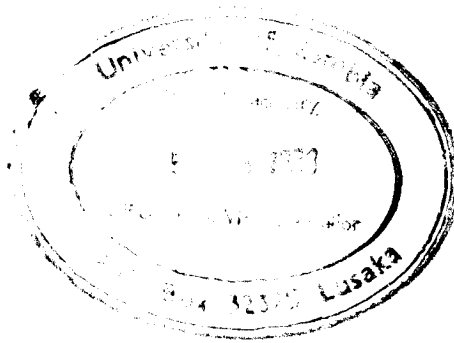


DECLARATION

I, VINCENT MUSAKANYA, SOLEMNLY
DECLARE THAT THIS DISSERTATION
HAS NOT PREVIOUSLY BEEN
SUBMITTED FOR A DEGREE IN THIS
OR ANY OTHER UNIVERSITY

...*V. Musakanya*.....
Signed.



APPROVAL

This dissertation of Vincent Musakanya is approved
as fulfilling part of the requirements for the award
of Master of Arts in Sociology.

NAME OF EXAMINER

SIGNATURE

DATE

Professor A. Chilivumbo

...*Chilivumbo*...

...9-1-84...

Dr. D. Milazi

...*DM*...

...23/12/84...

Dr. Milimo

...*Milimo*...

...9/1/84...

ABSTRACT

THE ROLE OF CREDIT UNIONS IN SOCIO-ECONOMIC DEVELOPMENT OF ZAMBIA

The study examines and assesses the role of credit unions in Zambia in terms of how they help not only to co-operate and encourage members to improve their savings but also teach them "rational" ways of controlling their finance; investing, earning and providing them with ways in which they can improve their standard of living. Further, the study examines how credit unions contribute to the Socio-economic development in Zambia.

A purposive and random sample was drawn from one hundred and twenty-three (123) credit unions with over twenty six thousand (26,000) members and nearly five million Kwacha (K5,000,000) worth of shares amongst themselves. Data was collected largely but not exclusively through questionnaire interviews.

Data was analyzed by the use of various techniques such as percentages, frequency table and significance tests.

It is found that in general and with a few exceptions credit unions contribute to the socio-economic development of Zambia. Most of the members interviewed expressed satisfaction in terms of not only learning how to improve and take care of their usual financial problems but also are happy with the way credit unions solve their unexpected financial problems. With careful analysis of the problems, planners could make use of the available empirical data to spread and further make use of the credit unions in Zambia.

I am particularly very grateful to Mr. P. Kayoba for offering himself personally to take me around to visit other credit unions whenever he was free.

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Vincent Musakanya,
Lusaka, University of Zambia

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PREFACE

Although credit unions fall under the Ministry of Cooperatives in this country, there has been little research done into credit unions as unique financial institutions contributing to the socio-economic development of this nation. Most of the studies have focussed on co-operative^s in general and either tend to concentrate on rural areas or on specific projects like farms or factories.

It should be noted that credit unions, in addition to emphasizing the co-operative aspect are involved in serious economic organizations that aim not only at saving and investing in various projects but also aim at improving the human being as an individual and should therefore deserve some attention by researchers. It was my main intention therefore, when I decided to study credit unions contribution to socio-economic development of this country to correct this unfortunate trend.

However I feel that the contributions of credit unions to the socio-economic development of this nation is not investigated as thoroughly as I would have liked because of the limited funds and periods involved. It is my hope however that this humble work may give an insight into the working of the Credit Unions in Zambia and be a further stepping stone for future investigations into questions raised and left unanswered in the study.

The CUSA-Zambia office in Lusaka answered many queries and supplied me with much literature in terms of books, annual reports and periodicals. The meetings I attended, the field tours I had, all helped to provide most of the information contained in this report

This work is divided in six Chapters. With an exception of the last Chapter on conclusion, the remaining Chapters are divided into sections with specific subjects so as to make it easy for the reader to follow.

INTRODUCTION

A. Overview of the issues

The study aims at examining the objectives of credit unions which are to help people with little financial standing who have also little banking or financial knowledge, to promote not only individual savings and personal responsibility (Halubobya, 1973) but also contribute to national overall development by virtue of encouraging rational economic attitudes in their organisation (Geertz, 1962).

Van Den Dries (1967) identifies credit union as a "group of people, having one common interest or bond, who agree to save their money together and make loans to one another at low rates of interest for provident and productive purposes". The Study attempted to test this assumption.

In the study, credit unions in Zambia were examined and assessed in terms of the role they play in helping people not only to co-operate and encourage them to improve their savings but also teach them "rational" ways of controlling their finances, how to invest their earnings as well as provide them with expert information on how to improve their standard of living. In short, the study examined how credit unions in Zambia contribute to the country's socio-economic development.

The argument that attitudinal and value changes or re-interpretations of ideology are essential prerequisites to creating a modern society and economy can be traced to Weber's work (1904)*. In his work on the "Protestant Ethic and the Spirit of Capitalism" and his comparative studies on religion, Weber emphasized the role of the

* Chapter 4 discusses further Weber's Concept of rationality.

rational action in economic development. Long (1977) for example explains that Weber was particularly fascinated by the process of rationalization taking place in Western Europe and drew the distinction between traditional and rational social values when characterizing the contrast between feudalism and capitalism. Traditionalism in economic behaviour for Weber means fixation on an immutable standard of concrete preferences with established ways of attaining them, whereas rationality entailed a continual weighing of preferences in terms of relative cost of attaining each and according to the criteria of technical efficiency.

Although studies examining the role of credit unions and their contributions to development have been done elsewhere, such as Clements (1965) study in Canada, Van Den Dries (1967) in Kenya and Tanzania and Park (1980) in Korea, none has been done in Zambia. This study examined the role of Zambia's credit union movement in the socio-economic development of the nation.

Park's (1980) study in Korea, Clement (1965) in Canada and Van Den Dries (1967) study in Kenya and Tanzania have all shown that credit unions help people to develop and acquire saving habits which contribute to overall development. In his study Geertz (1962) pointed out the need for developing countries to acquire saving habits especially on the personal level if overall development has to be achieved. His basic argument is that the ability to save is lacking in developing countries. He warns that unless people develop saving habits the prospects for sustained economic growth are dim, while Van Den Dries (1967) shows how saving habits of the people correlate strongly to progress and development of Nations, and Myrdal (1967) talks of "building a variety of institutions, serving the purpose of promoting individual savings, organizing them and making them fruitful to the saver and to the community" as very important and to be given

a priority in every developing plan.

The study raised the following questions which were answered in the course of the actual investigation.

Do members of the credit unions actually improve their socio-economic status? Do they acquire rational attitudes as regards the managing of their finance? Do they invest their earnings? Do they co-operate in an egalitarian way in all decisions affecting them? Do they have access to information on how to improve or better their lives? Does the Zambian credit union put more stress on provident than productive aspects or does it stress both aspects equally? Above all, is there a correlation between administrative efficiency and the performance of credit unions?

B. Specifications and Definition of Variables

Provident: This refers to unexpected problems which require the use of money such as funerals which need coffins, one's car being damaged in an accident and needs replacement; visitors from one's home area who have come to ask for help because they are almost starving; bad rains or weather affecting the crops.

Productive: This refers to one saving some money in order to invest in some profitable ventures such as buying* retail shops, establishing a factory or expanding a farm on a co-operative basis as Clements (1966) showed in her study of the credit unions in Canada.

Rational Economic Attitudes: This refers to individuals being able to keep all records of money transactions and to account for every ngwee spent and every ngwee expected. That is individuals learn to be calculative and responsible for their financial affairs. They become aware for example of such basic knowledge like putting their savings in the bank instead of burying the money underground where it would not gain interest.

Operating on Democratic Principle: This refers to the fact that individuals develop the co-operative spirit of working together, contributing their savings and making decisions by applying the rule of the majority.

Common Bond: This refers to people living in the same environment or community. There are different kinds of common bonds. These are occupational, residential and associational.

People working in the same factory, office or firm, or who have the same profession or trade, such as teachers, farmers and agricultural workers have an occupational bond between them. The **residential** bond, is that bond between people living in the same community or locality, while the associational bond is between those sharing membership in the same fairly wide organisation, such as a parish, a trade union or a co-operative, (Van Den Dries, 1967, P. 5).

Development: This should be understood in terms of concern with assisting people to discover and awaken in them the desire to progress and uplift themselves. It is a total social process, which includes economic, social, political and cultural aspects. Three major aspects of development to take into account are that; it concerns people, implies a socio-economic change and involves in its content a concern for ethical values (Kibirige, 1980, P. 4).

Credit Union: In this study the word 'Credit Union' is used synonymously with 'Credit Union Society.'

C. Hypotheses

From the specified variables, the following hypotheses were proposed:-

- i) Participation in credit unions leads to increased investment at both individual and collective levels which contribute to development

- ii) Participation in credit unions enables the individuals to cope with unexpected problems which require sudden financial assistance.
- iii) Participation in credit unions leads to the acquiring of rational economic attitudes as regards managing finances and techniques of running economic ventures.
- iv) Participation in credit unions leads members to co-operate in a **democratic** manner and teaches them self-reliance and ability to run their affairs.
- v) It is expected that the dual goals of credit unions, namely productive and provident create conflict over the fulfilment of both goals.
- vi) It is expected that credit unions which are administered effectively will be more efficient.

D. Rationale

This study is very important for apart from the movement being an important instrument for development there is no study of its kind in Zambia. At present there are about 122 credit unions registered with the Credit Union and Saving Association - CUSA, a national body of credit unions in Zambia which has over 26,000 members and nearly K5 million worth of shares amongst themselves. A fuller understanding of how these credit unions contribute to development helps by providing empirically reliable data to planners who need such data to form a basis for rational planning. Similarly this study will be of value to other co-oprative movements in Zambia by providing insight into the role of credit unions in development. The study can further be used by CUSA in their efforts to try and change the saving habits of people who in turn may use these savings to further develop the country.

E. Historical Perspective of Credit Unions

Credit union societies are not a unique feature of Zambia alone, they are world wide. Although the idea of formal credit union may be said to have started from developed countries such as Germany, Italy and Canada, ideas of self-help, interdependence and co-operation are strong features of most of Africa and in particular Zambia's traditional structure and family organization (see appendix D).

The beginning of credit union societies can be traced to the time when the big businesses of the world were monopolizing the field of credit and when according to Clements (1965) little people were largely prevented from securing small loans to raise themselves above intolerable living conditions. They were "a desperate attempt to help people to help themselves, beginning with a few and little financial knowledge or banking experience". Halubobya (1973 P. 51) points out the fact that the key feature of the credit co-operation could be traced in the Raiffeisen system named after the founder in Germany in the 1840s. Clements (1965) however explains the history in more detail. She explains that the term "Credit Union" (boerenbond) was first used in Brussels in 1848. As for the 'Raiffeisen' system or 'Schulze-Delitzsch banks', they were named after their founders in Germany. She explains that the British Institutions became "co-operative banks". Massachusetts settled for "credit union", Nebraska for "co-operative Credit Association" and North America in general use credit union, while French speaking Canadians use "Caisse populaire" as a reference to their unions. With the Raiffeisen system, a man's power to borrow depends basically on his personal credit standing, on his character, his honesty his diligence and thrift as judged by his neighbours and villagers who know him.

The system is therefore based essentially on the combined personal credit of the borrowers and depends on the voluntary association of the people in a small enough area to know each other well enough to assume full and unlimited liability for the debts contracted by all members. The society is organized for mutual assistance rather than for profit. It lends to members only, its capital is derived from the savings of its members, from outside loans or share capital as the society grows from profits on loans made which are set aside in an indivisible fund.

Credit unions societies have grown rapidly especially after the second world war. In Africa, the credit unions started mostly as simple thrift and savings societies. The thrift and saving societies were not so successful for they did not give loans or credit to members. Halubobya (1972) points out the fact that the thrifts and saving societies failed because they concentrated too much power in the managing committee without sharing the knowledge of the operations with the membership. Some of the other weak features of the thrift societies according to Halubobya included lack of supervisory committee to serve as "watchdog" of the board of directors or a credit committee to approve the issuing of loans to members. Most important there was no education committee to keep the member informed on the affairs of the society.

