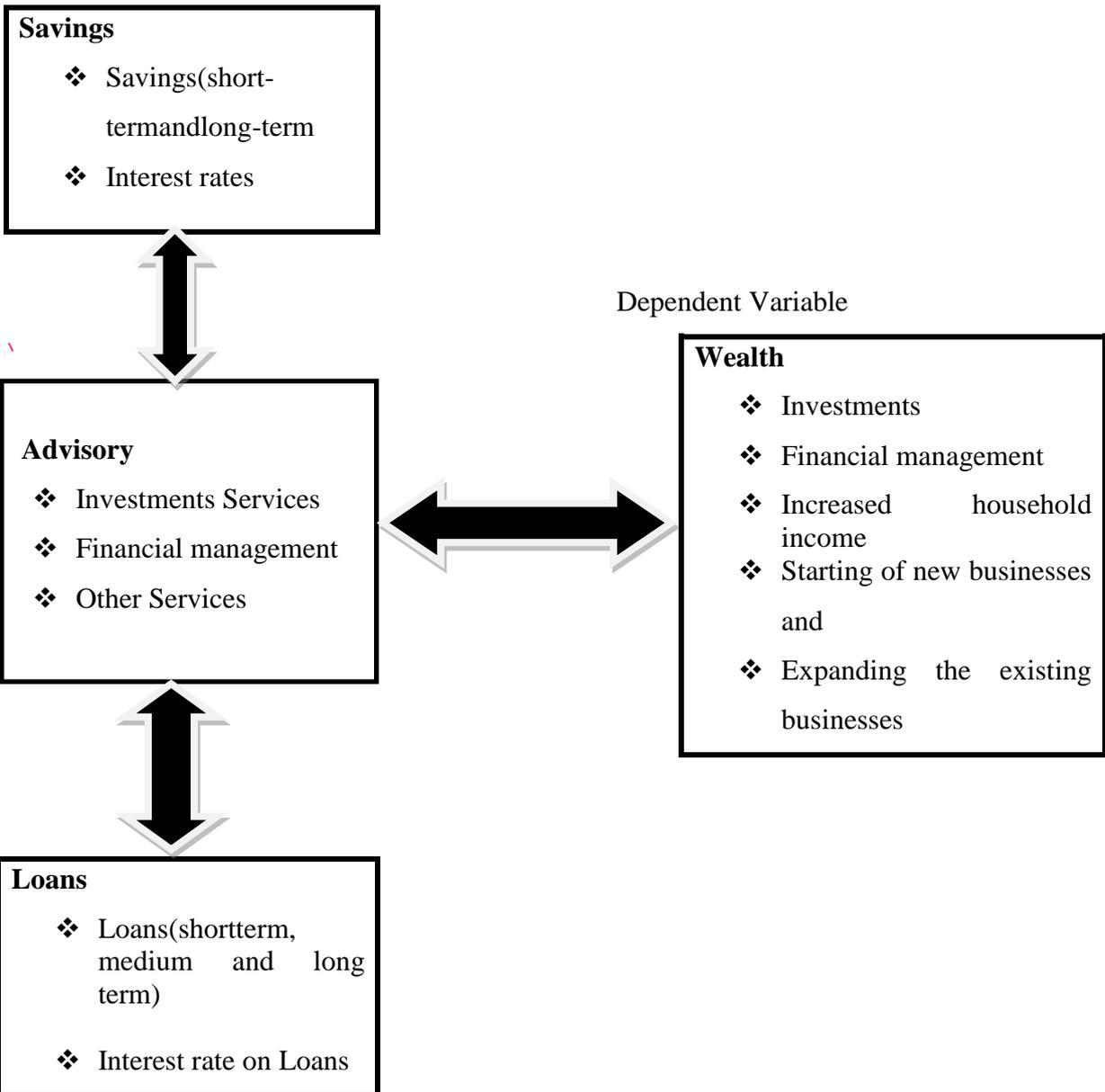
### **3.2.3 Growth theory**

The theoretical relationship between access to financial services and growth is not straightforward. The growth models largely pioneered by Solow (1956) postulate that growth can only be explained through direct investment, population growth and technological progress. In Solow's argument, direct investment and population growth only have level effects on output and do not affect the long run growth rate. The principal services of SACCOs include savings and credit but other services such as money transfers, payment services, insurance and member development are also offered (Maina, 2007). According to growth theory growth depends on the stock of human and physical capital in the economy, as well as technological progress (Romer, 1990). The members of Cooperatives involvethemselves in poolingvoluntarily theirsavings together from in form of shares. SACCOs are user-owned institutions with savings accumulated to act as SACCOs' wealth. Investment at the level of the firm or the individual can contribute to all of these things, and thus plays an important role in facilitating long run economic growth.

### 3.3 Conceptual Framework

A conceptual framework is a structure which the researcher believes can best explain the natural progression of the phenomenon to be studied (Camp, 2001). It is arranged in a logical structure to aid provide a picture or visual display of how ideas in a study relate to one another (Grant et al, 2014). The study proposes that Savings, loans and advisory services determine the growth of SACCOs' wealth, as captured in Figure 3.1 below.

Independent Variables



**Figure 3.1 Conceptual Model**

**Source:** (Nassazi, 2013) and modified by the researcher.

### **3.4 Operationalization of Conceptual Framework.**

The model shows that the independent variables in the study are SACCOs' services' terms conceptualized as Savings services' terms, Credit services' terms and the advisory services have an impact on the dependent variable (wealth creation). Savings service terms are further conceptualized in terms of the interests obtained for depositing without frequent withdraws and the size of the deposits. Deposits in Credit Unions attract a higher interests compared to market interests so that members are encouraged to save more. Interest is a percentage return paid to savings based upon the stated period and minimum amounts (Thomas ,2007) ordinary savings pays small interest return while fixed deposit interest rate variable (higher than other accounts). Credit service terms are further operationalized as amount borrowed; credit period and loan interest rate. Credit enables people to overcome their liquidity constraints and undertake some investments such as farm technology and inputs thereby increasing agricultural production. Improvement in identifying the challenges of savings on SACCOs' services' terms is expected to improve members' economic development and creating more wealth for the institution. The dependent variable is SACCOs' creation of wealth for members and this is measured in terms of increase in household income, starting of new businesses and expansion of existing businesses etc. This can be achieved by ZASCU through creating of wealth by addressing savings, loans and advisory roles to members and institution.

### **3.5 Chapter Summary**

This chapter reviewed the theoretical framework and conceptual framework on which this study is anchored on. The theories cited were the stakeholder's theory, Ricardian theory and Growth theory. The conceptual framework highlighted three independent variables which are the savings, advisory services and loans that determine the dependent variable which is wealth that ZASCU should attain. Savings accounts are further conceptualized in terms of the interests obtained for depositing without frequent withdraws and the periods of savings. Credit Unions attract a higher interests on savings compared to market interests so that members are encouraged to save more. The advisory services provided by SACCOs are in line with investments, financial management and other service. Loans are further highlights the periods and interest rate. The identification of the challenges of savings on and subsequent provision of recommended solution will improve the institute's wealth creation goals.

## **CHAPTER FOUR**

### **RESEARCH METHODOLOGY**

#### **4.1 Introduction**

This chapter presents the design used in the research, target population, sampling procedure, study site, area of study, research data collection instruments and procedures, empirical model, measurement of variables, how data was analyzed, and ethical considerations. It explained on why specific techniques and methods were used in design, analysis and data collection.

#### **4.2 Research Philosophy**

The term research philosophy refers to a system of beliefs and assumptions about the development of knowledge (Burrell and Morgan 1979).The assumptions included in the research are about, the ontological assumptions (realities encountered in the research), epistemological assumptions (human knowledge) and axiological assumptions (the extent and ways researcher values the research process). These assumptions inevitably shaped how the study developed the research questions, the methods and how to interpret the findings (Crotty 1998).The following are the assumptions that this study is developed on:

##### **4.2.1 Ontological Assumption**

Ontology in business research can be defined as “the science or study of being” (Blaikie, 2010) and it deals with the nature of reality. Ontology is a system of belief that reflects an interpretation by a researcher about what constitutes a fact. The ontological assumption refers to the nature of the world around us; in particular, that slice which the researcher chooses to address. Ontology is a specification of a conceptualization (Tashakkori and Teddlie, 2008).Ontology in this research was associated with a central question that involved both objective and subjective because the research was a mixed method. Objectivism “portrays the position that social entities exist in reality external to social actors concerned with their existence” (Saunders et al, 2012).Subjectivism (also known as constructionism or interpretivist) on the contrary, perceives that social phenomena are created from the perceptions and consequent actions of those social actors concerned with their existence. Formally, constructionism can be defined as “ontological position which asserts that social phenomena and their meanings are continually being accomplished by social actors”. (Bryman, 2012) The subject of ontology is the study of the categories of things that exist or

may exist in some domain. The self-administered questionnaire in this study used to have “realist” ontology while the key informant interviews and documents review methods have the Nominalist ontology. These methods are used in this study because it is the mixed method i.e. quantitative and qualitative methods.

#### **4.2.2 Epistemological Assumptions**

Epistemology in a business research is a branch of philosophy that deals with the sources of knowledge. Specifically, epistemology is concerned with possibilities, nature, sources and limitations of knowledge in the field of study. Alternatively, epistemology can be branded as the study of the criteria by which the researcher classifies what does and does not constitute the knowledge (Hallebone et al 2009). In simple words, epistemology focuses on what is known to be true. It is a way of thinking opposite to ontology. Epistemological assumptions are about knowledge, what constitutes acceptable, valid and legitimate knowledge, and how we can communicate knowledge to others (Burrell and Morgan 1979). Interpretive method was used to explain on the findings using the qualitative method by using data from quantitative. The purpose of interpretivist in this study was to create new, richer understandings and interpretations of social worlds and contexts.

#### **4.2.3 Axiological Assumptions**

Axiology is a branch of philosophy that studies judgments about the value. Specifically, axiology is engaged with assessment of the role of researcher’s own value on all stages of the research process (Li, 2016). Axiology is a branch of philosophy that studies judgments about the value (Saunders et al. 2012). The axiological skill enables the researcher to articulate the values as a basis for making judgments about what research they are conducting and how they go about doing it. The appropriate ethical components are adhered to, by the positions that values played in the researcher’s decisions. Pragmatism values played a big role in interpreting results; the study adopted both objective and subjective points of view. Mixed method designs were used in this study where quantitative and qualitative data were collected and analyzed to make an informed decision.

#### **4.2.4 Phenomenological Assumptions**

Phenomenology in business research focuses on experiences, events and occurrences with disregard or minimum regard for the external and physical reality. Phenomenology, also

known as non-positivism, is a variation of interpretivist, along with other variations such as hermeneutics, symbolic interactionism and others. This branch of philosophy “describes the philosophical approach that what is directly perceived and felt is considered more reliable than explanations or interpretations in communication” (Remeyni, et al 1998). Phenomenology is an ambiguous term because it can refer to a general first-person description of human experience or, more specifically, to a philosophical method for analyzing consciousness developed by Edmund Husserl (Glesne and Peshkin, 1992). Term has been used by Kant and Hegel, but Husserl redefined it in reaction to the detached academic discussion in philosophy in the 19th century. Heidegger, the possibly most important phenomenologist, defines the term "phenomenon" using its Greek etymology as "that which shows itself in itself, the manifest" (Glassner and Strauss, 1967). Heidegger sees phenomenology as ontology but it can also be understood as an epistemology. The central idea of phenomenology is that the world is opened up by consciousness (James, 1979). Every perception is a conscious act. Phenomena are given to consciousness and phenomenology tries to go back to the things themselves. These things are not objectively given things, but rather the content of consciousness (Glaser, 1992).

#### **4.3 Research Design**

A research design matrix was used as a heuristic tool to demonstrate the trail of methodology that has been used in this study. The matrix had columns and rows arranged in such a manner as to show the philosophical linear relationship from the research question, the type of objectives and numbers related to an ontology and an appropriate logic. This strategy entails the concurrent collection of both quantitative and qualitative data (Creswell, 2014), guided by the researcher's use of a specific theoretical perspective (Creswell, 2009). This resulted in the separate analysis of the quantitative and qualitative data gathered (Braun and Clarke, 2013; Creswell, 2014). Mixed-methods studies enable researchers to develop separate quantitative questions and qualitative questions or develop a mixed methods question depending on the study (Creswell 2009). The research study used a cross sectional correlation and survey designs and employed both quantitative and qualitative approaches or mixed method research. The study took on a qualitative approach because it explored on the challenges of savings on SACCOs to create wealth. The qualitative approach gave precise and testable expression to qualitative ideas. Quantitative approach was used because of the variables measured with numbers and analyzed with statistical procedures in order to determine

whether SACCOs have challenges of savings in creating wealth. The study was cross sectional because it was conducted across participants over a short time where both primary and secondary data were collected. Primary data and secondary data were collected from the chosen population sample using interviews, questionnaire and document review. Primary data collection was appropriate because of the aims of the study which sought to get new insights on the key phenomena that drive the challenges in ZASCU. On the other hand, to collect secondary data, a review of relevant ZASCU records, financial and audit reports for the year 2017 and 2018 were used. A cross-sectional study is a type of observational study that analyses data collected from a population, or a representative subset, at a specific point in time (Schmidt and Kohlmann, 2008) and quantitative research is the systematic empirical investigation of observable phenomena via statistical, mathematical or computational techniques.

#### **4.4 Target Population**

This study is about the challenges of savings in creating wealth; hence the inclusion criterion was determined to include only ZASCU members and management who are competent to articulate issues relating to the mentioned Cooperative. According to Mouton (1996), a population is a collection of objects, events or individuals having some common characteristics that is interested in studying. The population for a study is that group about whom we want to draw conclusions. The members included those from Branches, Directorates, and Management of ZASCU and Arakan barracks members. 80 respondents were selected using the Yamane formula (Yamane, 1967). The register of members of ZASCU who were in Lusaka and operating at Army headquarters who were not deployed for various tasks were used for sampling. The number was ideal as these members were available for the period in which the study was done. The formula was appropriate because the sample size needed people with knowledge about ZASCU and this was derived from staff and members. Expert based sampling targeting staff that included junior and senior management of ZASCU. The sampling size for expert based sampling was ten people and these were for interviews. Expert based sampling targeted Management in strategic, middle and operational management levels. The director, deputy director and Chief internal auditor were selected from Strategic management.

The sampling data collection tools used in this study are illustrated in Table 4.1 below

**Table 4.1 Research Design Matrix**

<b>Research Question</b>	<b>Research Objective</b>	<b>Population And Sampling</b>	<b>Data Collection Methods</b>	<b>Data Analysis</b>
What are the current challenges ZASCU is facing in creating wealth?	To identify the current challenges of ZASCU in creating wealth for members	Simple Random Sampling	Self-administered questionnaire Document review	Univariate, bivariate and multivariate analysis
Why is ZASCU having these challenges in creating wealth?	To understand the challenges ZASCU faces in creating wealth for members	Purposive Sampling	Key informant Interviews	Univariate, bivariate and multivariate analysis
	To describe the challenges that ZASCU faces in creating wealth for members	Stratified Sampling	Survey Questionnaires	Multivariate
How can ZASCU overcome these challenges to create wealth?	To determine possible solutions to the challenges that ZASCU faces in creating wealth for members	Stratified sampling	Key informant interviews  Survey Questionnaires	Thematic and Content Analysis

The other four respondents came from the staff as they are directly in the interaction with members. These were marked for one on one interview as key informants. The 70 respondents were from general membership and these were for surveying. The selection of participants in this study was determined by the research question, and because the research does not value representativeness in the same way as pure quantitative research, this study rather took a purposive approach to sampling or a more open sampling approach.

#### **4.5 Sample Size**

The sample size used was eighty people and these were selected from branches and directorates of Zambia Army headquarters. Ten respondents of ZASCU management from strategic, middle and operational levels were used for key informant interviews. Seventy respondents from general membership of ZASCU were used for the questionnaire.

#### **4.6 Sampling Techniques**

The study used stratified, purposive, and simple random sampling methods to select respondents. A purposive quota sample was taken from the population. The purposive sampling method was preferred for this study as it provided for the researcher to make a personal judgment on the most appropriate sample composition to meet the needs of the research question (Saunders and Lewis, 2012). In Purposive sampling, a researcher selected a sample based on his experience or knowledge of the group to identify clear criteria for selecting the sample. Stratified sampling was adopted to classify the staff of ZASCU according to their departments. Then simple random sampling was used to select member respondents from Branches, Directorates particularly within Army headquarters and Arakan barracks. Purposive sampling was used to ensure that only people with relevant information were selected.

#### **4.7 Sample Size determination**

The sample in this study included a simple random sampling and individuals were randomly drawn from the target population.

To arrive at the above sample size, the study used the Yamane formula

$$\frac{n = N}{1 + (a)^2 N} \rightarrow \frac{100}{1 + (0.05)^2 * 100}$$

Sample size = 80

Where; n= sample size

N =total population

a= error factor  $(0.05)^2$

**(Yamane, 1967)**

Therefore, the researcher picked on a sample based on the experience, qualification and specialization of the respondents to suit the research needs. The researcher also focused on the strategic management level, middle management level and operational management levels and general membership of ZASCU due to vast knowledge they possess in the institution.

#### **4.8 Data Collection Methods**

A survey was carried out and the data collection techniques that included the following; key informants interview, survey and document review were used. These were carried out using tools such as an interview guide and a questionnaire whereby a questionnaire was administered to the respondents with semi structured questions with regards to the subject matter. According to Leedy and Ormrod (2005) actual data collection as the actual procedure is used to collect primary data from the participants with regards to a particular phenomenon. Document review for financial statements of the institution and other documents at ZASCU headquarters in Lusaka were used.

##### **4.8.1 Questionnaire**

The questionnaire was administered to members of ZASCU from directorates and branches within Zambia Army headquarters and Arakan barracks in Lusaka. Seventy members of ZASCU were used for questionnaire to answer the questions concerning the research questions. They were approached individually to answer the questionnaire at their own time. The key question that the questionnaire needed to answer was “What are the current challenges of savings that ZASCU is facing in creating wealth”. The questionnaire for this study is in Appendix I.

#### **4.8.2 Key informant in-depth interviews**

Key informant interviews were conducted to answer the second research question which was ‘Why is ZASCU facing these challenges of savings in creating wealth? This fits the Nominalist ontology and the inductive logic. According to Saunders and Lewis (2012), qualitative research gives the researcher a rich description of the phenomena that is being sought to be understood, it is therefore important to collect data in a manner that best captures context. Hence, after seeking permission from the participants, the interviews were recorded and handwritten notes simultaneously taken in order to accurately record participants’ quote which is used to support the findings of the research. The targeted group was senior management at ZASCU headquarters in Arakan Barracks in Lusaka. In-depth interviews were conducted in their offices. Three senior managers from strategic level and seven managers from middle and operational levels were interviewed. These in-depth interview questions are in Appendix II and Appendix III.

#### **4.8.3 Document Review**

Documents were reviewed to determine on the economic performance of the institutions. The document review of the institutions focused mostly on the members saving contributions and loans obtained for the year ended 2017 and 2018. The document reviewed also the changes in the profitability as well as the retained earning that the institution generated to maximize shareholders equity. The frequency of obtaining Loans and increases and reduction in the savings amount (deposits) by members were reviewed. The Balance sheets or Statements of Financial positions for the year 2017 and 2018 were reviewed too.

#### **4.9 Data Analysis methods**

The Statistical Package for Social Sciences (SPSS version 21) was used for data analysis by using descriptive statistics comprising of Tables, graphs, frequencies, means, standard deviations, and percentages for ease of interpretation. The responses to questions in the questionnaire were first checked for errors and coded. This involved allocating numerical values to answers given by respondents for the ease of data entry and analysis (Williams, 2003). Quantitative data was analyzed in SPSS version 21 and qualitative data was analyzed using thematic and content analysis. Thematic analysis and content analysis were being used as methods that enabled the researcher to capture the meanings within the data.