Voluntary groups in Africa played a great role in causing the rapid enthusiasm for credit unions. Several African countries, Zambia included, have encouraged this enthusiasm for collective saving and borrowing in credit societies. Van Den Dries (1967) reports that the Government of Tanzania had declared the credit union movement as part of its five years development plan which aimed at setting up 400 credit unions in 1969. Already by 1967, Tanzania had 130 credit unions whilst Kenya had 33 and Uganda had 25 in the same year.

These figures have increased since then. Outside East Africa as well there was some progress. In 1969, Nigeria had topped the list with 586 in the Western region and with some 1,000 plus in the Midwest and Eastern areas. Basutoland, Ethiopia, Liberia and Sierra Leone are also reported to have made considerable progress in setting up these societies. Reports of 1970 show that there were over 2,000 societies of this nature in Africa.

The importance of credit unions has been realized by many people, infact so much that the problem being faced now is how to properly run these societies. Van Den Dries (1967) has observed that the vast expansion of these movements threaten the co-operative departments of some countries because they have not got sufficient personnel to deal with the problem. "They are swamped by the flood of application for registration, and overcome by the task of Control and Supervision". Thus a certain lack of control between Government departments and voluntary bodies hamper the movement in some African countries. In Zambia, the founding of credit unions was also based on the saving and thrift societies that had been in existence for some years. However it was only in 1967 according to Halubobya (1973), P. 12) that the idea of credit unions was introduced by the Catholic Church and the first credit union was registered the same year. Tracing the history Halubobya explains that in 1969, the Zambia Credit Union promotion committee was formed at the first seminar on Credit Unions and saving societies held at Canisius College in Chikuni. This promotion committee set about to plan for promotion of savings and credit unions in Zambia. Halubobya further explains that with the realization in Zambia that the credit union could play a meaningful role in national development, the co-operative society act of 1970 was passed allowing for the registration of the credit union as well as other types of co-operatives.

In Tanzania and Kenya, a small section within the co-operative department had been formed so as to solve the problem of lack of co-ordination between Government departments and voluntary groups. This small section deals exclusively with credit unions to the mutual advantage of both Government and voluntary organisations.

Van Den Dries (1967) reports that the presidential committee of inquiry into the co-operative movement in Tanzania gave praise and recommended the formation of these co-ordinating bodies. Halubobya explains that in order for Zambia to solve the problem of this lack of co-ordination, a national co-ordinating body was suggested. In October, 1970 therefore the Credit Unions and Saving Association (CUSA-Zambia) was formed. It started only with 11 members and has now over 120 credit union affiliates. CUSA-Zambia objectives are contained in by-laws attached. (see appendix E). CUSA-Zambia is affiliated to the Africa Co-operative Saving and Credit Association (ACOSA) which in turn is affiliated to the World Council of Credit Unions and the International Co-operatives Alliance (ICA). In fact it was with the assistance of the International Co-operatives Alliance and the department of co-operatives that CUSA-Zambia was able to organise a national seminar in 1971 which was held at the University of Zambia and was opened by President Kaunda. Participants from Africa Co-operatives Savings and Credit Associations and other related associations also attended the seminar. It was also during this seminar that the executive from CUSA-Zambia was formed. This executive committee then took over officially the affairs of the Zambia Credit Union Promotion Committee which was dissolved.

F. Methodology

Sampling

Credit union societies were randomly chosen but Provinces were purposively chosen namely; Lusaka, Copperbelt, and Northern Provinces.

There were reasons for choosing these areas.

Lusaka for example is not only the province with most credit unions in the urban area but also the largest number of credit unions in the whole country. Copperbelt province has the second largest number of credit unions in the whole country and Northern is the only rural province with many credit unions.

Data Collection

Data was obtained largely but not exclusively by interview structured questionnaire which was administered by the researcher. The interviews were conducted mostly in English, Nyanja and Bemba. Furthermore, data was collected from written sources, records of credit union societies and participation in meetings.

Research Design

Imbedded in the design was the assumption that the same people who were interviewed were taken to be a control group before joining a credit union and as experimental group tested after joining the credit union. A set of questions were included to effect testing of socio-economic behaviour before and after participation in the credit union. In other words, the study was testing the effect of the credit union on the economic behaviour of members.

Data Analysis

Data analysis as will be seen in the results section involves frequency tables, cross tabulations and significance tests.

Procedure

The study took about 3 months spending at least 2 weeks at each credit union society. The first days involved familiarizing meetings with members and the management. Subjects were being asked to fill their own questionnaires in my presence. In the initial briefing, officials and respondents were told that the research was based on

the role of the credit unions to the socio-economic development of Zambia. All respondents were guaranteed complete privacy of response from programme sponsors (UNZA), their fellow members and officials. No names were asked for, only code numbers were assigned.

Background of Respondents

A total of 115 subjects were randomly chosen and interviewed in six different credit union societies (Cold Storage Board of Zambia, Kafue Council, Post and Telecommunications, Tazama, Chilonga and Mpika Credit Union Societies) see appendix A for raw results. About 74% males were interviewed as compared to 26% females. Over 90% of those interviewed were between 20 and 39 years with the majority (60% of the sample) being between 30 and 39 years old. Only about 5% were between 40 and 49 years and no one was above 50 years old. More than 90% had at least attended a secondary school and out of these 70% of the sample had reached form four or higher. In terms of employment, 90% of them considered themselves as doing either skilled or white collar jobs with the same percentage getting at least K150 in terms of monthly salary. About 85% of the sample were married and only 24% said they were single. All of them had been in the same employment for at least a year. 70% of those interviewed were fully paid up members of the credit union society for more than a year and the rest were fully paid up members for less than a year.

SAVING AND INVESTMENTS

Saving and getting loans for investments may be viewed as a response to certain economic needs. Wages in Zambia vary considerably but a great number of workers experiences a low standard of living. Thus there is a combination of low wage structure, increasing purchases of 'Luxury' goods and related factors that create a chronic need for workers to supplement their income in some way. Obtaining a loan is perhaps the most common way to gain extra cash. A worker may borrow from a bank, an employer, a friend or a relative. However, the average worker is most unlikely to seek or qualify for a loan from a bank. He may need small amounts at frequent intervals; he may be unable to read and write and he may feel that banks are for rich people and most probably cannot give him credit. Getting credit from employers is also not very reliable because administrators either put stringent rules or are corrupt and ineffective. Individuals on the other hand may turn to one another for loans, but relatives live at the same level and need money themselves. This is where credit unions come in. They help to provide financial aid and security to poor people.

There may be different kinds of credit and saving associations. However they all run on the same principle of providing credit and loan services to the members based on mutual trust. Peil (1977) explains that members put in a certain amount of money each week or month and they take turns drawing out or getting loans. Other saving associations may not be exactly like this, there might be differences for example in the way money is invested or shared. This provides a means of forced saving to the people who would otherwise find it hard to save. Indeed banks are often uninterested in small sums, and people need to save for school uniforms, purchases such as radio, bicycles, sewing machines even cars or capital for trading.

Among the six hypotheses tested in this study is the hypothesis that 'Participation in credit unions leads to increased investment at both individual and collective levels which contribute to development'. This hypothesis will be the main theme for this chapter. This hypothesis was tested by asking members whether their membership in the credit union had helped them to increase their investments. A good majority, 70.4% said their membership had helped them to increase their investments (see table 2:1). Using chi-square test of significance, this result proved to be significant at .05 level ($\chi^2 = 6.69$).

This hypothesis was further supported by the fact that 50% of the respondents had no investments before joining credit union and 60% of the sample were able to say that their financial situation had improved very much after they had joined the credit union (see table 2:2).

Table 2:1

Members Assessment on the Effect of Credit Union Participation in Increasing Members Investments

	Absolute Frequency	Percentage
No View	4	3.5
Has Increased Investment	81	70.4
Has not Increased Investment	30	26.1
TOTAL	115	100

Table 2:2

Members Financial Situation after Joining the Credit Unions

	Absolute Frequency	Percentage
Same	52	45.2
Slightly Better	22	19.1
Much Improved	41	35.7
TOTAL	115	100

When asked to specify the kind of change in their financial affairs since joining the credit union, over 60% said they had saved more money than before, 7% were in some business and among the remaining 26% some had less money since they joined the credit union society and other had no views. (see table 2.3 below)

Table 2:3

Financial Changes after Joining the Credit Union

	Absolute Frequency	Percentage
No views expressed	6	5.2
More money saved	71	61.7
Involved in Business	8	7.0
Less money	30	26.1
TOTAL	115	100

A. Projects Invested in by Credit Union Societies

Investments are not the main goal; they are means for further development. The latest general report of CUSA-Zambia (1981) put the total number of projects invested in by credit union society members in various parts of the country at 43 by the end of 1981. In Northern Province alone, there were 31 projects, 21 grinding mills, 6 tractors, 1 sewing group, 1 consumer shop, 1 brick making machine and 1 poultry, Luapula Province had 5 projects which include 2 consumer shops, 1 uniform making machine, 1 grinding mill and 1 transport. Lusaka Province has 2 projects involving 1 bread making machine and 1 consumer shop. Western Province has 2 projects with 1 office plus a house and 1 grinding mill. Southern Province has 2 projects involving breadmaking. North-Western Province has a consumer shop.

As part of the rural development contributions by credit unions three hammer mills from CUSA-Zambia were loaned to Mpika regional council which brought

the total number of hammer mills in Northern Province to 20 last year. Another credit union provided a loan for a purchase of electric transformers for rural re-electrification. In the same province, the Kasama Regional Council, a branch of CUSA-Zambia, played an important role in promoting lima projects in the area. The credit unions in this area invested through their members in rural industries and hammer mills. A group of young women is already running a co-operative factory, and this was possible because of loans provided by CUSA-Zambia and member credit unions.

In Luapula Province, credit unions also invested in rural industries such as the already mentioned women's co-operative for making school uniforms, consumer shops in Lubwa as well as transport at Kaputa.

In the Copperbelt Province, most workers credit unions provided loans to members for housing, transport and furniture, in fact because of credit unions, many of the workers are becoming thrift and have healthy accounts with their credit unions.

In North-Western Province especially Kasempa, a consumer co-operative was started by members and loans are continually being given to individuals for agricultural and provident purposes.

In the Western Province, the Mongu Teachers Credit Union built a union office and two staff houses and it is reported in CUSA annual report of 1981 that the hammer mill project they were involved in showed a great success at the end of 1981 as such a loan given by CUSA-Zambia was being repaid according to plan. When it comes to investments in terms of shares, the credit unions in Zambia by the end of 1981 had reached almost a total of K5 million worth of shares. The table 2:4 shows membership and shares of the credit unions in different provinces of Zambia.

Investment is a very important aspect of the credit union as we may see from the performance of Zambia's credit unions. The importance of savings and investments in credit unions is so much appreciated that it was not a surprise to find that it is one of the two main objectives enshrined in the bylaws of most credit union societies (see appendix E).

Table 2:4

Membership and Shares of Credit Unions in Different Provinces of Zambia

<u>SUMMARY FOR ZAMBIA</u>		
<u>Province</u>	<u>Membership</u>	<u>Shares</u> K
Northern	5,189	740,601.33
Central	1,037	235,507.95
Copperbelt	2,254	393,467.28
Luapula	1,128	55,156.12
North-Western	290	62,525.00
Lusaka	9,887	2,323,253.42
Western	1,669	578,132.00
Southern	2,963	219,952.76
Eastern	703	315,129.83
TOTAL	25,120	4,925,725.69

(Source: CUSA-Zambia Annual Report 1981, P. 34)

B. Loans in Credit Unions

The credit unions are encouraged to save and invest at both individual and collective levels. An individual member can get a loan at very low interest rate. All the members talked to in the study said it was easy to get a loan and repay in credit union societies than in banks. According to Halubobya (1972) who is also the general manager

of CUSA-Zambia, a credit union never charges more than 1 percent interest each month on the amount of the loan still unpaid. If the individual is a farmer for example, he may invest his loan in farming, he may buy fertilizer or a new plough. A lot of members in Chilonga and Mpika Credit Union Societies had such kinds of loans and others were planning to get the same type of loans. Investments may be in a lot of things, sometimes for example, one can buy a sewing machine and sew clothes for people or for selling. That way one can make more money. The importance of investments in a developing country cannot be overemphasized for it is obvious that without investments, there will be very few projects involving development and this may mean less employment, more hunger and poverty. The role of credit unions of this country in encouraging individuals to save and invest is a great step towards development.