The process of thematic analysis is described by Braun and Clarke (2006) as a theoretically flexible method that organizes, describes and interprets qualitative data. The first step in thematic analysis involved becoming closely familiar with the data by reading and re-reading the interview transcripts. Following this close reading, the initial codes were developed. This involved examining the data, keeping the research question (not the interview prompts) at the forefront. For example, while reading the transcripts the research focused on what the participants were saying in relation to what they thought about wealth creation and the challenges of savings that ZASCU faced.

#### **4.10 Research Procedure**

An introductory letter from University of Zambia, Graduate School of Business was obtained. This letter was used to introduce the study to command of ZASCU at Zambia Army headquarters in Lusaka and permission was obtained to access data from ZASCU and its members. The study was embarked on after a selection of respondents, administering the questionnaires and other instruments to collect data. On completion of data collection exercise, the data were then integrated and compiled into this report and submitted to the School of Graduate School of Business for examination.

#### **4.11 Data Validity and Reliability**

Validity and reliability in quantitative and qualitative research are important aspects to consider. Both of these terms can be applied to these two types of research, though how validity and reliability are addressed in these two approaches varies. Validity and reliability are addressed, using different instruments for data collection. Validity of a research instrument assesses the extent to which the instrument measures what it is designed to measure (Robson, 2011). It is the degree to which the results are truthful. So that it requires research instrument (questionnaire) to correctly measure the concepts under the study (Pallant, 2011). The reliability refers to a measurement that supplies consistent results with equal values (Blumberg et al., 2005). It measures consistency, precision, repeatability, and trustworthiness of a research (Chakrabarty, 2013). It is suggested that reliability is a necessary but insufficient condition for validity in research; reliability is a necessary precondition of validity, and validity may be a sufficient but not necessary condition for reliability. The researcher used the questionnaire as a tool that provided validity and reliability of the collected data.

#### **4.11.1 Validity**

Validity of research can be explained as an extent at which requirements of scientific research method have been followed during the process of generating research findings. Oliver (2010) considers validity to be a compulsory requirement for all types of studies. There are different forms of research validity and main ones are specified by Cohen et al (2007) as content validity, criterion-related validity, construct validity, internal validity, external validity, concurrent validity and face validity. To ensure validity of the instrument, the researcher mostly used the expertise and guidance of the literature review of the published researches.

##### **4.11.1.1 Content validity**

It is the extent to which the questions on the instrument and the scores from these questions represent all possible questions that could be asked about the content or skill (Creswell, 2005). It ensures that the questionnaire includes adequate set of items that tap the concept. The more the scale items represent the domain of the concept being measured, the greater the content validity (ShekaranandBougie, 2010). To demonstrate this form of validity the instrument must show that it fairly and comprehensively covers the domain or items that it purports to cover. It is unlikely that each issue will be able to be addressed in its entirety simply because of the time available or respondents' motivation to complete the questionnaire. The research questionnaire and the interviews' contents were in line with the knowledge levels of members and management staff. The respondents gave out their experiences through the structured questionnaire and the interviews. The interview part was for key informant knowing that staff of ZASCU were more knowledgeable about the operations and challenges that institute faced.

##### **4.11.1.2 Face validity**

It is considered as a basic and minimum index of content validity, but it is determined after the test is constructed (Allen and Yen, 1979). The concepts of content evidence and face validity bear superficial resemblance, but they are in fact quite different. Face validity refers to the degree to which a test appears to measure what it claims to measure (Leedy and Ormrod, 2004). It is a global answer as a quick assessment of what the test is measuring. It is the simplest and least precise method of determining validity which relies entirely on the expertise and familiarity of the assessor concerning the subject matter (Nwana, 2007). If the test is known to have content validity, face validity can be assumed, but face validity does not

ensure content validity. The stakeholders can easily assess face validity. The face to face interviews were used to have face validity in the data collection by the researcher.

#### **4.11.1.3 Construct validity**

A construct is an abstract; this separates it from the previous types of validity which dealt in actualities. In this type of validity agreement is sought on the ‘operationalized’ forms of a construct, clarifying what the researcher meant when the construct was used. Construct validity refers to how well you translated or transformed a concept, idea, or behavior – that is a construct – into a functioning and operating reality, the operationalization (Trochim, 2006). To establish construct validity the researcher was assured that his or her construction of a particular issue agreed with other constructions of the same underlying issue, e.g. intelligence, creativity, anxiety, motivation. The researcher was clear and simple in the formulated questionnaire and interviews for the respondents.

#### **4.11.1.4 Internal validity**

Internal validity seeks to demonstrate that the explanation of a particular event, issue or set of data, which a piece of research provided, could actually be sustained by the data. In some degree, this concerns accuracy, which could be applied to quantitative and qualitative research. The findings were described accurately of the phenomena being researched and it was easy to comprehend.

#### **4.11.1.5 External validity**

External validity refers to the degree to which the results can be generalized to the wider population, cases or situations. For positivist researchers generalizability is a sine qua non, while this is attenuated in naturalistic research. For one school of thought, generalizability through stripping out contextual variables is fundamental, while, for another, generalizations that say little about the context have little that is useful to say about human behavior (Schofield 1990). For positivists variables have to be isolated and controlled, and samples randomized. Generalizability in naturalistic research is interpreted as comparability and transferability. The research was a mixed method and both inductive and deductive methods were used to generalize the theory formed from inductive. The Cooperative has many members across the nation and the eighty respondents were representative of the total.

The number was randomly sampled and the views from the respondents were similar to guarantee representative of the population.

#### **4.11.1.6 Criterion-related validity**

This form of validity endeavored to relate the results of one particular instrument to another external criterion. It is used to predict future or current performance. It correlates test results with another criterion of interest (Burns et al., 2017). It deals with relationship between scale scores, and some specific measurable criterion. Within this type of validity there are two principal forms: predictive validity and concurrent validity. Predictive validity is achieved if the data acquired at the first round of research correlate highly with data acquired at a future date. A variation on this theme is encountered in the notion of concurrent validity. To demonstrate this form of validity the data gathered from using one instrument must correlate highly with data gathered from using another instrument.

#### **4.11.1.7 Concurrent validity**

It is the degree to which the scores on a test are related to the scores on another, already established as valid, designed to measure the same construct, test administered at the same time or to some other valid criterion available at the same time. It is established by correlating one question with another that has previously been validated with standard setting (Okoro, 2002). A variation on this theme is encountered in the notion of concurrent validity. To demonstrate this form of validity the data gathered from using one instrument must correlate highly with data gathered from using another instrument. Concurrent validity is very similar to its partner – predictive validity – in its core concept (i.e. agreement with a second measure); what differentiates concurrent and predictive validity is the absence of a time element in the former.

#### **4.11.1.8 Predictive Validity:**

It is often used in program evaluation studies, and is very suitable for applied research. It is a test constructed and developed for the purpose of predicting some form of behavior (Allen and Yen, 1979). It indicates the ability of the measuring instrument to differentiate among individuals with reference to a future criterion. Tests that are constructed to pick applicants who are most likely to be successful subsequently in their training while rejecting those applicants who are most likely to be failures if given admission (Nwana, 2007).

### **4.11.2 Reliability**

Reliability refers to the extent to which the same answers can be obtained using the same instruments more than one time. In simple terms, if your research is associated with high levels of reliability, then other researchers need to be able to generate the same results, using the same research methods under similar conditions. Reliability is a concern every time a single observer is the source of data, because we have no certain guard against the impact of that observer's subjectivity" (Babbie, 2010). According to Wilson (2010) reliability issues are most of the time closely associated with subjectivity and once a researcher adopts a subjective approach towards the study, then the level of reliability of the work is going to be compromised. The use of multiple methods of data collection instruments and methods was aimed at measuring the degree of consistency in responses thus rendering the instruments reliable. Reliability was also ensured by collecting data from both the management of ZASCU and the members who aimed at ironing out any significant inconsistencies or biases in the data.

#### **4.11.2.1 Internal Reliability**

Internal consistency concerns the reliability of the test components. Internal consistency measures consistency within the instrument and questions how well a set of items measures a particular behavior or characteristic within the test. For a test to be internally consistent, estimates of reliability are based on the average intercorrelations among all the single items within a test.

#### **4.11.2.2 External Reliability**

External reliability refers to the extent to which a measure varies from one use to another. The test-retest method assesses the external consistency of a test. Examples of appropriate tests include questionnaires and this measures the stability of a test over time. External reliability is achieved when participants are given the same test on two separate occasions and if the same or similar results are obtained then external reliability is established.

### **4.12 Ethical Issues**

To ensure the safety, social and psychological wellbeing of respondents had their concerns and safety put into considerations. The research was conducted within an ethical framework as suggested by Creswell (2014). This included obtaining informed consent from all

participants, protection of their identities and allowing them to withdraw from the study at any time. Approval to use the data for research purposes was obtained from Zambia Army, while ethical clearance to conduct the study was obtained from the University of Zambia. Dube et al (2013) mentioned that ethics is the moral correctness of a specified conduct and it entails social responsibility that refuses to accept needless human suffering and exploitation. This research was conducted in a way that serves interests of members of ZASCU and Zambia Army as a whole. Leedy et al (2014) further argues that the researcher should obtain permission from the appropriate committee from the institution for any research involving humans.

#### **4.12.1 Confidentiality**

The respondent's names was withheld to ensure anonymity and confidentiality in terms of any future prospects and informed them that data will be shared, results, ideas, tools, resources. All information collected or not, is a context for possible misuse of data and use, and therefore the researcher must seek to ensure that the information based on the investigation is not used to violate anyone's interests (Akaranga et al., 2016). The study had no provision for respondents to write their names or anything that could easily identify them. Privacy of the respondents was secured highly and the names of the respondents were withheld to avoid biased data collection from them by the researcher

#### **4.12.2 Voluntary and Informed Consent**

According to Newman (2001) an informed consent form is a document that shows and outlines the aim and purpose of the study to the respondents or participants and how they will be insured in terms of the confidentiality of their participation . The process of obtaining Consent consists of the following: consent should be given freely (voluntary), subjects should understand what is being asked of them, and involved persons must be competent to consent (conelly,2014).Participant's informed consent were obtained through letter of introduction of the research to respondents which clearly specified on what the research involved, including clearly laid down procedures and explained the ways in which their confidentiality would be assured. The respondents were participating in this research was voluntarily. Further, a letter of introduction was obtained from University of Zambia (GSB) and submitted to Zambia Army for permission to collect data and it was approved.