C. Difference Between Saving in Banks and Credit Unions

Van Den Dries (1967, P. 1) has clearly illustrated the importance of saving and investing in credit unions. In this particular study, this was seen to be in practice. The importance of saving for development, progress or growth depends on how that which is saved is used or invested. However saving and investment at an individual level alone in itself is not enough. If it is at an individual level alone, then one might as well encourage individuals to save only with banks, post offices or building societies. An individual farmer for example may use his savings to buy fertilizer, which may increase his crops and probably over a number of years, he and his family may become rich. However, he and his family are the only ones who might benefit from the savings. With credit unions, savings are put together by many people to help one another. Infact the main difference between banks and credit unions as was seen in our study is that credit unions are

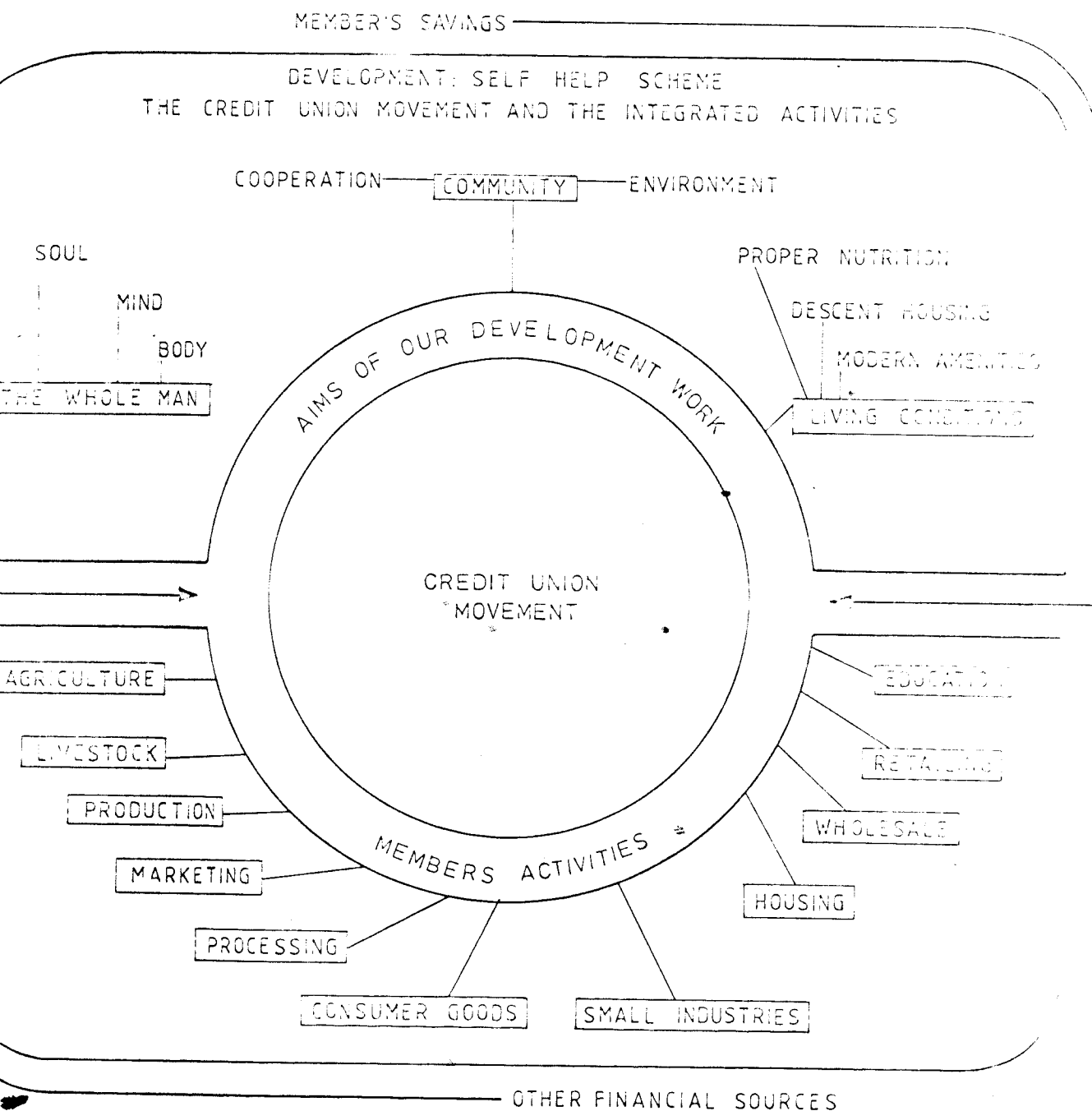


Fig 2:5, Credit union and integrated activities.

(After Kibirige, 1980, p.29)

owned by all members who do business with their credit union and have a voice in the credit union operations whereas banks are owned by shareholders, ordinary people have no voice in the bank's operations.

Kibirige (1980 P. 16) explains further that generally speaking banks are interested in big loans whereas credit unions may grant some loans on basis of a good character, honesty and trustworthiness, provided they are sure the man has the ability to repay. This point was also confirmed in this study especially in the Chilonga Credit Union Society.¹ Whereas credit unions are organized by the people and for the people to help themselves in their financial needs, particularly those of low-income groups and those at grass root level, banks are generally intended for businessmen and rich people. In our study less than 20% credit union members earned more than K400 per month. Van Den Dries (1967, P. 2) also explains that savings can be used in credit unions to benefit not only the saver but others as well. He writes:-

Each one putting his savings into a bank may not have enough to buy a tractor or start up a duka or build a house, but all their savings added together may come to be enough to enable one of the savers to do one of these things. In this way the savings of one person are used to help one another to make progress, to grow ^{and} to develop. So, if many individuals use their savings when all the individuals in a community are helped to develop, the community itself is developed and this is community development. Development or progress can spring only from investment of savings. Outsiders will not lend their savings to people who are lazy or who consume all what they produce. Local savings by individuals are essential to local investment and so to the economic development of the community - they create wealth where none previously existed.

Diagram 2:5 shows how credit unions aim at improving the wholeman, community and living conditions in Zambia. The diagram is based on what the ideal credit union should be. However, a lot of points raised like increasing production through investments in various projects are

1 (See Chapter 5 on Chilonga Credit Union Society for an account of the field experience concerning giving of loans by character of the person).

being done by credit unions in Zambia as the following section D may show. This diagram is showing us that credit unions change mental attitudes and outlook by making people development minded and action oriented, and by doing so they create initiative and self-reliance in the people. Finally the credit unions encourage the integral development of the wholeman, body and mind and this may result in spiritual benefits. They transform community and environment through building social awareness and encouraging qualities of leadership in the people by promoting co-operation through democratic action to work for the common good of the community. They raise levels of income and thus improve living standards by increasing production particularly of agriculture and livestock. By doing so credit unions improve proper nutrition, decent housing and decent amenities of modern life, etc. In this, credit unions ameliorate the quality of life of ordinary people and raise life expectancy.

D. Consulting and Business Department of CUSA-Zambia

In Zambia, the realization that credit unions play an important role in all sectors has led CUSA-Zambia to establish two very important departments of business and consulting services. The establishment of the business department came as a reply to a request made during CUSA-Zambia annual general meeting of 1977, where participants called for income generating ventures in view of its accumulation of K2 million in shares. Since then the programme has been in existence for the past 3 $\frac{1}{2}$ years. The objectives of the programme are (a) to assist credit union members who want to undertake income generating projects, to increase shares. (b) To promote the formation of projects, which in turn bring about the required development in each area. (c) To provide self-employment among members and communities in general and (d) to encourage self-reliance among women and girls, who are dependants of

men. (CUSA-Zambia, executive reports, 1981).

The department of consulting services in CUSA was however organized to assist credit unions to start viable enterprises or business using credit union loans. It has two main interrelated sections namely:- The Home Industry Advisory Service (in 1978) and the Rural Credit Advisory Council which was established in 1980. The Rural Credit Advisory Council is organized to assist credit union members to enable them to undertake profitable agricultural projects using credit union loans. Its main objectives are (a) to promote the formation of profitable agricultural projects in areas where there are more farmers, (b) to assist the rural masses in modernizing their agricultural production through improved farming practices, (c) to provide employment opportunities to farmers and their families, (d) to encourage self-reliance in food, through increased production, (e) increase the income of rural people and (f) for better standards of living and nutrition.

As for the progress of these departments CUSA-Zambia had explained that since the Rural Credit Advisory Council was relatively new and the management had sent out circulars - explaining the objectives and role of this department, they only hope that when the relevant information is received, the CUSA-Zambia business and consulting departments will study the economic viability of the chosen project to justify lending of loans to individual farmers. Since CUSA has realised agriculture has become the backbone of Zambia's economy, they would like each rural credit union to execute a pilot programme where two or more members could be given supervised agricultural loan by CUSA-Zambia. As for the progress of the business development department, the programme expanded rapidly in some regions, and was slow in some regions, old projects continued to function and new projects were formed. Northern Province scored the highest number of projects around Mpika region (see appendix C)

The limited data above has shown the credit union spirit namely that of contributing to overall development through savings and investments. The data also show that CUSA-Zambia as a national co-ordinating board for credit unions has encouraged investments both as a means and a goal to its individual members and its affiliated credit union societies.

CHAPTER 3

COPING WITH UNEXPECTED PROBLEMS THROUGH CO-OPERATION AND SELF-RELIANCE

The second hypothesis is that participation in credit unions enables the individual to cope with unexpected problems which require sudden financial assistance. The third hypothesis involved the co-operation and mutual understanding of members amongst themselves. It reads, "Participation in credit unions leads members to co-operate in a democratic manner and teaches them self-reliance and ability to run their affairs". This chapter will focus on these two hypotheses.

Credit unions are supposed to help members who face unexpected financial problems. This provident aspect of credit unions is only possible when members are encouraged to co-operate with each other on a mutual basis for the good of all. Through co-operation, credit unions may engage in self help schemes.

A. Unexpected Problems

Members were asked to explain how the credit union society enables them to solve financial problems which come unexpectedly. Over 60% of the total members interviewed said the performance of the credit union in this direction was either good or excellent, 20% said it was fair and only 14% said it was poor or very poor. The general view held by the majority, over 80% was that the credit union is able to solve their unexpected problems in one way or another. The kind of unexpected problems in general faced by credit union members according to an official from CUSA include funeral arrangements, school uniforms, bad harvests, thefts and unexpected visiting relatives who may either make extra demands on the working member or supposedly 'well off' relative and inconvenience him in terms of extra feeding, drinking and clothing. Further investigation while in the field and talks from several members revealed that the CUSA official was not far from the truth. Although

in general most members if not all interviewed seemed eager to save with the credit union so as to improve their financial status such as having a small business, farm or simply buying things like bicycle, radio, car (like Kafue Nitrogen Chemicals and Zambia Airways Credit Unions), they admitted that they were also saving for a "rainy day" in terms of accidents which may result in death or loss of money, loss of employment, bankruptcy, or other unforeseen ventures. In one of the credit unions in Lusaka, the researcher witnessed how the man who claimed he had all his things stolen was helped by the credit union society. The member had asked for an advance. The society manager, however had refused and said they had no provisions to give "advances" to members but could give loans if the problem was genuine to warrant a loan and if the particular member could actually repay the loan in a given period. The man said he was a member for almost two years and he had never asked for a loan apart from one time when he was rushing 'home' in the rural area to help his dying father. He explained that since that time he had repaid. (He finished repaying just that very month). He further explained that his house was broken into and almost everything was taken.

He said "I just want enough money to enable me to reach at the end of the month, when I get paid I can repay it back and that is why I am calling it an advance". The society manager however insisted he could only give him a loan and if the man chose to repay it at the end of the month it was fine. He asked the man to come back in the afternoon for further discussion. The man protested saying he had work to do. The society manager insisted that he was very busy at that time and asked the man if he could make it the following day. The man changed his mind and said he was coming in the afternoon and left.¹

1 The researcher was specifically requested not to mention this credit union in name narrating the incidence for reasons of "publicity".

When the researcher asked the society manager why he could not solve the problem right there and then, he just shook his head. He said, although the man looked honest, he was very surprised and suspicious that a victim of theft such as housebreaking could only ask for a small sum of K30. "We want to encourage honesty in this society. I am sending the treasurer right away to go and check at this man's house and his family, that is why I have told him to come in the afternoon".

When the researcher checked on the society manager the following day, he was told that although the man was telling the truth, it was not as bad as it sounded. "The thieves had only broken the bedroom window and snatched the wife's handbag with a hand made hook and only got away with that after being disturbed", he explained. The manager further explained that assuming these people have got away with some money in that handbag, then it is most likely that the ration money was gone "so we decided to help the man".

A somewhat similar thing in Northern Province was observed at Chilonga Savings and Co-operative Credit Union Society, a full discussion of this is in chapter 5. In the study of credit union societies in Canada (Clements 1965, PP. 232-245) gives an interesting account of how credit unions helped various people solve all sorts of unexpected financial problems by simply trusting them. She gives here an account of the Strasbourg Savings and Credit Union and explained how they helped a poor family called the Wills solve their unexpected problem.

The manager of the Strasbourg Savings and Credit Union was visited by a member of the Wills family. "They did not even have a floor in the shack they called home in the hills northeast of town, where there was very little farm land. Mrs. Wills was a widow with a large brood of children to support, and money was a scarce commodity. Mrs Wills

and her only daughter did their best to make the interior of the shack warmer and less stark by covering the walls with old calendars collected from the townsfolk. Mr. Wills, unfortunately, had left the family nothing. The oldest boy had fallen from a buggy when a youngster, and one leg was torn off at the thigh by the spokes of a wheel. But Herb had to be the man of the family. They managed to keep food in the house and the roof over their heads by cutting and hauling wood to neighbouring town. Herb, managing with his good leg and a crutch improvised from a tree, could chop wood as well as anyone.

That was the situation when a quarter-section near the shack came up for sale. "The owner offered it to the Wills boys for \$900. Someone else heard of the sale and put in a bid for \$1,300, but the owner promised to stand by his original offer if the Wills family could raise \$900. It seemed impossible; they had never had credit and everyone in the district knew they had absolutely nothing. Nevertheless, Herb hooped into Strasbourg on his one good leg and his crutch, and headed for the credit union.

A meeting of the credit committee was called, but it looked grim: a \$900 to the people who had never had even \$100 at any one time! According to credit union by-laws, the payments would have to be \$300 a year plus interest. The committee agreed, though, that the family had never before had forty or fifty acres of cultivated land on which they could grow a few bushels of wheat. The manager, who thought he knew the character of the family was willing to take the gamble, in spite of the fact that even he could see no possibility of the loan being paid off in three years.

After long deliberation the committee advanced \$900 to the Wills brothers, with the requirement that payment of \$300 plus interest be made each year. The president of the Credit Union still speaks of the outcome with amazement. "We never knew where the \$300 came from,

but on the first day of November each year Herb was there to make his payment. The credit union in Strasbourg has never made a better loan. The Wills family still does not have much, but at least they were given a start." (Clement's 1965, P. 230).

Credit unions however do not just give loans to people simply because they feel sorry for them and hope that they will pay in one way or another. If that was the case, credit unions would be in a very dangerous situation of helping beggars and pretenders. They would probably find themselves bankrupt because 'quacks' would not even be repaying back the loans. It is because of bearing this in mind that credit unions always know the character of the person they are dealing with, one important question they ask themselves is whether they could trust the person or not. It is only after making sure that they can trust the individual that they decide to help him. Helping does not just end there, credit unions make sure in most cases if they can, to advise or counsel the individual concerned on the proper use of the money and ways of repaying back the loan. A similar Zambian example as encountered during the course of the research is given in Chapter 5 where the present author discusses performance of individual credit union societies. Clements (1965, P. 238) again to support this point gives an example of a young couple who because of their extravagance had found themselves in financial problem:

One personnel manager discovered that a young couple on the Staff, earning \$750 a month between them, had committed themselves to twenty-six different creditors for a total amount of \$329 in monthly payments. Then the young husband was laid off, and even with his unemployment insurance, their monthly income was only \$360 a month - an impossible situation. The personnel manager suggested the company credit union which put the couple under scheme of Strict Self discipline, cut the payments to \$170 a month (still a heavy load) by consolidating their debts, and eventually made them a loan large enough to pay off all the debts. These young people were not facing life realistically in terms of their financial position and prospects. Society is partly to blame for putting such heavy pressure on young couples to get everything at once. Because of this experience and the wise counselling they received, one couple will think twice before taking the instalment bait again.

Credit unions as we have seen from members' responses, field experience and available literature, really do try to help people with genuine unexpected problems not only in Zambia but worldwide. They are really meant for "service and not for profit" as was being emphasized by CUSA-Zambia General Manager Mr. Dux Halubobya. Friderich Wilhelm Raiffeisen one of the founders of the credit union movement would have approved of this interpretation of the role of the credit movement, for he emphasizes greatly on the importance of helping individuals more than making profit.

B. Co-operation and Participation in Credit Unions

The co-operative aspect of credit unions is very important. Through co-operation, members may solve many problems. Roy Bergengren (1952) the most prolific writer on credit union philosophy and theory is quoted by Clements (1965, P. 6) to have appreciated the co-operative spirit of the credit union. She quotes him as writing that "The co-operative aspect of credit unions is basically economic. It is charged with aspiration and idealism. It is warmly, humanly passionate; and it is demonstrating day by day that there is more real satisfaction and more business in working together for the common good than there ever could be in a free-for-all struggle on the part of everybody to get ahead of everybody else. In every sense, co-operation is all embracing. It leaves nobody out. In its very constitution, it must accept anybody's application regardless of race, creed, colour or property ownership; and it must give to each member, no matter how meagre his holdings, as large a voice and vote as is given to others." Indeed as Van Den Dries (1967, P. 4) writes:- "The Credit union is self-owned, self-enterprise. Members are owners not beggars. Credit unions are not cold charity. People who join in the hope of getting a big loan for nothing have come to the wrong place." Through self-help and co-operation, credit union members are able to solve unexpected financial

problems of their fellow members. At the same time they engage in different self-help schemes which contribute not only to the good of themselves being self-reliant but to the good of the country as a whole.

As regards the hypothesis involving the mutual co-operation and participation of members, when asked how they made decisions in their credit union society, 40% said they made decision by majority rule (one man one vote), 38% said it was their credit union committee which made all decisions while 27% said it was a combination of all, majority rule, credit union committee, Chairman who made decisions regarding the running of their credit union society. When tested for significance, there was no significant difference at .05 level ($\chi^2 = 2.94$).

However when asked whether or not they are able to speak freely on issues affecting the union, a good majority of about 60% said they always spoke freely. If I add those who said 'very often' and those who said 'often', the percent would rise to 75.

Asked on the relationship of other credit union members to themselves as individuals, 70% of them said they considered the other members of the society to be co-operative, 20% said they could not really tell the behaviour of other members while 7% considered their fellow members to be hostile and about 2% considered their fellow members to be jealous.

These findings and responses indicate that, to a large extent credit union members co-operate with each other for the benefit of all of them. Regarding self-reliance and the ability to run their affairs, one could argue that at least a noticeable majority (though not significant) did say that most of the decisions are made by the majority which is at least some indication of running their affairs. The fact that the members either said it was the credit union committee which made decisions, a combination of one man one vote or chairman, does not

affect the democratic rule in the sense that (as we shall later see) almost all office bearers in the credit union societies are elected by the general membership and hence are essentially under the ultimate control of members.

However the fact that certain decisions could be made by majority rule, others, by different office bearers also is an indicator that as far as certain decisions are concerned, it is only those best qualified who can make them. In essence, it shows that decisions might be technical and can only be handled by people either with the know-how or those with designated responsibility like the Chairman, management committee or directors. The last argument probably can be supported by the fact that over 85% of the members interviewed considered the office bearers in their credit union as having received somekind of professional training relevant to what they do.

The general membership is very important in credit unions, it is from these that all the committee members who run the credit union are elected. The members of the society elect the managing committee at a general meeting and the committee is responsible to the members in general. In this study data shows that the managing committee, which constitutes the "civil service" of the credit union consists of ten members. The ten are elected members who run the affairs of the union. The managing committee consists of the executive committee, composed of the Chairman, Secretary and Treasurer, three sub-committees, credit or loan committee, audit or supervisory committee and education committee. Each of these committees consists of three elected members.

The education committee is regarded to be very important and sometimes it has four members. Several officials justified the special role of education committee on the basis that since credit unions were just

getting popular in Zambia, it was important that proper information was given both to members and the public and the "more people we have in the Education committee, the easier to educate." Further investigation showed that the education committee is considered to be the most important in all credit unions. In the Zambian Credit union the executive, loans and education committees form the board of directors, a group which manages the credit union.

The credit or loan committee examines all requests for loans, decides whether to grant or refuse them and determines the conditions of repayment. The audit committee members check the running of the society, inspect and audit the books. One official referred to them as "Society's watchdogs." The education committee provides the members of the society with information about the services it offers. It helps the members to workout methods of self help that will benefit each individually and the group as a whole. An Official has stressed the importance of the education committee in credit unions. He argued that education committee forms the base of the pyramid and if it does work well, the structure is secure, if it fails then the other committees are likely to fail.

The general meeting of members is the supreme authority of the credit union. Members make the decisions on one man one vote basis. "The by-laws of the society are the normal rule for conduct and usually the by-laws are approved by the ministry which deals with co-operative societies rule laid down in legislation, or the decrees of the appropriate ministry." (Van Den Dries, 1967, P. 9)

The example of the Cold Storage Board of Zambia credit union society members annual meeting held in Lusaka, proves how democratic the union meetings are. All the four committees, namely:- managing, loans, audit and education presented their reports one by one and after each presentation, members discussed them freely, gave comments and criticized certain aspects of the particular committee's report

they did not agree with. Members spoke either in Nyanja, Bemba or English.

During the meeting members made suggestions in terms of the progress of their credit union. Most members showed responsibility and openly discussed their ideas with fellow members. In this way members of the credit union societies benefited by being cooperative and pull their ideas together for the good of all.

Each member realizes that his income is closely related to the way he co-operates with others. His reputation as a sensible, responsible person depends on the suggestions he makes to other members regarding the running of their credit union. If their credit union is successful, then he is also associated with that success. He also knows that pulling resources together with other fellow men can enable him to provide a reserve for 'unfavourable future contingencies'. Thus co-operation with his fellow members becomes a prerequisite for survival, status, security or power for the member.

The fact that 75% of the members interviewed said that they speak freely on issues affecting the union is an indication of majority participation in making decisions. If 27% of the members who said decision making is done by a combination of majority rule, Credit union committee and Chairman is added to 40% of the members who said decision making is done by majority rule only, this gives a majority of 67% members who believe that decisions in credit union societies are made by the majority and this is an indication of democratic rule. In terms of mutual relationship, since 70% of the members interviewed considered their fellow members to be co-operative, this is also an indication of mutual co-operation among the members of the Credit Union Society.

ECONOMIC ATTITUDES, CONFLICTS OVERGOALS AND ADMINISTRATION IN
CREDIT UNIONS

A. Economic Attitudes

In the introductory chapter it was stated that attitudinal and value changes are essential prerequisites to creating modern society and this was attributed to Weber (1904)'s work. One of the main themes of Weber's work is the problem of the nature, causes and effects of rationality. Weber argued giving the example of the West that science, the most rational mode of thought, became the norm of all thought. 'It is a form of economic action resting on expectation of profit by utilization of opportunities of exchange and formally peaceful chances for profit.'