### **4.12.3 Intellectual violation**

This is the practice where an author or researcher has to ensure that any work which is written should be original and be devoid of some texts, results or even expressions which are borrowed, manipulated. Those used such as ideas, processes, results or even words of the author or publication without acknowledging where the information has been obtained from (Kour,2014).The intellectual violation were adhered to and proper acknowledgements for all contributions to research were prioritised .Intellectual property was adhered to and no use of unpublished data, methods, or results without permission were entertained. Proper acknowledgement or credit for all contributions to research was prioritized to avoid plagiarism.

### **4.13 Chapter Summary**

This chapter discussed the research design, research matrix, the ontology, epistemology and the axiology of this study. The target population, sample size, sample size determination and sampling techniques. The data collection used both primary and secondary data collection methods through questionnaire, key informant interviews and document review. The reliability and validity of the research procedure and data collected was adhered to and were strictly followed. The ethical considerations were considered to avoid biasness in the process of data collection by withholding of the respondents names. Respondents participated in the study voluntarily andadequate information was given to them before participating.

## CHAPTER FIVE

### DATA PRESENTATION, ANALYSIS AND RESULTS

#### 5.1 Introduction

This chapter presents the findings of the study, analysis and results beginning with social demographic characteristics of the participants on both the quantitative part as well as the qualitative part. The data were analyzed and presented in form of Tables and charts. The relationship between the independent variables (Loans, savings and financial advisory) and the growth of SACCOs' wealth (dependent variable) was tested. This will follow by quoting of the responses and forming of the themes, sub-themes and the codes used for discussion on the qualitative part. In qualitative part the researcher presents the findings of the study based on the information collected from the narrations and stories of experiences of the participants in the study. As may be recalled, the study's main aim was to study and explore the lived experiences of the challenges of savings on Credit Unions in creating wealth faced by ZASCU members from Army headquarters and Arakan Barracks through questionnaire and in-depth interviews. The interviews brought out narrations, suggestions, opinions, views, comments and stories on ZASCU management in Lusaka.

#### 5.2 Age group distribution of the respondents

The age group distributions for respondents that were used in this study for data collection is illustrated in the Table 5.1 below

**Table 5.1: Age group distribution of the respondents.**

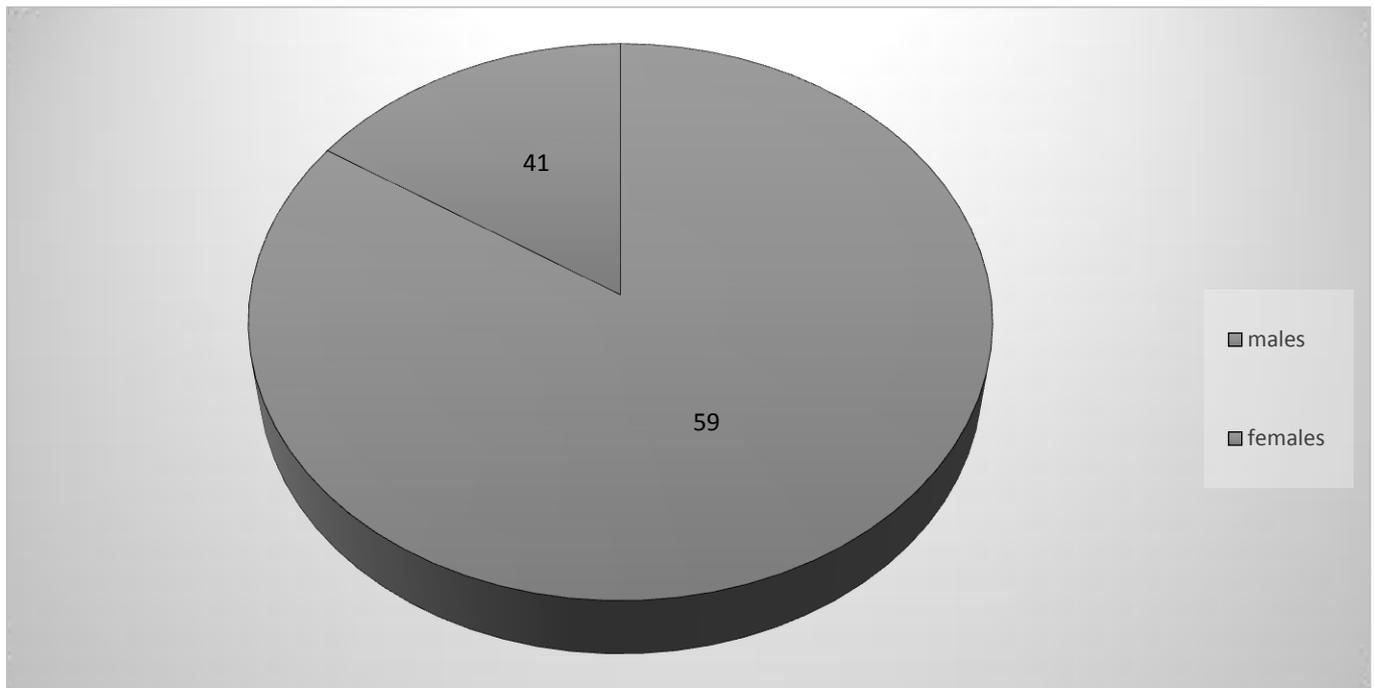
Age	Frequency	Valid Percent
18-25	2	2.9%
26-30	9	12.9%
31-40	21	30.0%
41-54	38	54.3%
<b>Total</b>	<b>70</b>	<b>100.0%</b>

The results in Table 5.1 show the age of the respondents saving with ZASCU. The results showed that (18-25 years) of the respondents were 2(2.9%), (26-30 years) of the respondents were 9(12.9%) of the total, (31-40 years) of the respondents were 21(30%). The last category of the participants were in the age range of (41-54 years) which gave 38(54.3%) of the

total. The Table shows that those in retirement age are the most majority in saving with ZASCU.

### 5.3 Gender of respondents

The respondents used in the study were both male and female members of ZASCU who participated in the questionnaire and key informant interviews. The respondents' gender is illustrated in Figure 5.1 below



**Figure 5.1: The Distribution of respondents' gender**

Figure 5.1 shows the distribution of the respondents according to gender. From the result, it was found that 59% of the participants were males and 41% of the participants were females. There are more male members than female members because the army is mostly a male dominated institution.

### 5.4 Identified challenges facing ZASCU

The study found some of the challenges that ZASCU faces in its operations and these were collected from respondents'.

**Table 5.2: the identified challenges facing ZASCU**

<b>Challenges</b>	<b>Frequency</b>	<b>Valid Percent</b>
Delay in disbursing Money	18	26%
Lack of online system	10	14%
Lack of skilled personnel	13	19%
Loan facility limitation	15	21%
Underutilisation of funds	14	20%
<b>Total</b>	<b>70</b>	<b>100.0%</b>

The Table 5.2 shows the identified challenges faced by ZASCU in creating wealth. The results found that 18 (26%) of participants cited delay in disbursing of money as a challenge. 10(14%) respondents identified inadequate online system as another major issue at ZASCU and 13(19%) said lack of skilled personnel. Members had another concerned of limitation in loan facility as 15(21%) of the respondents cited it and 14(20%) of the participants had a concern for underutilisation of funds at ZASCU.

### 5.5 Withdraws made from ZASCU's savings by respondents

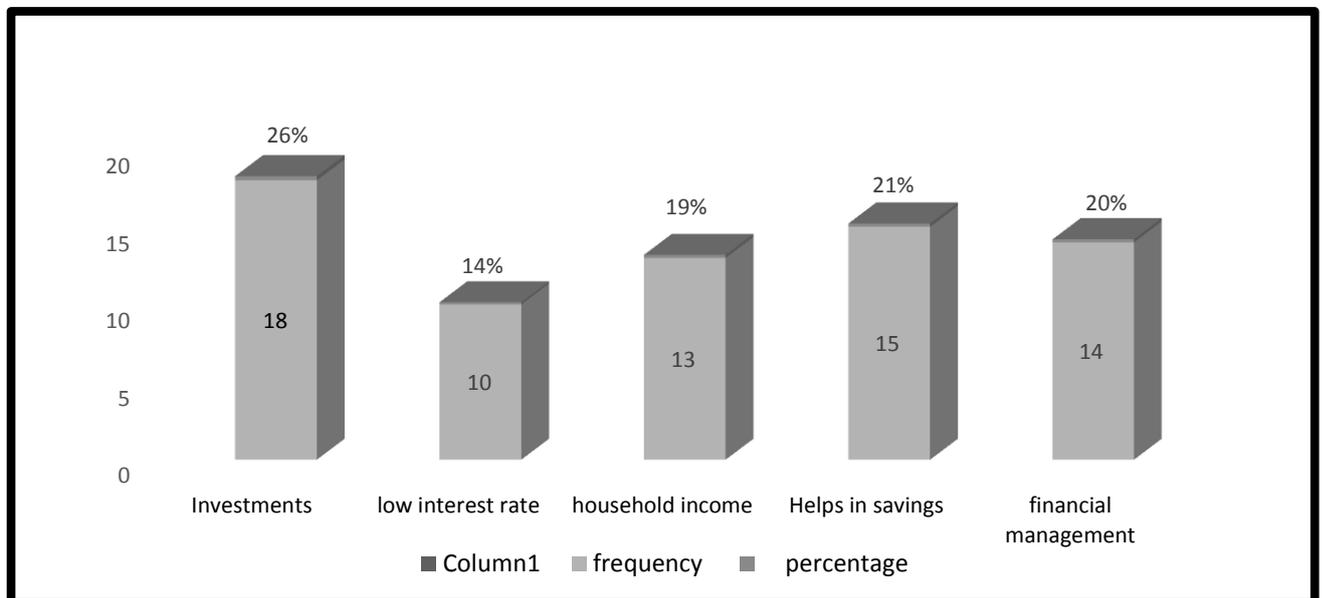
**Table 5.3 Have you made any withdraw from savings account from ZASCU in the last**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid No withdraw made in 24 months	20	28.6	29.4	29.4
3 months	16	22.9	23.5	52.9
6 months	12	17.1	17.6	70.6
12 months	11	15.7	16.2	86.8
24 months	9	12.9	13.2	100.0
Total	68	97.1	100.0	
Missing 999	2	2.9		
<b>Total</b>	<b>70</b>	<b>100.0</b>		

The results in Table 5.3 show the period in which withdraws were made from ZASCU by the respondents. The results showed that 20(28.6%) respondents never made any withdraw in 24 months, 16 (22.9%) of the respondents made withdraws in 3 months.12 (17.1%) of the respondents made withdraws in 6 months, 11 (15.7%) of the respondents made withdraws in 12months period. The last category of the participants of 9 (12.9%) made withdraws in 24 months.