Thus rationality of action consisted in a scientifically determinable relation of means to the conditions of the situation. The purpose of trying to apply the concept of rationality to the credit union situation is not to imply that credit union members are capitalists or that they should be capitalists but that they should perform efficiently, they should have some element of "rational pursuit of profits resting on calculations in terms of balances with ascertainment of profit and loss"-what Weber probably can refer to as an element of capitalistic entrepreneur. (Long, 1977, P. 36)

Knowing that credit unions attach much importance to the fact that their members are well coached in running their own financial affairs, some profound changes were expected to be seen as regards economic attitudes of members in credit unions. It is precisely because of this, that the fourth hypothesis "participation in credit unions leads to the acquiring of rational economic attitudes as regards the managing of finances and techniques of running economic ventures", was proposed.

This hypothesis was tested by observing and examining the way the credit union societies handled the financial affairs of their members and the kind of education they give regarding the running of financial affairs to members. A set of questions: Has the society ever advised you on how to keep records of your financial transactions, how to invest or start a business and how to run a farm or business, were useful measures of the hypothesis. The research solicited the reaction of the members from these questions above. 57% said they had received advice and the remaining said they never received that kind of advice in such a combination.

However, reactions to individual questions were quite different. Regarding the question whether or not they had received any advice on investing or starting a business, about 57% said that they had received that kind of advice. On the question whether or not they had received any advice on running a business, 43% said they had received that kind of advice while a considerable majority 64% said they had received advice on keeping records of their financial transactions.

The differences might probably be attributed to the type of atmosphere in which the particular credit union operates and the type of things and expectations members have of their credit union society. One significant thing, from these results is the fact that only a small percentage spoke of having received advice as regards running a business. This probably could be attributed to the fact that very few members actually own a business on their own.

In fact by their nature, credit unions tend to help the poor people more who probably cannot own an economic farm unit or business than rich people who are likely to own big business enterprises (Clements, 1965, P. 245).

This however does not mean that credit unions do not give advice at all on running businesses or farms, in actual fact they are encouraging their members to start or invest in some business as the majority responses to the question relevant to this statement did show above. The only problem is that there are very few experts in Zambia available to give advice as is often common in any developing country.

Giving advice on how well to run financial affairs is increasingly becoming an essential feature in credit unions in Zambia. "Giving advice on the proper use of money" commented Mr. P. Kayoba, the Training Officer of CUSA-Zambia "is increasingly becoming common in most of our credit unions in Zambia." According to him all society managers employed in credit unions need to be qualified book keepers or accountants so that they not only manage the financial affairs of their society well but also give financial counselling to members.

Almost all the managers and similar officials interviewed during the research were either book keepers or had some training in accountancy. They also said that they always gave some kind of advice to members regarding the running of their financial affairs especially in terms of keeping and interpreting their financial records as well as how to budget. The Chilonga Credit Union Society Manager for example explained that it is always a must that every time they are giving out a loan to a member, they always gave some financial advice. "We always insist that they tell us how they are going to spend the money so as to know the proper advice to give them before they spent^{it}," he explained.

He further explained that even at general meetings members do talk about planning their budgets and are advised most of the time by the credit or loans committee how to properly make use of their money and the loans they get.

A Tazama (Tazama pipeline limited) Credit Union Society official that interviewed said in Ndola/they advise their members on family budgeting but admitted that they could not give any expert advise on how to run businesses. "We only encourage members to be thrift and not extravagant, at the same time we show them how to keep records of their financial transactions and how to interpret their passbooks," he added. Passbooks are small notebooks where all the information concerning the members' finances and financial transaction with the credit union are kept or recorded. The book is usually kept by the member (see appendix G).

The lack of experts as mentioned earlier in credit unions is not surprising. This is so because of the voluntary aspect of the movement. The 1981 annual CUSA-Zambia report (P. 5) stresses that there is lack of skilled personnel to efficiently maintain accounts and also educate members about the need to maintain their savings in the credit union. In spite of this, members once in a while still receive experts in various business fields. Over 50% said, they had such visits sometimes, very often or always. All of the members talked to said that they not only can interpret and understand their passbooks very well but have been planning budgets since they joined the credit union. This probably could be true considering that all of the members interviewed could write and had at least reached upper primary level.

From these findings, one notices that credit unions realize not only the importance of running their affairs efficiently but also the importance of teaching individual members to run their affairs efficiently. They have realized the importance of "rationalization of administration" to achieve credit union goals. In a way because of their emphasis on efficiency in organizing their financial affairs at both collective and individual levels, they tend to be bureaucratic but again not so bureaucratic as to be impersonal.

Due to limited time the researcher had not the opportunity to see members demonstrate their new acquired skills. The only possible measure of economic rational action was to ask members if they could plan budgets especially family ones; if they could start or run a farm or business or if they could calculate for every ngwee spent and every ngwee expected since they had joined the credit union. Most members and officials indicated they have acquired 'rational' ways of dealing with their finances since joining the credit union. However, data available cannot prove or disprove these claims.

B. Conflict Over goals

The study gathered data to test the hypothesis that the dual goals of credit unions, productive and provident, create conflicts over the fulfilment of both goals. Over 75% of members interviewed said they save for both productive and provident aspects equally. Over 85% believed that their credit union emphasized both aspects equally.

However in discussions the productive aspects of the credit unions tend to be talked about more in the Zambian credit unions than the provident aspect. In all the reports read and discussions held with officials and members, it was evident that they tended to talk little of the importance of credit unions in terms of solving unexpected financial problems. The general belief among the officials tends to be that since Zambia was a developing country it was important that they encourage people to invest in more projects and in that way they will be able to take care of unexpected financial problems as well. One official said that credit unions will never refuse to help an honest member with a genuine unexpected financial problem especially if they are means of repaying it and this aspect in credit unions is so important "such that we just take it for granted." He pointed out that every member knows that in fact it is the provident aspect of the credit union.

that keeps the movement so human and "we cannot afford to ignore that."

It seems from the evidence available in the study that both officials and members have realized the importance of both provident and productive aspects equally. They have also realized that the best way to take care of the provident aspect is to simply encourage members to be thrift and to save; the best way to take care of the productive aspect also is simply to encourage investments in as many projects as possible. At the Cold Storage Board of Zambia (CSBZ) Credit Union Annual Meeting, members and officials were observed emphasizing both aspects equally.

The findings on conflicts over goals, productive, and providence is very minimal. This is in line with the philosophy of credit unions as has been pointed out by Clements (1965) who states that it is more proper for a credit union to emphasize both aspects equally than to emphasize one aspect at the expense of another.

If for example only the provident aspect is emphasized, there will be little room for various projects and therefore less employment and less money which might mean credit unions might not have enough even to help in provident cases. If the productive aspect is emphasized alone, then credit unions will forsake their major principle of helping poor people. In this case therefore there will be little difference with the banks which insist on collateral not mere honesty of an individual before they can give a loan.

The research tried to examine the allocation of funds or expenditure of credit unions to see if there was balanced spending on both goals. While records of the total number of loans given and the amounts involved were available, there was no information to show the type of loans granted. Thus it was not possible to tell if the credit unions spend more on provident or productive aspects by merely examining

records. The researcher was not shown all the available information because some were considered to be "confidential." The researcher simply had to rely on the responses of individual members and officials. Therefore in spite of the comments above, there is need to treat these findings as tentative.

C. Administration

Because of limited time and money, it was difficult to assess the efficiency of the administration. It was done by asking members, officials, reading official reports of particular credit unions and CUSA-Zambia Annual Reports. This is obviously not the best way to measure administrative efficiency. The best way is to actually spend more time with the organization and their operations in detail. However since most of the members were happy with the way things were being run or judging from the majority member's contentment with administration (as we shall see below), one could say although with caution that there is some efficiency. The results and further discussion below will probably give more light on the issue.

Asked on how their union was run, over 80% of the members interviewed said their credit union was run/managed either fairly well or very well and less than 10% said they thought their credit union was being run poorly. However when asked to identify what they considered to be the cause for the credit union not being properly run, about 50% blamed the executive/management, loans, corruption by management and lack of management skills for the poor running of their societies (see table 4.1 for specific responses).

Table 4.1

Running of Credit Union Society - (member's reactions)

	Absolute Frequency	Percentage
Poorly	10	8.7
Fairly well	51	44.3
Very well	54	47.0
TOTAL	115	100

This shows that although the majority of the members claim that their society is well run, they still have some complaints over a few things they may consider minor but nevertheless important enough to irritate them. These probably could be due to misunderstandings as a result of lack of proper information on what the credit union is all about or simply carelessness in the way the management runs them.

Among the complaints, the loans topped the list. This was very significant in most of the meetings the researcher attended. The only major conflict or issue which arose between members and their executives was that loans were not issued in time.

In fact the only time individuals were observed threatening to withdrawal from the society was over loans. When this was checked with the management of the different credit union societies, who had been interviewed, it was found that almost all the people who had withdrawn from the society (removing their money and total membership) had done so because of loans.

A situation of this nature was witnessed in the Post and Telecommunications Credit Union Society of Ndola. One member commented that a lot of members were withdrawing their membership and others were very frustrated because of what she termed "favouritism" in giving loans.

Some people however withdraw or are frustrated because they are ignorant of the union's objectives and have different expectations of what credit unions ought to do for them.

As a further measure to assess how well the credit unions are being run or managed, members were asked how often they had educative seminars in their societies. Only 27% said they never had one session or more per year. Asked how often they attended these meetings, over 50% said they attended either sometimes, very often or always (see table 4.2 below).

Table 4.2

Annual Frequency of Attendance of Educative Seminars

	Absolute Frequency	Percentage
Never	32	27.8
Rarely	18	15.7
Sometimes	26	22.6
Very Often	15	13.0
Always	24	20.9
TOTAL	115	100

Proper organisation is given a lot of importance in credit union societies. Because of this credit unions have a standard way of organizing their society. The credit unions have realized the importance of running their societies well and inspite of a few problems, have been able to progress. CUSA-Zambia reports that in 1981 they had conducted 25 educative seminars out of a total number of 32 originally planned for. They had 7 specialized seminars for credit union committee officials, 10 local seminars for leaders and individual members; 3 advanced skilled courses conducted at national

institutions like President Citizenship College and Co-operative College, 2 staff workshops for planning and drawing extension strategy and 1 CUSA Annual General Meeting (1981 Annual Report, P.11).

CHAPTER 5

SOCIAL BACKGROUND AND MEMBER'S VIEW OF INDIVIDUAL SOCIETIES

A. Significance of Respondent's Background

The fact that the general results in terms of sex, age, education, marital status and jobs duration are among the common characteristics shared by most society members indicate that there is usually a certain trait or characteristic for a person who is most likely to be a member of a credit union society to possess (see appendix A).

Since at least 50% of those interviewed were male, aged between 20 and 39, had done form V or higher, were in skilled or white collar job earned more than K150, were married and had been in the same employment for at least more than a year, means that the most likely individual to join the credit union is someone who is educated, has stable job, reasonable income and most likely is married. It does not end there, the most likely person to join the society has some kind of education. Education is important in the sense that it helps a potential member to know more about the credit union and be able to decide whether to join or not to join on his own after assessing it properly.

A potential member who has some education can easily listen to the radio or read the newspapers or books with information concerning credit unions unlike someone who is totally ignorant. This probably would be the only reason why most members interviewed had at least reached secondary school level. It is not that credit unions only allow those who are educated or employed, contrary to this credit union societies have made themselves open to anyone interested. However, the fact that the majority of the members interviewed earned more than K150 means that having some kind of income is important for one to join a credit

union society. When it comes to sex, the majority of the members were male, however there was not any significant difference between male and female in terms of performance in the credit union. The only explanation to account for the presence of majority of the males in the credit union societies could be that males still dominate to a large extent most income earning activities in this country unlike most females who tend to be mere housewives.

B. Reasons Given for Joining

When more than 90% of the members gave "income" or "saving money" as the main reason for joining the credit union, it indicates that at least most members regard the credit union as a money making and money saving institution.

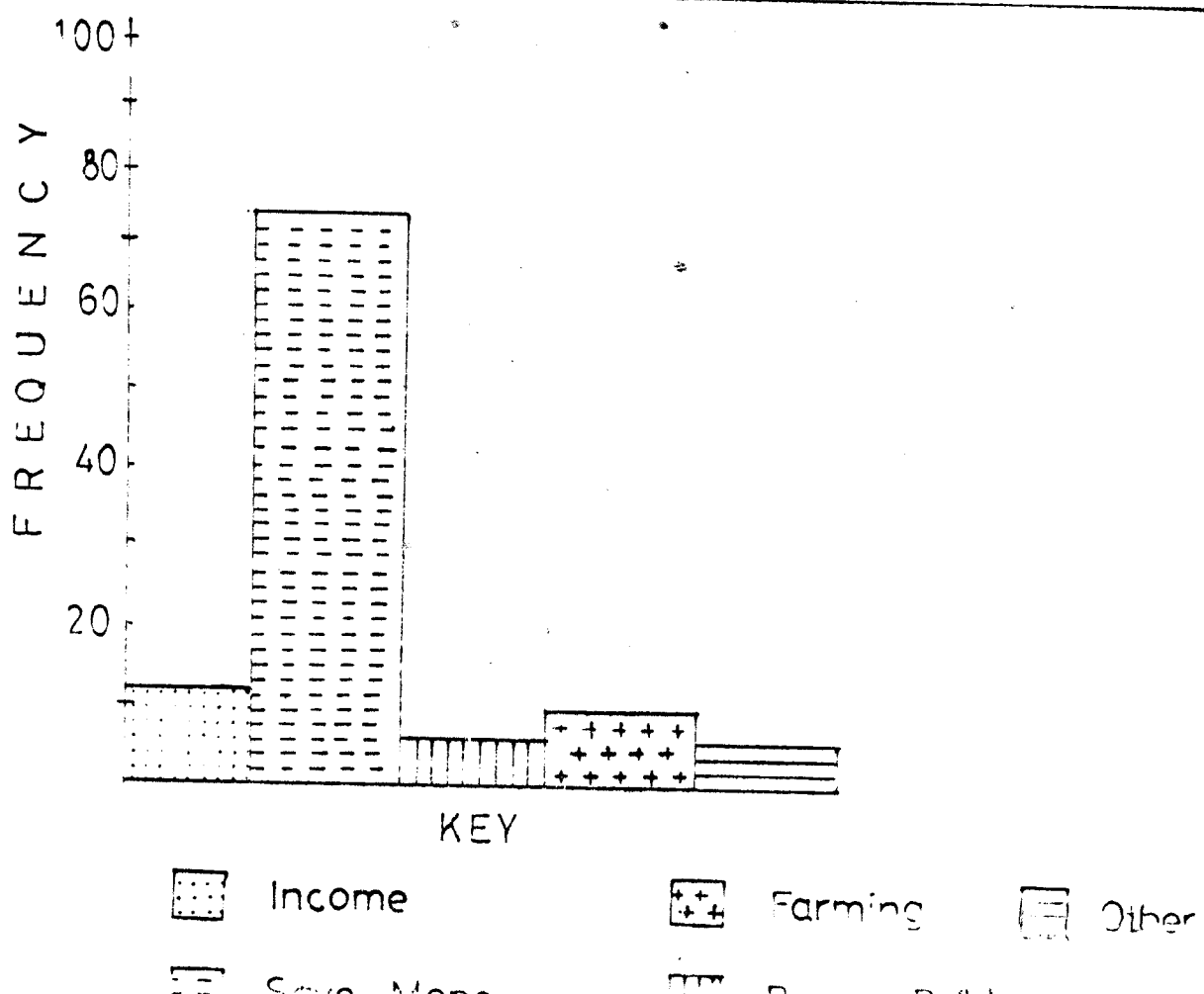
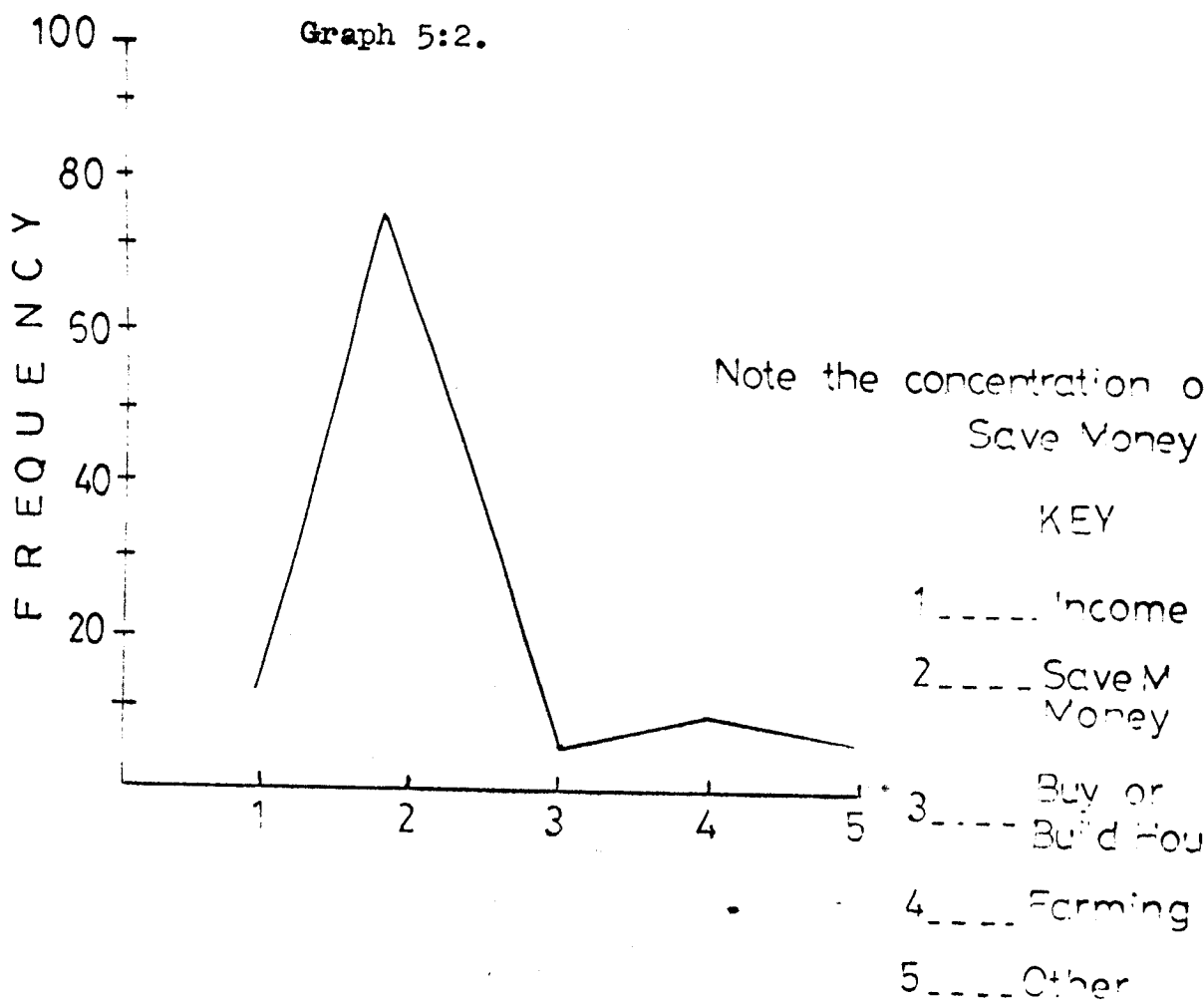
The frequency table 5.1 followed by the graph 5.2 and histogram shows the distribution in percentages the main reasons for joining the credit union society as given by members interviewed in the research.

Table 5.1

Main Reasons for Joining

	Results	Percentage
Income	13	11.3
To save money	82	71.3
Buy/Build House	6	5.2
Farming	8	7.0
Other	6	5.2
TOTAL	115	100

Since only 30% said their expectations had not been met and the remaining percentage said their expectations had been met (for which they had joined the credit union then) we can say that the credit union societies



in Zambia going by the results given have satisfied the majority of their members in terms of what they expected when they joined their respective societies.

This then is a brief presentation in general of the total (115) results of the six different Credit Union Societies. The general reflection of the results is that with an exception of a few cases, the credit unions in Zambia seem to have satisfied their members expectations. However let us also see the results of each individual credit union separately and see how they compare with each other and with the general results.

C. Kafue Township Council Credit Union and Savings Society

14 members were interviewed from Kafue Township Credit Union Society. The researcher also attended one session meeting of the executives in which complaints were being aired officially to representatives from CUSA headquarters. Before presentation of Kafue results, a brief background information on this society may later be useful to the interpretations of these results.

The Kafue Credit Union Society was at the time of the research not fully registered as a credit union under the co-operatives society act. It was only registered as a study group. It has only been registered now on 1st September, 1982 (Zambia Daily Mail, 2nd September, 1982) at the actual writing up of the report. When a society like Kafue is registered as a study group, it does not carry all the other activities as the one which is registered under the act. Usually it limits itself to collecting contributions from members and having meetings which normally just talk about how good things will be in future when they are fully registered. For any credit union to be registered, it has to operate at least for a period of two years as a study group. Even after that, it has to satisfy the requirements laid down by

CUSA that the society is well organised; by laws are well written; hardworking board of directors; regular saving members and all laws and principles of credit unions are followed. At the time of the research Kafue Township Council Credit Union Society had satisfied all those, but had no certificate of registration from the co-operative department. To this, representative from CUSA headquarters said it was a problem they could not solve for they had already made their recommendations and that the person responsible for registration was not available at the co-operative headquarters. It is with this background in mind that the Kafue Credit Union Society members were interviewed.

Since the raw results are provided in the appendix A, this section will concentrate mainly on the question and information closely related to the hypotheses in the study. There was some kind of similarity with the general results as regards background of members in terms of sex, age, education, occupation, monthly income, current marital status and duration on the job. At least 50% of the members were males, aged between 20 and 39, had done form IV or higher, were either skilled or white collar workers, earned more than K150 per month, were married and had stayed for at least more than a year in the same place of employment. However one unique thing about the Kafue Society from the general results in terms of background is that at least over 80% of the respondents had been members for either one year or less than one year and only about 15% were members for more than a year.

When asked the main reason for joining the credit union over 70% said they had joined because they wanted to save money. And when asked whether their expectations had been met since joining the society, over 70% said their expectations were not met and 30% said their expectations were either met in full or partially. As regards the financial situation

after joining the society, all of them (100%) said there was no change. This is no surprise for they were not allowed to engage in any financial activities without being fully registered and the period anyway for the members was too short to notice any change. Their financial situation was still the same after joining the society. This is also the only society where not even a single member said there was any change in the financial situation after joining. The uniqueness of Kafue as compared to other societies interviewed can be seen in table 5.2. As far as any kind of investment are concerned since joining the credit union, over 55% said the societal membership did not in anyway help to increase their investment and only 42% said their investment was helped by their membership of the credit union.

Regarding unexpected financial problems, only 29% said they appreciated at an average level the way their society solve financial problems which come unexpected while over 70% regarded the service of their union as below average. On the combined question of whether or not their credit union had ever advised them on how to keep records of their financial transaction, investing or running a business, only 29% said they received that kind of advice while 71% refused ever having received that kind of advice. When it comes to making decisions, 43% said it was by majority rule (one man one vote) while only 15% said it was a combination of majority rule, credit union committee and chairman. asked whether or not they had any conflicts in terms of what their union emphasizes and what themselves as individuals believed it should emphasize, all of them said that their union or society emphasizes more on both aspects of production and provident. However only 43% agreed with this type of emphasis while 57% said they did not agree. As regards the running of their society, 29% said it was poorly run, while the rest said it was run fairly well. However when asked what

Table 5.2

Showing the Uniqueness of Kafue in Relation to Others Regarding the Question: "What is the Financial Situation After Joining the Credit Union?"

(In Percentages)

Responses

		The Same	Slightly Better	Much Improved
<u>Credit Union Societies</u>	Kafue	100	0	0
	CSBZ	27.3	27.3	45.4
	PTC	40	13.3	46.7
	TAZAMA	71.4	21.4	7.2
	MPIKA	54.5	18.2	27.3
	CHILONGA	0	24	76

would be the likely cause if the union was not properly run, 14% said it could be the fault of the executive or management while the same percentage said it could be the fault of ordinary members. However the majority 70%, said it was the loans to blame. It should be noted here that the kafue members while allowed to save in their society were not allowed to get a loan until after registration.