### 5.6 The benefits of joining ZASCU

The study found that members of ZASCU join the institutions for various benefits that are both economicaland social in status. The benefits are highlighted in Figure 5.2



**Figure 5.2: the benefits of joining ZASCU as a member**

From the Figure5.2, it was found that the following were the benefits of joining ZASCU by the respondents: 18(26%) respondents had an investment benefits, respondents of 10(14%) had benefits of low interest rates. Respondents of House hold income were 13(19%) had benefits of household income while benefits in savings were 15(21%) respondents. Respondents that had a benefit in financial management were 14(20%). The Table shows the majority of respondents had an investment benefit of savings on ZASCU.

### 5.7 Purpose of joining ZASCU

The study also found out that members joined the institutions with various purposes and some of these are shown in Table 5.4 below.

**Table 5.4: the mean and standard deviation for the purpose of joining ZASCU**

	P-Value for 95% confidence interval				
	Investment	New business	Household income	Financial management	Expanding of existing business
Mean	1.5758	0.345	0.2876	1.645	1.145
Standard deviation	0.301	0.275	0.211	0.165	0.235

Table 5.4 shows the mean and standard deviation for the purpose of joining ZASCU. The mean for investment was 1.5758 with a standard deviation of 0.60918, those for new business was 0.345 and the standard deviation of 0.758, for household income the mean was 0.2876 with a standard deviation of 0.678. For financial management the mean was 1.645 while the standard deviation was 0.865 then Investment expanding of existing business the mean was 1.145 and the standard deviation was 0.235.

### 5.8 Emergency withdraws made by respondents

**Table 5.5: Shows the emergency withdraws made by respondents**

Withdraw	Frequency	Valid Percent
No withdraw made	20	29%
3 months	16	23%
6 months	12	17%
12 months	11	16%
24 months	9	13%
<b>Total</b>	<b>70</b>	<b>100.0%</b>

The results in the Table show the number of withdraw each participant made over a period. It was found that those that did not withdraw were 20 (29%), those who withdrew for the past three months were 16(23%), and those who withdrew for six months were 12 (17%). The participants who withdrew for twelve months were 11(16%) and the last category was for those who withdrew for 24 months were 9(13%). The Table shows that more members did not make withdraw in the stipulated period of 24 months of about 29%.

### 5.9 Usage of dividends gotten by respondents

**Table 5.6: Shows the usage of dividends by respondents**

<b>Dividend usage</b>	<b>Frequency</b>	<b>Valid Percent</b>
New business	14	20%
Household income	16	23%
Investment	17	24%
Financial management	10	14%
Expanding existing business	13	19%
<b>Total</b>	<b>70</b>	<b>100.0%</b>

The results in the Table 5.6 above show the participants who received dividend and how they used it. Respondents that used dividends for starting new businesses were 14(20%) and those that used dividends as household income were 16(23%). Respondents that used dividends as an investments were 17 (24%) and those who it as financial management were 10 (14%) . The last category that used it for expanding existing businesses was 13(19%). The Table 5.6 also shows that majority of members used their dividends for investment purposes and the least was for financial management.

### 5.10 Respondents that received loans from other lending institutions

**Table 5.7: shows participants that's received loans from other lending institutions**

<b>Loans</b>	<b>Frequency</b>	<b>Valid Percent</b>
Yes	58	83%
No	12	17%
<b>Total</b>	<b>70</b>	<b>100.0%</b>

From Table 5.7, it was found those participants who got loans from other lending institutions were 58(83%) and other category which did not receive loans from any lending institutions was 12 (17%). The Table 5.7 also shows that more members prefer getting loans from other lending institutions than ZASCU and this is causing liquidity problems at the institution

### 5.11 Advisory service from ZASCU

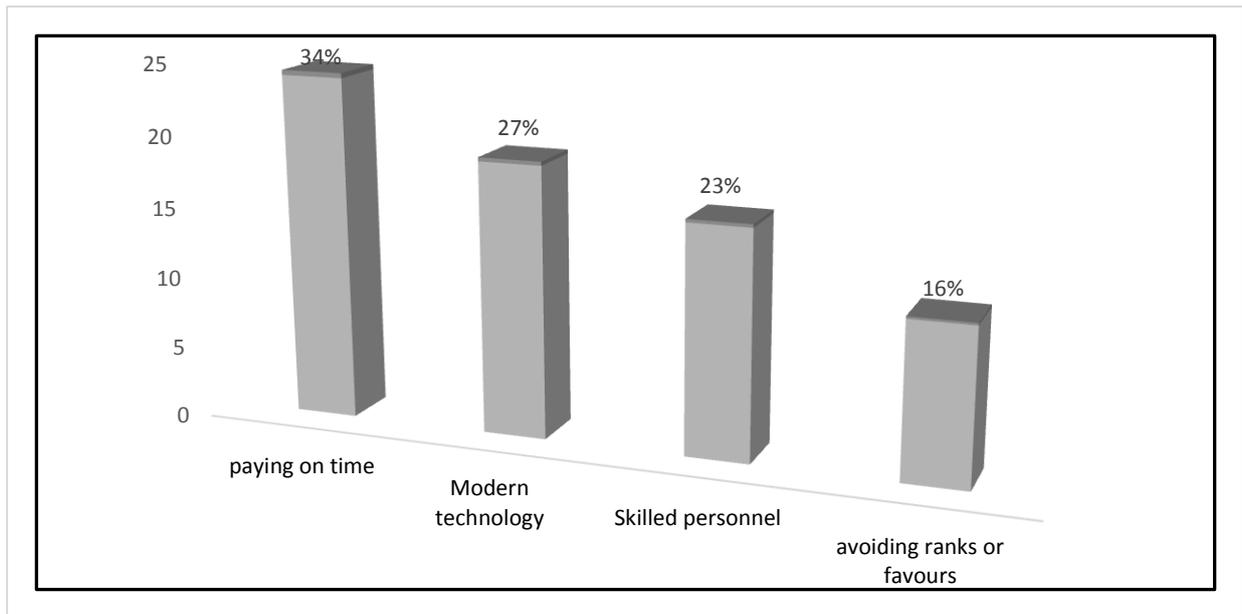
**Table 5.8: Shows the Pearson product moment correlation for advisory service from ZASCU.**

Advisory service	Frequency	Mean	standard deviation	F	Significant value
	35	2.76	0.50	3.478	0.0057
	70	2.48	0.87		
Total	70	2.98	0.24		
	70				

Means in Table 4.5 suggest that advisory services affects for ZASCU. Consider the F-value of 3.478 with its significant value of 0.0057 which is less than alpha 0.05, leading to the conclusion that there were significant differences in advisory services at five-percent level of significance.

### 5.12 Measures to put in place by ZASCU

The respondents suggested measures to put in place by ZASCU in order for members to be satisfied by operations .They cited improvement in modern technology, skilled labour to be employed. The respondent's pattern of response is cited in Figure 5.3 below:



**Figure 5.3: Measures to put in place at ZASCU.**

From the Figure above the respondents suggested the following measures: 34% of the respondents suggested paying on time, 27% were for modern technology. 23% of the respondents pointed the need for skilled manpower and 16% suggested avoiding of ranks or favouritism. The statistics show that members were so concerned for the above measures to be implemented for the benefit of the institution and members.

### **5.13 narrations from some respondents**

A range of themes emerged from the data collected and analysis. The study took a naturalistic point of view whose goal was to describe and explore experiences from respondents with regard to the challenges of savings that ZASCU faces.

Challenges of savings have been one of the major factors that influence members of ZASCU from not participating fully in the affairs of the institutions. It is on this platform that many members and staff are calling for more efforts in addressing their concerns by ZASCU. The key informant interview was used to collect data from staff of ZASCU as they are knowledgeable in the field and this is depicted in Table 5.9 below:

**Table 5.9: Shows the themes, sub themes and codes**

<b>Theme</b>	<b>Sub-theme</b>	<b>Codes</b>	<b>Frequency</b>	<b>Percentage</b>
1.Challenges	1.1Changing of commands 1.2Lack of accountability 1.3Late payments	Normal payment Auditing of the accounts Payments of savings on time(emergency withdraws)	3	30%
2. Measures	2.1Reduce expenses 2.2 Payments of Loans 2.3Educating members on financial matters 2.4 Clear Policy to be followed by all 2.5Liquidity cash in place	Buying only necessary things Payments of loans Information to members on policies Enough Liquidity to meet daily demands	4	40%
3 Wealth creation	3.1 Loans 3.2 Savings 3.3 Financial advise	Adequate loans with low interest Higher interest rates on savings Advisory services on investments	3	30%

The following are some of the contributions from staff members on the challenges of savings faced by ZASCU:

*“Personally I have not seen much improvement but I hope there will be more improvement in the near future savings with ZASCU. I have found it to be a bit difficult to see more improvement because there is insufficient disbursement of finances by management. Accountability is another challenge that management needs to sort out in utilisation of resources for the benefit of us members. (1, 2, 3)”*

*“I have found it to be challenging because saving with ZASCU hasn’t been to my expectations due to underutilisation of the resources and changes of management staff time after time which results in incompleteness of set objectives. Another factor that I have discovered is lack of skilled human resources, which also contributes to poor management of the financial resources at ZASCU (2, 10, and 7)”*.