D. Chilonga, PTC, CSBZ, TAZAMA and Mpika Credit Union Societies

Comparing Kafue with the overall results, one finds the results to be very different from the rest. This however is understandable in the sense that this was the only society which was a study group and therefore the members were in no position to assess anything properly as pointed out earlier. However on the other hand is the Chilonga Credit Union Society whose results were quite the opposite of Kafue where both officials and members were not only happy with their credit union but were also well organized in the sense that they had few problems regarding loans and had employed permanent staff to run the society. While there

are explanations for the Kafue results, there is no immediate explanation for Chilonga's results. One thing about Chilonga is that it is one of the oldest societies and has been in operation as a thrift and saving society before independence. The following story is an account of an incident that happened in Chilonga during the research. It is hoped it will help to illustrate how well chilonga is organized.

One time while in the office of the society manager and his treasurer, the researcher witnessed how a reputedly bad member's unexpected financial problem was ably handled. The man's problem was that his brother had just died and he was the only person responsible for funeral arrangements. Prior to that, this man had debts well over K200 which were not cleared. He was supposed to clear all of them before he could get any loans. The individual who was a primary school teacher had a reputation of being a drunkard. Before solving this problem, the manager and his treasurer were suspicious; they thought he might have invented the story to get some money for beers. After counterchecking his story through the relatives without his knowledge, they interviewed the man.

No one thought he would be helped, definitely no financial institution like the bank would have risked on such a man. However with the Chilonga Credit Union Society what mattered most was that the man had a genuine problem and someone had to help him. They took into account the fact that he was still on employment and could repay the loan. The society's manager and his treasurer were very calm in questioning him. After scrutinizing, assessing and making sure the authenticity of his story and securing means of repayment, they gave him the loan he wanted.

The Chilonga Credit Union Society took into account the human aspect of the whole thing, fulfilling the provident objective. They helped him after a series of lectures and advice. From the way the man behaved and the promises he made, it was quite clear he was going to keep his word.

There is one aspect of a credit union society at least going by Chilonga's standards, that at the most unexpected moment a person in real need is helped. As Kibirige (1980) argues credit union societies fulfil what is written in the Bible book of Ecclesiasticus, Chapter 29 verses one to ten that a loan should be treated as an act of charity and mercy to our fellow people. He refers to this chapter and verses as the credit unions "Biblical Common man's charter," because of its relevance to credit unions and human solidarity.

Most of the members in Chilonga credit unions are quite satisfied with the way their expectations have been met since joining. Table 5.3 below shows Chilonga Credit Union Society compared to the general results regarding the question pertaining to expectations of members. (In Percentages)

Table 5.3

Q. Have your Expectations been Met?

Responses	CHILONGA	GENERAL
WHOLLY	76	36.5
PARTIALLY	16	37.4
NOT AT ALL	8	26.1
TOTAL	100	100

Another society which was unique in the way its members responded, was the Cold Storage Board of Zambia (CSBZ) Credit Union Society which is based in Lusaka. Unlike other societies, it was the only credit union society which had 100% of its members who said their society emphasized the importance of both provident and *productive* aspects equally. All the members agreed in total with this kind of emphasis by their society. (see table 5.4 and 5.5)

Table 5.4

Societies by Assessment of Stressed Goals

	Productive Aspects only	Provident Aspects only	Both Aspects Equally
Kafue	0	0	100
CSBZ	0	0	100
PTC	20.0	33.3	46.7
TAZAMA	14.3	7.1	78.6
MPIKA	18.2	0	81.8
CHILONGA	8	0	92

Table 5.5

Members Agreeing to Stressed Goals of Their Credit Union
Society

	Yes	No
KAFUE	42.8	57.1
CSBZ	100	0
PTC	66.7	33.3
TAZAMA	85.7	14.3
MPIKA	90.9	9.1
CHILONGA	8	92

The views expressed by CSBZ members were very unique (see 5.5). One explanation could be that most of the members filled in the questionnaire at their annual general meeting where the importance of both provident and productive aspects of the credit union were being discussed.

The response of members in the Post and Telecommunication Credit Union Society was unique in two ways from the general results. It was the only society which did not have any single member interviewed who said policy decisions were made by majority rule in their society. It was also the only society which had members less than 60% to acknowledge that their society emphasizes both productive and provident aspects of the credit union equally. The response as regards making decisions could probably be attributed to the fact that they had a very poor management or that they had no full time management. For all the two weeks spent with this society, it was not possible to meet the manager of the society. The researcher was told that since he was the chairman of the trade union of their particular branch, he was very busy. The only highest senior official met was the acting chairman. Most of the members met and talked to seemed not to know what was happening in their society. PTC had the lowest number of members who said they believed individual members in the society were co-operative towards them (see table 5.6).

Table 5.6

Q. In your Opinion are the Other Members of the Society:-

	Co-operative	Hostile	* Jealousy	Don't Know
KAFUE	74	0	0	28.6
CSBZ	72.7	0	0	27.3
TAZAMA	66.7	13.3	0	20
PTC	57.1	21.4	7.1	14.3
MPIKA	63.6	0	0	36.4
CHILONGA	84	0	0	16

The results shown in table 5.6 should be an indication that to a certain extent, the results of PTC in terms of mutual understanding among its members was not as good as could be expected of an average successful credit union.

Although on the average the results of Tazama are not very different from the general results, the Tazama Credit Union Society was the only society second to Kafue whose majority of members (over 70%) said their financial situation was still the same after joining the credit union. The only explanation to this is probably that most of the members of this society are financially well off, or at least above average as compared to other societies studied. As such, therefore, they may not see much in saving some little money with the credit union society. This is supported by the fact that Tazama was the only society having a lot of members with salaries of over K400 per month. The Tazama data shows that the person most likely to appreciate the services of a credit union society is one with a lower income.

Mpika Credit Union Society had 83% of its members interviewed (see table 5.7 below) who gave the main reason for joining as to "start business." Mpika is in a rural area.

Table 5.7

Uniqueness of Mpika as Compared to Other Societies In terms of the Main Reasons Given for Joining

	Income	To Save Money	Start Business	Expand Business	Buy House	Farming	Other
KAFUE	57.1	28.6	0	0	0	0	14.3
CSBZ	81.8	0	0	0	18.2	0	0
TAZAMA	7.1	92.8	0	0	0	0	0
PTC	86.6	0	0	0	13.3	0	0
MPIKA	0	18.2	81.8*	0	0	0	0
CHILONGA	0	0	52	0	0	32	16

One explanation is that many people in the rural areas have their own permanent houses and many are indigenous people unlike those in the urban areas who come from different provinces of Zambia. This is supported by the fact that the only other society among those interviewed which had a high proportion (52%) second only to Mpika, of members who joined because they wanted to "start a business," is Chilonga, another credit union society in the rural area.

As mentioned earlier, the performance of Chilonga is the best among all the societies the researcher had studied. Even in terms of expectations, it is the only society whose majority members (76%) said their expectations had been met in full not partially. If those members who said their expectations were met partially are included, the number of people in the Chilonga Credit Union Society who are satisfied with their expectations rises to 92% which means almost everybody is satisfied in the society. The performance of the Chilonga credit union society has already been discussed with attempts at possible explanation of its performance. The findings show Chilonga to be a model of what a credit union should be, it represents a direction which should be followed by all credit unions in this country.

CONCLUSION

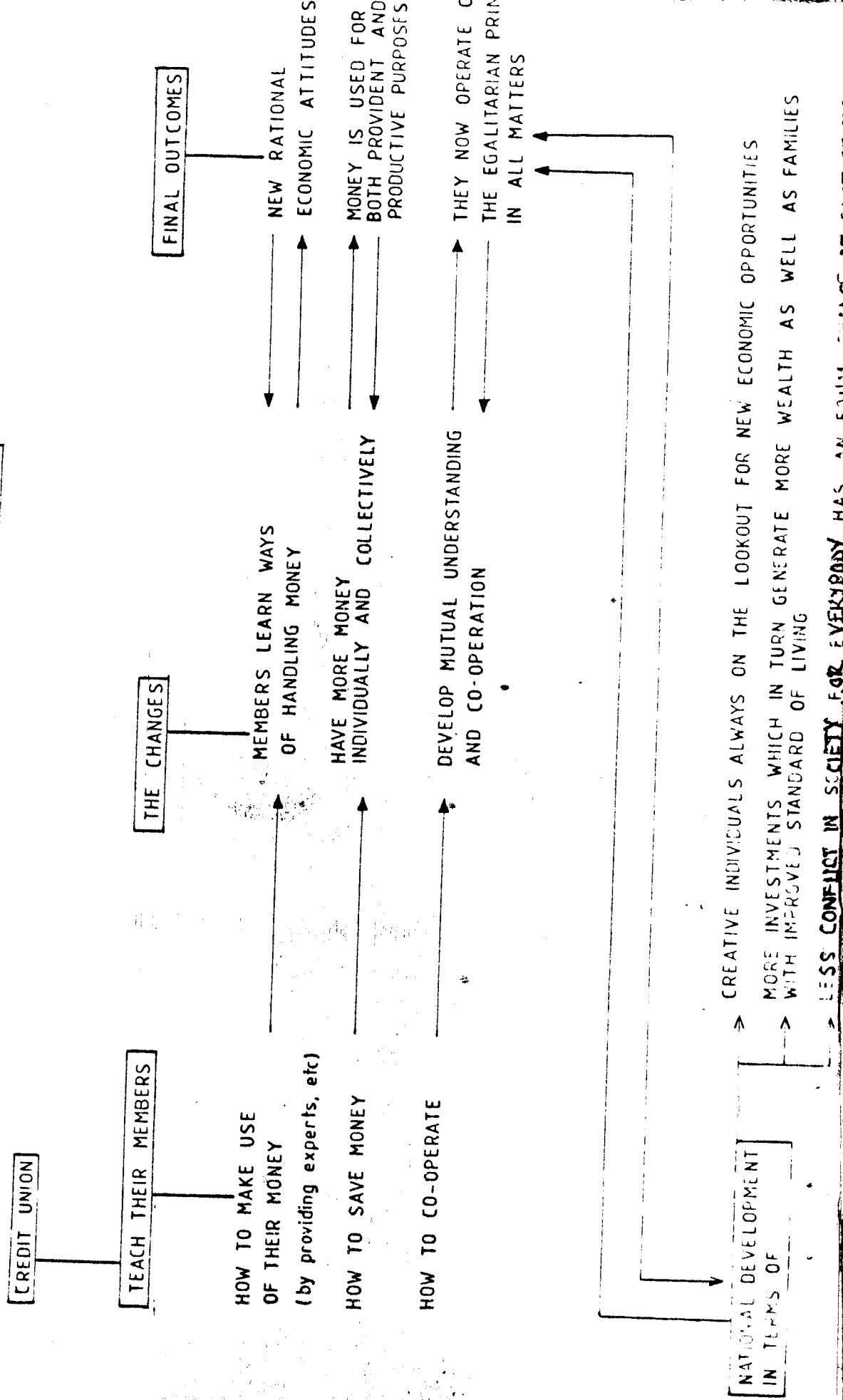
From data collected by informal and structured interviews with members, participation in meetings, and documents it is indicative that credit unions contribute to the socio-economic development of both the individual and the country. Unlike other methods of development it is not rigid but more encompassing and pragmatic. It does not only emphasize the development of the individual, but encourages them to invest in local projects using local savings.

Since credit unions depend on their own initiatives and utilize their local resources, they help to ease dependence on other countries. This point was underscored by Mr. Dux Halubobya, General Manager of CUSA-Zambia in a speech at the opening of a three-day business management seminar at the Lusaka Co-operative College, when he said "Credit unions will support projects which will use locally produced raw materials whose products will also find ready local market such as dressmaking which should use locally manufactured cloth while a cooking oil manufacturing project should use the readily available sunflower or groundnuts" (Coop news, 1981, P. 17). Mr. Halubobya further emphasized that it was necessary credit unions continued to both accumulate members' savings and use these to support home industry projects.