*“ZASCU has been having issues of delays in disbursing of loans and savings withdraws to clients and not meeting the targets they make to the clients when they are advertising new programs resulting in less benefits. The Cooperative needs to do more on withdraw for it to score on its objectives of creating wealth for members (5, 9, and 4)”*

To ensure proper management of the resources, management should come up with ways and means of managing the financial resources in order to encourage more members to save with ZASCU.

*“In my own understanding I think the best way to overcome the challenges at ZASCU could be by ensuring that resources are available at all times when people need them for example, if I want to get a loan or an emergency withdraw there is no way I can find that there is no money. if it happens that there is no money it means that my programs have been disturbed which makes many people to go and look for money from other lending institutions which puts us in big problems ( 5,8,9)”*.

In creating wealth for members, ZASCU should have other ways of doing business, which can raise the performance of ZASCU for its clients and growth.

*“I fill that ZASCU should employ qualified Civilians in strategic positions so that they can add more value and experience to the Cooperative than using only uniformed personnel of Zambia Army. They should also make the prime goal to be so clear and vivid so that the*

*pattern/ trend can be followed to serve the interests of the clients through prudent management of the resources and bring the intended benefits to the people (3, 1, and 5)''*

*''ZASCU should improve in reducing the time it takes to access saving withdraws and loans to the clients. They should as well help in areas of advisory services when it comes to investments. This can make members to contribute more in ZASCU and result in improvement on the wealth creation that would make Cooperative very strong and supportive to serve its clients without disappointments.( 8,9,7)''*

*''ZASCU should offer more loans to those members who contribute more and in this way many would be attracted to increase on their savings .The current liquidity level is low as every month more withdraws and loan are given out leaving the institution with insufficient funds to meet emergency withdraws.( 5,6,8)''.*

*''ZASCU should also take priority in updating members on the financial performance through financial statements that is accessible to all members .Issue of dividends should be addressed too as it also causes anxiety among members when it takes time to receive such incentive (6,3,1) ''.*

*''ZASCU should invest more in modern technology and skills of staff so that customers are served professionally and proficiently just like other lending institutions so that members are not delayed when they want to withdraw their funds. ZASCU should be giving loans to the clients so that customers can even increase in the monthly savings from the clients (3, 7, and 9)''.*

#### **5.14 Discussion of findings**

The results of the findings are discussed here and then compared with other studies that have been done on a similar subject. The discussion was done in line with the research objectives and research question of the study matter. The following are the research questions under discussions.

##### **5.14.1 Research question one: what are the current challenges of savings that ZASCU is facing in creating wealth? (Realist and Nominalist ontology)**

From the findings depicted in Table 5.2 describes what respondents perceive to be current challenges of saving with ZASCU. Generally it is observed from the Table 5.2 that delays in savings withdraws, lack of online system, lack of skilled manpower, loan facility being limited in terms of amount were statistically significant. This suggested that all the variables identified constituted challenges to saving with ZASCU in the Zambia Army. Specifically, the Table showed the following from the respondents: time of withdraw 18(26%), lack of online system 10(14%), lack of skilled personnel 13(19%), loan facility being limited was 15(21%) then underutilisation of resources was 14(25%).

The results of this study are in line with a study by (Davis, 1989) who reviewed loan delinquency as recording the highest RII of 0.94. This suggests that loan delinquency constitutes the most significant challenge of Credit Unions. On the other hand, mismanagement and manipulation was found to be the least significant challenge to Credit Unions in a study by (Kemp, 2008). This study thus rejects the finding of the World Council of Credit Unions (WOCCU) (2013) which included mismanagement and manipulation has significant challenges facing Credit Unions. The remaining challenges were however consistent with the findings of WOCCU (2013).

The results also found that low levels of skilled personnel, exhibited by the need for more training and human resource development in ZASCU. This also calls for financial management training for members manifested in the level of indebtedness that most members have been exposed to, as they are earning one-third of their salaries because they are repaying loans.

#### **5.14.1.1 Delays in disbursement of Loans and withdraws**

The results of the study showed that delays in disbursement of loans and emergency withdraws as major factor as 26 respondents constituting 26% cited it. Table 5.6 also shows 29% of the respondents could not access their emergency fund withdraw in 24 months. This has resulted in many members have fallen into debt from other lending institutions as they can't for so long to access their money. The findings of this study are in line with a study by (GU and Lee, 2009) that proved to be cumbersome for Savings and Credit Cooperatives to meet clients demand. SACCOs have seen increasingly strong competition from commercial banks which have also developed the same products. This study is supported by (Kemp, 2008) who indicated that Savings and Credit Cooperative in Swaziland are currently facing

similar challenge of delay in accessing money. On the other hand, these findings are also in line with a study by (Giagnocavo, 2012) who reviewed that improved access to credit-by-Credit Union clients enhances their risk-bearing ability, and influences their adaptation calibre of new technology. The finding of this study is supported by (Gu et al,2009 ) who concluded that without access to finances by clients in a Credit Union, it's difficult to have their business boosted as the Savings and Credit Cooperative cannot grant them access to finances. However, in addition to the above challenge the study found that other major challenges faced by members were the introduction of the financial regulatory policy. This has put many clients on a disadvantage, as they cannot withdraw money at the time they need it pushing them into going to other lending institutions.

#### **5.14.1.2 Lack of online system**

The results from Table 5.2 shows that 14% of respondents found that lack of system are another factor that has been impeding ZASCU .Most of the tasks is done manually making it difficult for staff to keep tracking of the records of transactions. Lack of modern technology at ZASCU as resulted in the failure to implement the online services. The finding is supported by (Gentzoglanis, 1997) who narrated those systems in banking/lending institutions plays a very significant role because it facilitates online activities for the organisation growth. In another study by (Sivaprakasam, 2003) he also narrated that online system enhances the ability of customers to conduct business transactions anytime and anywhere, faster and with lower fees compared with using traditional manual. Online system can be one of the cheapest delivery channels for the products to the clients as it allows direct access to financial information and it undertakes financial transactions easily and cheaply.

#### **5.14.1.3 Lack of more skilled personnel**

From the results in Table 5.2 it was suggested from 19% of the respondents that more skilled personnel is need at ZASCU for efficient and effective delivery of services to clients. On human resources the study found that ZASCU as an organisation has been lagging behind in terms of skilled human resources for the Union to run smoothly. Personnel of ZASCU are mostly uniformed and they occupy all management levels. Therefore, the finding of this study is in line with a study by (Dahlberg, 2008) that the contribution of the human resource depends on the various factors like organizational environment, policies and qualification and other personal factors. Non-combatant or civilian personnel can be employed to add more

competence and experience in Cooperative related matters and this can bring more benefits to the Credit Union. Gentzoglanis (1997) also continued that efficient management of human resource brings the comfortable working environment, knowledge updating and better perception on the business tasks. The performance of the employees also varies due to the beliefs, opinion and aptitude of the employees in an institution. This generates the easy and ineffective attainment of growth of the business.

#### **5.14.1.4 Limitation in Loan facility**

From the results depicted in Table 5.2 it has been found that ZASCU as a Credit Union does not offer adequate loans as compared to other institution. This is cited by 21% of the respondents who advocated for increase in loans in line with member savings. Table 5.6 shows members that got loans from other lending institutions were 58 (83%) and those who did not get were 12(17%). The finding of this study is supported by (Sivaprakasam, 2003) who reviewed that without proper contribution to Credit Union or lending institutions is very difficult to make profit or maximise on the profit as an institution dealing with money. The interest rate for the loans or the contributions to the clients is lower than the market interest. The study is also in line with the study of Muheebwa (2018) who stated that SACCOs must ensure that it has a reliable supply of cash at hand to meet demands in loans and this determines financial health of future investments. Members do not utilise the facility even when the interest is so low but prefer to get loans from other lenders at exorbitant interest. This results in the Cooperative having so many challenges in meeting its objectives due to insufficient funds from members. In another study by (Goddard, 2008) also stated that access to loans is used as a tool to strengthen the saving culture of the low-income earners and this therefore leads to asset accumulation and thereby improves their ability to deal with economic shocks and periods of financial difficulty (Solo and Manroth, 2006).

#### **5.14.1.5 Underutilization of resources**

On the other hand, the result depicted in Table 5.2 found that underutilisation of the resources at ZASCU is another issue that has affected client satisfactions. It was found those clients were complaining of the frequent management staff changes which has highly attributed to inconsistency in policies and objectives. Prudence in management of resources at ZASCU every time there is change in command results in changes of system and operations. The findings are supported by (Luarn, 2005) who narrated that without prudent management of

resources in an organisation there is redundant growth to prosperity. The other determinant factor is dividend paid to members. Hence looking at this, ZASCU should make good use of the available resources in order for it to grow so that clients can have time to withdraw their funds without difficulties.

#### **5.14.1.5 Retaining of existing members**

Another challenge faced by the Cooperatives is winning back the trust of the clients to increase saving with ZASCU. The finding of this study is in line with a study by Khajeh, (2011) who cited effective audit of resources and management's accountability in decision makings as some factors hindering SACCOs' growth .The Client has lost confidence in the capability of the Cooperative movement to provide access to financial services. This so because of underutilisations of resources constantly portrayed by changing of commands thereby having inconsistency in operations and policy. From the Table 5.5, results show how dividends obtained were utilized and this positions its importance. 20% of the respondents invested in new business and 19% invested in existing business Dividend distribution retains existing members and it attracts new members. A research study conducted by Nigusie (2015) indicated the regression analysis of the study shows that dividend has a positive relationship with outreach of SACCOs. This implies that that as dividend paid to member's increases it attracts people to join SACCOs and membership increase as a result at the same time loan size will also increase. This possess a great challenge by ZASCU in retaining and satisfying the current members from leaving and attracting new members.

#### **5.14.2 Research question two: why is ZASCU facing these challenges of savings in creating wealth?**

The results from the questionnaire, in-depth interviews and document review highlighted the challenges ZASCU faces. Table 5.8 supports the view in many quarters that most business failures are management failures. The dearth of skilled personnel heightened by the poor conditions of services affect the performance of Credit Unions. From the results it was found that underutilisation of resources at ZASCU is one of the factors that have been affecting the institution from its growth and soundness. (Dahlberg, 2008) opines that there is a general consensus among experts that macro prudential indicators (MPIs) comprise both aggregate micro prudential indicators of the health of individual financial institutions and macro prudential variables associated with financial system soundness. There looking at

this statement from (Chitungo, 2013) it can be supported that underutilisation of resources continues as one of the major reasons for financial distress at ZASCU characterized by inept management and instability in the tenure of office of key management staff. Board members and top management staff of the institution are by uniformed personnel instead of just adding more competence and experience by employing even non-combatants qualified in Credit Unions matters.

The results also brought to light the fact that proper system for ZASCU can be of great impact on saving the clients. The research findings from the questionnaires and the interview guide revealed that proper system leads to saving time of the customers and the employees conspicuously, cutting down the expenses and facilitating the network transactions for ZASCU. Putting the information system For ZASCU online, could be of help in ensuring accountability as well as transparency to the Union among its members. Availability of information technology systems at ZASCU can increase compatibility of work at the institution so that there could be need to ensure that the systems are working for clients to access the services from anywhere and anytime. There can be an increase of customer confidence if the online system has to be in place. The current report is in line with a study by Chitungo (2013), who highlighted that without proper information system there could be limitations to the number of services offered as Cooperatives do not have compatible devices to keep the information and perform other transactions for the institution growth. From the results many participants had advocated that lack of Information system in a Credit Union like ZASCU is the cause of poor customer services. The finding of this study is in line with other Credit Unions which realise that customers' needs have changed with the advancements in technology and their own needs (Cano, 2011). It has allowed for improved products, competitive markets, implementation of consistent methods for control of threats which can allow the Credit Union sectors services to reach geographic distance and varied markets. Extensive work needs to be done in the acceptance of IT in the Credit Union sector so that the risks are eradicated. Customers need to be informed on suitable precautionary measures for safety through the internet services once the online system is installed. Information system at ZASCU can help to back-up and recovery plans of information to restore customer confidence in the institution.

### **5.14.3 Research question three: How can ZASCU overcome the challenges of savings in creating wealth?**

From the results depicted in Figure 5.3 below, the respondents' response were measured against some suggestions that can be implemented in order to overcome these challenges ZASCU is facing. Using the relative importance index technique, the following were obtained and it was suggested that to enhance their operations, Credit Unions should provide competitive pricing of interest rates on savings and loans and intensify their mobilization among its clients

#### **5.14.3.1 Payments on time**

The results also showed that 34 % of the respondents cited that improvements in paying of loans and emergency withdraw as one of the measures to success of ZASCU. As Credit Unions adequacy of liquidity is important to satisfy emergency withdrawals of savings made by clients. The finding of this study is supported by (Krugel, 2007) who stated that lack of access to finances by clients in a specific Credit Union affects the clients from getting motivated as they cannot be able to meet their financial need. In the words of (Luo, 2010) stated that understanding, measuring and tracking access to finance among the clients is a vital thing in determining how financial markets operate to facilitate financial services for the poor clients regardless of the contribution. ZASCU member's participation in Cooperatives increases their access to credit and gives them improved terms, compared with what they would be eligible for in a loan from other lenders as an individual. However, members have not been getting access to their funds on time making it difficult to make investments in other ventures as well as boosting their business.

Another success measure that can be implemented by ZASCU is that it should maintain low interest rate on debts and high interest on savings as it would increase borrowings and savings. The results of this statement can be supported by (Khajeh, 2011) that provision of efficient financial products and services by Financial Cooperatives plays a crucial role in developing a strong Cooperative sector and improving access to financial services among clients. Efficient financial products lead to greater access to finances to its members thereby, enhancing profitability and sustainability as many people can have access to funds (Khajeh, 2011). The interest rate on savings should be higher than the market to have more members increase on their savings with the Credit Unions. Interest rates for loans should be capped

with a low percentage, per month, on the reducing balance for clients so that they can as well survive. ZASCU as Cooperatives should provide the four basic retro types of loan products, namely short-term loans, medium-term loans, long-term loans, and emergency loans to its clients which can be used for future commitments. The findings is supported by (Davis, 1989)who reviewed that low interest rate affects the performance of Credit Unions due to the time of recovery whereby if the interest rate is high clients usually shy away from the Credit Union. The study can also be compared with a study by (Dahlberg, 2008) who wrote that most common cause of Financial Cooperatives' dormancy and inactivity is financial loss.

The payment of dividend as shown in Table5.6 is also important as members depend on it for future and current spending and the consistency in getting it the better. The importance of dividends to members and how they invest cannot be overemphasized as members depend on it for investments. The study is supported by Adera (2015) who emphasized on the importance of dividend. Income from operations is retained as profit from interest earned on the lending operation to pay dividend to the members on the basis of the shares owned. This study is supported by Adera (2015) wrote that dividend is redistributed to the members as an earning on the basis of shares owned from the profits made by the Cooperative. The results found that members do not contribute much to the Union regardless of high interest rate in place for savings accounts. However, to encourage more withdraws and bring more members on board the members' should be contributing more so that there could be enough liquidity in the Union for them to have access to loans and savings withdraws at a right time. The dividends and rebates are paid according to the SACCOs'' policy where the focus may be to distribute profits or set up reserves to pay debt in future or set sinking funds for retirement of debts (Pandey, 2010). The above statement is in line with the challenges ZASCU as Cooperation has been facing in terms of improvements as many clients stated that it has not brought more impact that is significant in their lives.

#### **5.14.3.2 Improvement in modern technology system**

From the results in Figure 5.3, it was found that 27% of the respondents suggested improvement in modern technology that would bring efficiency in operations at ZASCU. The Cooperative needs to have good system where most of the works can be done by automated machinery rather than manual. The finding is supported by (Santhosha, 2011) who narrated those systems in a banking/lending institution plays a very significant role because it

facilitates online activities for the organisation growth. In another study by ( Dahlberg, 2008) he also narrated that online system enhances the ability of customers to conduct business transactions anytime and anywhere, faster and with lower fees compared with using traditional manual. Online system can be one of the cheapest delivery channels for the products to the clients as it allows direct access to financial information and it undertakes financial transactions. The implementation of online system and having advanced computer network can result in less expenditure, reduced time on operations, less audit queries, efficient and effectiveness in operations by ZASCU.

#### **5.14.3.3 More skilled personnel**

In every organisation human resources play a vital role in the growth for efficiency, ability and skills of the human beings for the growth and success of an institution? The results in Figure 5.3 show a 23% of respondents for skilled and competent staff. Therefore, the findings of this study is in line with a study by Ramu (2008) that the contribution of the human resource depends on the various factors like organizational environment, policies and qualification and other personal factors. The achievement of success in having modern technology can only be attained by qualified personnel in place. The performance of the employees also varies due to the beliefs, opinion and aptitude of the employees in an institution. Ramu (2008) also continued that efficient management of the human resource brings the comfortable working environment, knowledge updating and better perception on the business tasks. This generates the easy and effective attainment of growth of the business. However, looking at this it can clearly be vindicated beyond doubt that skilled human resources at ZASCU can be the bedrock for its growth in terms of operations.

#### **5.14.3.4 Avoiding of ranks or Favours**

The study found that 16% of respondents from Figure 5.3 cited favouritism and avoiding of certain ranks is a major challenge and needs to be rectified. When dealing with matters of financial management, it could lead to significant growth of the organisation. It is for this fact that too much ranks in the Union results in favouring of the people with higher ranks to get the loans compared to junior ranks in the Union. The findings of this study are in line with (Santhosha, 2011) who reviewed that avoiding of seniority can lead to fair distribution of funds in terms of loans among the combatants. On the other hand, the results also found that members at ZASCU do not save much and this makes it difficult for the Union to disburse

enough funds to members. Members should save more so that there is availability of funds by the Union to increase their chances of getting loans as well as emergency withdraws from the Union.

#### **5.14.3.5 Members being equipped with financial management information**

The results also found that if ZASCU as a Credit Union should take time to equip its members on the financial matter could lead to great improvement in the organisation. It is for the fact that if members are educated on financial matters, it can lead to financial transparency in the Union. (Ramu, 2008) supports this on the values of organisation transparency in bringing development in financial matters of organisations.

#### **5.15 Summary of the findings**

Chapter five presented the findings on the challenges of saving on Credit Union in creating wealth at Zambia Army headquarters. The findings indicated that clients saving with ZASCU at Zambia headquarters have challenges in terms of accessing loans and savings withdraw. Some of the challenges are inability of accessing loans on time, limitation in loan amounts, Lack of skilled management staff. Underutilisation of funds and lack of adequate online system. These challenges are compelling many members in accessing loans from other lenders and their savings with ZASCU is often small.

## CHAPTER SIX

### CONCLUSION AND RECOMMENDATIONS

#### 6.1 Introduction

This chapter presents the conclusion and recommendations of the study having contextualized this study with other studies at global, regional and local based on the findings identified in chapter five.