This statement from the credit union national leader, shows clearly that credit unions objectives are to encourage members to be self-reliant to utilize local resources and not depend on outside countries.

Findings from the study show that credit unions encourage their members to co-operate and to organize themselves in a democratic manner. With credit unions, it does not matter how many shares one may have, when it comes to voting it is done on a 'one man one vote' basis.

HOW CREDIT UNIONS CONTRIBUTE TO NATIONAL DEVELOPMENT



Members of a credit union not only have an advantage of improving themselves economically but also are exposed to various educational seminars and meetings organised by experts. At such meetings, they learn how to plan for their savings and how they can **improve** their standard of living.

Membership of a credit union is not only a practical course in management of economic affairs and the understanding of finance and the ability to work together with other persons, but it is also a practical course in democracy. This element of unity is very important for a society which wants to develop.

A combination of data, from written sources and field work show that Cusa's achievements approximate the ideal way a credit union contributes to national development. The ideal model is best shown in the diagram (6.1).

Although the exact approximation cannot be shown from the limited information available it can be argued that credit unions in Zambia, have made a major contribution to the socio-economic development of this country. The diagram, in ideal form, shows how credit unions contribute to national development. The data shows that CUSA has taught members how to save and to make appropriate use of their money and how to co-operate. Further, the study has shown that members learn ways of handling money, save more money individually and collectively, develop mutual understanding and co-operation. The final outcome is that the members acquire new rational economic attitudes in that the saved money is used for both provident and productive purposes. The contribution to national development is in terms of **creative** individuals always on the look out for new economic **opportunities**, more investments which in turn generate more wealth as well as families with improved standards of living.

In general, the results of this research donot differ much from the findings of similar studies done elsewhere, such as those of Clements (1965), Van Den Dries (1967) and Park (1980) in their particular studies of Canada, Kenya and Tanzania as well as Korea. These studies show that credit unions help to develop and acquire saving habits which contribute to overall development.

If credit unions seem to contribute to one's investment capacity, contribute to the development of certain organizational skills and individual attitudes which are important and considered positive assets for a nation which wants to develop, then the necessity to set up a lot of such institutions need not be emphasized. However, like many institutions in the Third World today, there are several problems which should be looked into. Individual responses and official reports indicate there is need for more financial aid and manpower to deal with credit unions. One or two people as field officers cannot man the entire province without transport. Among the main complaints presented in their latest annual report of CUSA- Zambia (1981) is that they have failed to get office space to rent in some regions as well as having some difficulties in getting staff houses, and transport system for field work.

With good organization, credit unions would spread like wildfire and could put an end to most of these 'money-problems' faced by the common man. That is to start spending only on those things one really needs, reduce expenditure on unnecessary things and control extravagance. The credit union is used to secure the future. An individual can get a loan from a credit union with much less fuss than in the banks. Finally one can say that this study helps to assess how credit unions contribute to development. Although the results are limited to six

credit union societies, it has proved to be a useful insight to further research into these institutions. There is still a lot of room and a lot of questions which only further research can answer about credit unions.

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CREDIT UNION RESEARCH

4

PROVINCE

CREDIT UNION SOCIETY

RESPONDENT'S NAME

1 2 3
3 4 5

A: BACKGROUND

(1) Sex: Male = 1

Female = 2

6

(2) AGE GROUPS

Under 20 Years = 1

20 - 29 = 2

30 - 39 = 3

40 - 49 = 4

50 - 59 = 5

60 + = 6

7

(3) EDUCATION

Did not attend school = 1

Grade 1 - 4 = 2

Grade 5 - 7 = 3

Forms 1- 3 = 4

Forms 4 - 5 = 5

Post Secondary = 6

8

(4) OCCUPATION

Unskilled = 1

Semi skilled = 2

Skilled = 3

Blue Collar = 4

White Collar = 5

Self Employed = 6

Other = 7

9

3

(5) MONTHLY INCOME

Less K50 = 1

K50 - 99.9 = 2

K100-149.9 = 3

K150-199.9 = 4

K200-249.9 = 5

K250-299.9 = 6

K300-399.9 = 7

K400+ = 8

10

6

(6) CURRENT MARITAL STATUS

Never Married = 1

Married - Monogamy = 2

Married - Polygamy = 3

Divorced = 4

Widowed = 5

11

2

(7) DURATION ON THE JOB

(If employed)

Less One Year = 1

One Year = 2

Two Years = 3

Three Years = 4

Four Years = 5

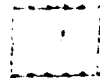
Five Years = 6

Six Years = 7

Seven Years = 8

Eight or more = 9

12

(8) B: INDIVIDUAL SUB-MODULE

MEMBERSHIP DURATION

Less than one year = 1

One Year = 2

Two Years = 3

Three Years = 4

Four Years = 5

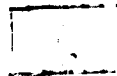
Five = 6

Six - Seven Years = 7

Eight - Nine Years = 8

Ten and More = 9

13

(9) POSITION IN SOCIETY

Ordinary Member = 1

Committee Member = 2

Treasurer = 3

Secretary = 4

Chairman = 5

CNSA Official = 6

14



(10) MAIN REASON FOR JOINING CUSA

Income = 1

To save money = 2

To Start Bussiness = 3

To Expand Bussiness = 4

Buy/Build House = 5

Farming = 6

Other = 7

15

2

(11) HAVE YOUR EXPECTATIONS

BEEN MET?

Wholly = 1

Partially = 2

Not at all = 3

16

1

(12) BEFORE BECOMING A MEMBER OF CUSA, WERE YOU ABLE TO
INVEST YOUR MONEY IN ANY VENTURE, IF SO WHAT TYPE?

None = 1

Real Business = 2

Farming = 3

Fishing = 4

Factory = 5

Other = 6

17

6

(13) IS IT MAKING

Loss = 1

Profit = 2

18

2

(14) If it is making Profit, how much

Less K100 per year = 1

K100 - K499 = 2

K500 - K899 = 3

K900 - K1299 = 4

K1300 - K1699 = 5

K1700 - K2099 = 6

K2100 - K2899 = 8

K2900 - K3299 = 9

K3300 + = 10

19.

2

(15) WERE UNEXPECTED FINANCIAL PROBLEMS A CONSTANT SOURCE OF
WORRY TO YOU BEFORE YOU JOINED THE CREDIT UNION?

Yes = 1

20

No = 2

1

(16) WHAT IS THE FINANCIAL SITUATION AFTER-JOINING THE
CREDIT UNION?

The Same = 1

Slightly better = 2

21

Much Improved = 3

3

(17) IF THERE HAVE BEEN SOME FINANCIAL CHANGES SINCE
JOINING THE CREDIT UNION, WHAT ARE THESE?

More money saved = 1

Involved in some bussiness = 2

22

Less money than before = 3

1

(18) TO WHAT EXTENT DOES THE SOCIETY ENABLE YOU TO SOLVE
FINANCIAL PROBLEMS WHICH COME UNEXPECTED?

Excellent = 1

Good = 2

Fair = 3

Poor = 4

Very Poor = 5

23



(19) HOW DID YOU COPE WITH EMERGENCIES BEFORE BECOMING
A MEMBER OF THE CREDIT UNION?

Borrowing from friends = 1

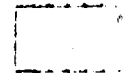
Borrowing from a Bank = 2

Borrowing from relatives = 3

Borrowing from Users = 4

Advance from salary = 5

24



In many cases it was not possible to solve the
problem = 6

Only in few cases you failed to solve the problem = 7

It was impossible to solve the problem any time it
happened = 8

(20) HAS THE UNION MEMBERSHIP HELPED TO INCREASE YOUR
INVESTMENT?

Yes = 1

No = 2

25



(21) APART FROM FINANCIAL ASSISTANCE, HAS THE CREDIT UNION
SOCIETY EVER ADVISED YOU ON:

(i) How to keep records of your financial transaction

Yes = 1

No = 2

26



(ii) How to invest or start a business

Yes = 1

27

No = 2

☐

(iii) How to run a farm/business

Yes = 1

No = 2

28

☐

(22) HOW OFTEN ARE SEMINARS OR TRAINING COURSES FOR MEMBERS?

Never = 1

Once a year = 2

Twice a year = 2

Three times a year = 4

Four times a year = 5

Six/five times a year = 6

29

Every month = 7

☐

Once in two years = 8

(23) HOW OFTEN PER YEAR DO YOU ATTEND THESE COURSES/SEMINARS?

Never = 1

Rarely = 2

Sometimes = 3

30

Very often = 4

☐

Always = 5

(24) DO EXPERTS IN VARIOUS BUSINESS FIELDS COME TO TALK TO MEMBERS?

Never = 1

Rarely = 2

Sometimes = 3

Very Often = 4

31

Always = 5

☐

(25) C: ASSESSMENT OF CREDIT UNION

IN YOUR OPINION, HOW IS THE CREDIT UNION RUN/MANAGED?

Poorly = 1

Fairly Well = 2

Very Well = 3

32

26) IF THE UNION IS NOT PROPERLY RUN, WHAT DO YOU CONSIDER
TO BE THE CAUSE?

Executive/Management = 1

Ordinary Members = 2

33

Loans = 3

Corruption by Management = 4

Lack of Management skills = 5

(27) HAVE THE OFFICE BEARERS RECEIVE ANY TRAINING IN THE
CREDIT UNION MANAGEMENT?

Some have = 1

Every one has = 2

34

Very few have = 3

None has = 4

(28) IN YOUR OPINION, WHAT DO YOU CONSIDER TO BE THE MAIN
OBJECTIVES OF THE CREDIT UNION?

Making profit = 1

Charity = 2

Service to members = 3

Promote Economic Development = 4

35

All of the above = 5

Other 6

(29) D: DECISION MAKING

HOW ARE DECISIONS MADE FOR THE CREDIT UNION SOCIETY?

By One member one vote basis = 1

Voting according to shares = 2

Credit Union Committee = 3

Chairman = 4

Combinations of the above = 5

36

☐

(30) DURING THE UNION'S MEETING DO MEMBERS SPEAK FREELY ON
ISSUES AFFECTING THE UNION?

Never = 1

Rarely = 2

Sometimes = 3

Often = 4

Very often = 5

Always = 6

37

☐

(31) IN YOUR OPINION ARE THE OTHER MEMBERS OF THE UNION

Co-operative? = 1

Hostile? = 2

Jealousy? = 3

Don't know = 4

38

☐

(32) CAN YOU RANK THE FOLLOWING FACTORS IN TERMS OF THEIR
IMPORTANCE IN DETERMINING YOUR DECISION TO JOIN THE
CREDIT UNION

(i) TO avoid wasting money on drinking and other un-
profitable hobbies

Unimportant = 1

39

Important = 2

Very important = 3

(ii) The need to belong to some social Organization.

Unimportant = 1

40

Important = 2

Very important = 3

(iii) The need to save and reinvest in business/farming

Unimportant = 1

41

Important = 2

Very important = 3

(iv) The need to solve unexpected financial problems.

Unimportant = 1

42

Important = 2

Very important = 3

E: CONFLICT OVER GOALS

(33) DO YOU THINK YOU SHOULD ONLY SAVE FOR

Provident aspects only = 1

43

Productive aspects only = 2

Both aspects equally = 3

Just for the sake of it = 4

(34) THE ACTUAL PRACTICE OF YOUR CREDIT UNION IS TO EMPHASISE
MORE

Provident aspects only = 1

44

Productive aspects only = 2

Both aspects equally = 3

(35) DO YOU AGREE WITH THIS TYPE/KIND OF EMPHASIS

Yes = 1

45

No = 2

1

(36) IF YOU DON'T AGREE, WHAT IS YOUR ALTERNATIVE?

Provident aspects only = 1

Productive aspects only = 2

46

Both aspects = 3

It should be left to the individual member = 4

(37) What are the advantages that you as a saver in a Credit Union mainly see over Saving in Banks, Post Office, Zambia Building Society or Insurance?

None at all = 1

Easy to get loans = 2

47

Low interest rates = 3

2

Easily terms of repaying loans = 4

Easy to save Money = 5