#### 6.2 Conclusions

The study presented the qualitative and quantitative evidence using data on Savings and Credit Cooperatives in Lusaka. A mixed method research design was applied to investigate insight in to the challenges of savings on ZASCU in Lusaka. In relation to research objectives and questions, the results of data analysis provide descriptive findings of the challenges of savings in wealth creation a case study conducted at ZASCU. Some researchers conducted their study on the challenges of savings on Savings and Credit Cooperatives Societies (SACCOs). The literature review indicated several gaps that are of concern for wealth creation, hence this study aimed to fill this gap. Savings, loans and financial advisory were found to be directly linked to accumulation of wealth creation of an institution. The objective of this study is to identify current challenges of savings on Credit Unions in creating wealth. On the basis of the questionnaire, interview and documentary analysis, ZASCU experience a wide range of problems partly owing to the fact that they target members of the defense only and have to establish a balance between serving them adequately and also meeting their operation costs. The identified challenges faced by ZASCU were delays in disbursement of funds, Lack of online system, Lack of skilled manpower, Limitation in loan facilities and underutilizations of resources. These findings is supported by the findings of Getachew (2013) which showed that all SACCOs have challenges across the SACCO industry that detracts from their ability to attain the desired goal of providing inclusive financial services to its members and the community. This makes the SACCO less competitive than competitors and need to design strategic solution to change.

The research's second objective was to find out why ZASCU faces these challenges of savings in creating wealth. Data was collected both from members 'questionnaire and in-depth interviews from management. It was found that challenges are as result of frequent management reshuffles or change, lack of adequate accountability of resources, Late

payments, lack of education on Cooperative matters by members The study is also supported by Carilus (2013) who identified the following challenges faced by Savings and Credit Cooperatives such as: poor governance and leadership, lack of skilled and educated manpower, small membership size, limited lines of products. These findings are similar with the challenges of SACCOs which further supports the findings of Kifle T. (2014) and Aregawi (2014). They cited non-repayments of loan, inadequate loan size, lack of office building and equipment, poor accounting and financial performance monitoring system. This study is prepared to provide reliable and adequate information on current status of ZASCU with possible recommendation for the concerned body and stakeholders to be used as an input in decision and solving the problems.

The study identified challenges of savings on ZASCU in creating wealth challenges. From the primary data gathered from the result of the questionnaire and interview conducted by the researcher it was concluded that to make the Union effective in serving its clients, there should be advancement of information system to make the work easy for ZASCU. Businesses need to adopt and embrace new technologies to provide excellent business operation and services to their clients hence so it is worth suggesting that ZASCU needs to spend more on proper management of resource through the use of the system to improve on accountability, improve its operations, customer services and products at ZASCU in the Army.

### **6.3 Recommendations**

Modern technology is the most sought after by all institutions in this era for an entity to remain viable and be competitive in the industry. This can only be achieved if ZASCU invest massively in modern technology in order to implement online services. The online system will culminate in reduction of costs and time required to serve clients. Accessing of account balances is done at ZASCU head office but once online service is implemented the members will not be travelling. Working system will result in more effectiveness and efficiency as manual work will be replaced by automated system. An example is tracking of the records for the clients and information. Online system can be one of the cheapest delivery channels for the products to the clients as it allows direct access to financial information and it undertakes financial transactions. The implementation of online system and having advanced computer network can result in less expenditure, reduced time on operations, less audit queries, efficient and effectiveness in operations by ZASCU.

Skilled and proficient work force results in more business and good reputation of the organisation. Skilled and qualified employees are what every organisation desires to meet customer demands. ZASCU needs to implement policies of having competent staff who would add value for the attainment of the objectives set. Therefore, the findings of this study shows that the contribution of the human resource depends on the various factors like organizational environment, policies and qualification and other personal factors. This therefore requires ZASCU to create an enabling environment in which more ideas and competence is sought after for it to withstand completion from other competitors in the market. ZASCU needs to incorporate non-combatant as part of management so that they more value based on their experience on Cooperative matters. The performance of the employees can also be enhanced through regular in-house trainings as well as sending staff for further studies in management courses.

The study found that the rank structure in the Army is vital and always observed by all. This establishment in the system brings challenges in the provision of services as rank structure needs to be balanced. If management can reduce favouritism when dealing with clients of different ranks, it could lead to significant growth of the organisation. ZASCU needs to put in place policies that allow fair treatment of all members regardless of rank. The fact is that too much influence based on rank structure in the Union results in favouring of members of higher ranks compared to junior ranks. Fair treatment of all ranks in service delivery results in more productivity, harmony and transparency in operations from ZASCU and its members.

The results also found that if ZASCU take time to equip its members on the financial matter, could lead to great improvement in the organisation. It is for the fact that if members are educated on financial matters, it can lead to financial transparency in the Union. Members of ZASCU are the major stakeholders and their appreciations and commitment to the institution is anchored on the benefits derived. Most members have invested in ZASCU so they can also be equipped with certain skills to be used in their individual ventures. In this line members rely on ZASCU for advisory services on financial matters and investment opportunities. ZASCU has most of its members in the retiring age and these people must be equipped with knowledge that would help them succeed in their financial management. Members also need more information about the Unions operations through attendance of Annual general meetings and access to yearly Financial statements. The regulatory policies for ZASCU operations should be known and appreciated by all stakeholders of ZASCU and

this would reduce misinformation about the Union.ZASCU needs to set a deliberate policy that would meet this demand from its members.

To ensure accountability, prudence, transparency, and objectivity in resource utilisation, management strategies policies that would stand completion from other lenders.ZASCU needs to put in place stringent measures in internal control system to curb mismanagement of resources and assets .Effective audit system and control procedures to be adhered to by all members should be prioritised. Command should be giving enough time for management to implement their set objectives unlike having frequent changes in staff which results in inconsistency in meeting set objectives.

#### **6.4 Recommendation for future research**

Since the study was mixed methods, involving face to face interviews and questionnaire with participants and document review. The next researcher should consider using triangulationmethods (mixed methods) with quantitative paradigm as a dominant of the two. This will increase the sample size of the study hence filling the gap of conducting a small study where qualitative paradigm is dominant.

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**APPENDICES**

**THE UNIVERSITY OF ZAMBIA  
GRADUATE SCHOOL OF BUSINESS**

**RESEARCH QUESTIONNAIRE**

Dear respondent

Iam Mwila Ian, a postgraduate student at the University of Zambia conducting a dissertation research titled:

**The challenges of Savings on Credit Unions in creating wealth: A Case Study of Zambia Army Savings andCredit Union.**

Research paper is a requirement in partial fulfilment of the award of Master of Science in Accounting and Finance Degree in the Graduate School of Business.

You have been randomly selected as a respondent to participate in this study. The study is for academic purposesand as such will be treated with maximum confidentialityand your decision to participate is voluntary. Consequently you will not be required to indicate any personal information that may lead to revealing your identity.

For any queries, kindly get in touch with the project supervisorEngr.Dr Richard KasongoMwale, cell # 0977827516

**Instructions:**

- 1. Answer all the questions in this questionnaire**
- 2. Do not indicate your name on the questionnaire**

**Appendix I**

**Section A: Personal Details**

1. What is your gender? (Tick one)

a) Male	
b) Female	

2. What is your age? (Tick one)

a.) 18-25	
b) 26-30	

c.) 31-40	
d.) 41-54	

3. When did you join ZASCU?

.....

4. What made you join ZASCU? (Tick one)

a) Investments	
b) Financial management	
c) Households income	
d) New business	
e) Expanding existing business	

**Section B: Savings**

5. Have you made any withdraw from savings account from ZASCU in the last? (Tick one)

3 months	
6 months	
12 months	
24 months	
Not made any withdraw	

6. Have you received interest on Savings accounts from ZASCU in the last? (Tick one)

a) 12 months	
b) 24 months	
c) 36 months	
48 months	
Not received any interest	

7. Has the money you saved in the last one year been of help to you in? (Tick)

investments	
Financial management	
Household income	
New business	
Expanding existing business	

8. Have you received any dividend from ZASCU in the last? (Tick one)

3 months	
6 months	
12 months	
24 months	
Not received any dividend	

9. If you have received dividend from ZASCU, in which area have you utilised it? (Tick)

Investments	
Financial management	
Household income	
New business	
Expanding existing business	

### Section C: Loans

10. Have you received any loan from ZASCU in the last? (Tick one)

6 months	
18 months	
12 months	
24 months	
Not received any	

11. In which area below has the loan you received from ZASCU been of help? (Tick one)

Investments	
Financial Management	
Households income	

New business	
Expanding existing business	

12. Have you received loans from other Lending institutions? (Tick one)

a) Yes	
No	

**Section D: Advisory services provided by ZASCU**

13. Have you received any advisory services from ZASCU since you joined? (Tick one)

Yes	
No	

14. What type of advice did you receive from ZASCU if any? (Tick)

Investments	
Financial Management	
Household income	
New business	
Expanding existing business	
No advice received	

15. Since you joined ZASCU, in which area do you have an improvement? (Tick one)

Investments	
Financial management	
Household income	
New business	
Expanding existing business	
No improvement in any area	

16. What do you think are the benefits of participating in ZASCU?

.....  
 .....

.....

17. What challenges of savings do you think are affecting ZASCU in creating wealth?

.....  
.....  
.....  
.....  
.....

18. What do you think should be done to overcome these challenges at ZASCU?

.....  
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.....  
.....

19. What other comments do you have concerning the challenges of savings on ZASCU in creating wealth?

.....  
.....  
.....  
.....

## Appendix II

### **-Interview schedule for the director of ZASCU**

1. What is the main objective of ZASCU formation?
2. What are the challenges of savings that ZASCU is facing from its members?
3. What are the challenges that ZASCU faces in disbursement of loans to members?
4. What are some of the challenges that ZASCU faces in providing advisory services to Members?
4. What is ZASCU doing to overcome these challenges?
5. What training programs are in place in ZASCU that are aimed at enhancing your Management skills of staff?
6. What is ZASCU doing to withstand pressure of business from other lending institutions?
7. What are some of the methods ZASCU is implementing to increase the membership Levels and retain already members from leaving?

### **Appendix III**

#### **Interview schedule for the management staff of ZASCU**

1. What are some of the challenges or limitations that your department faces in its operations in creating wealth?
2. What are the common challenges in savings accounts from members?
3. What are some of the challenges in disbursements of loans and advisory services to members?
4. What is your department doing to overcome these challenges?
5. What training programs are in place in your department to enhance management skills?
6. How is your Cooperative of help to your members as well as to the community at large?

**THANK YOU VERY MUCH FOR THIS INFORMATION AND FOR YOUR TIME.  
MAY GOD BLESS YOU?**