# "The Growth and Impact of Cooperative Societies in Botswana: The Case of Sametsi Savings and Credit Society"

**By**

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## DECLARATION

This dissertation is all my own work, except where specifically stated. Any use made within it of works of other authors in any form is properly acknowledged at their point of use. A list of references used is included. This dissertation has been done by me and has not been previously accepted for a higher degree or professional qualification at any educational institute of higher learning.

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This dissertation has been submitted with my approval as University Supervisor and I certify that the requirements for the applicable MBA Programme rules and regulations have been fulfilled.

Signed: ______________________________
**[Professor Munyae M. Mulinge]**

## DEDICATION

To My children Taolo, Tlamelo and Bothokang Who made all this possible by their endless encouragement and patience.

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## ABSTRACT

This study focused on the growth and impact of Savings and Credit Cooperative Societies in Botswana. It assessed the measures taken to promote cooperative societies, the mechanism used to monitor and evaluate their performance, the socioeconomic benefits accruing to the membership, and the major challenges facing cooperatives societies today. Data were collected from a sample of 55 respondents using self-administered questionnaires and supplemented with in-depth interviews conducted with three key informants. The 55 interviewees were selected through a two stage sampling process combining non-probability and probability sampling techniques. The first stage utilized purposive sampling to select the Gaborone branch of Sametsi SACCO as the focus of the study while in the second stage systematic random sampling was utilized to select the 55 individual members of the SACCO interviewed for the study.

The results revealed that cooperative societies are becoming a major player in Botswana's economy and in uplifting the socio-economic welfare of the populace. As such, the Government was actively involved in the promotion of their growth and development. In particular, the Government had passed the Cooperatives Societies Act (1989) and the National Policy for Cooperatives Development (2008) to serve as the legal and policy pillars in the growth of the sector. In addition, it has established a Department of Cooperative Development in the Ministry of Trade and Industry to provide the necessary coordination, leadership, and regulation of the sector. The study showed that the Department has committed itself to excellent service delivery and is determined to take SACCOS in Botswana to new heights. To do so, it conducts periodic management performance audits; carries out spot checks on internal controls; regularly inspects cooperative societies; and constantly monitors the growth trends and the investment portfolios of SACCOS, among others. Based on the results of this study, SACCOS impacted positively on the lives of their members by availing to them a wide variety of socio-economic benefits such as increased sense of belonging to a group, development of good conduct and good working relationship with others, acquisition of leadership skills, easy access to credit at reasonable interest rates, financial discipline, and increased participation of members in the financial sector. However, despite the favorable reviews

cooperative societies received from the interviewees and the initiatives of Government and its cognate institutions, the study found that the societies in Botswana were facing a variety of challenges related to performance, governance, and membership.

Based on the results of the study, it was concluded that Botswana had put in place the broad legal and policy structures necessary for the promotion of the growth and development of cooperative societies in the country as well as evolved the institutional framework - the Department of Cooperative Development - for the monitoring and evaluation of their performance. It was also concluded that there existed great potential for the growth and development of cooperative societies in Botswana and but a lot still remains to be done to overcome the challenges facing cooperative societies today. To address the challenges facing cooperative societies in Botswana today, it was recommended that the societies should introduce fully developed computer systems to ensure regularly updated information on the financial operations of cooperative societies, attract and retain qualified staff', adopt strategic planning and budgeting, increase the empowerment of the membership, and ensure the constant and regular flow of information to members.

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## LIST OF ACRONYMS

| | |
|---|---|
| AGM | Annual General Meeting |
| COPAC | Committee for the Protection and Advancement of Cooperatives |
| CRMP | Cooperative Reform and Modernization Programme |
| ICA | International Co-operative Alliance |
| ILO | International Labor Organization |
| KUSCCO | Kenya Union of Savings and Credit Co-operative |
| LEA | Local Enterprise Authority |
| NDP | National Development Plan |
| PEARLS | Protection, Effective financial structure, Asset quality, Rates of return and costs, Liquidity and Signs of growth |
| SACCOS | Savings and Credit Cooperative Societies |
| SMME | Small Medium and Micro Enterprises |
| SPSS | Statistical Package for Social Sciences |
| SWAMI | Strathmore WOCCU African Management Institute |
| UN | United Nations |
| WOCCU | World Council of Credit Unions |
| WUC | Water Utilities Corporation |

# CHAPTER ONE

## INTRODUCTION

The purpose of this study is to explore the growth and importance of savings and credit cooperative societies. The existence of these societies is seen as a means of protecting the members from exploitation by usurious money lenders. Members are provided with appropriate financial solutions that enable them to collectively work themselves out of poverty. These societies are in a market in which they compete with various financial institutions, for example, banks, building societies, postal savings banks and microlenders. Membership eligibility is usually defined in terms of some common affiliation, such as employment. Employees are encouraged to save a portion of their earnings to earn additional income in the form of interest. The accumulated savings will also earn the member credit as they are used as collateral for meeting the financial obligations during the period of lending. All members are equal owners of the enterprise and each has one vote in the election of committee members, who serve in a voluntary capacity.

### 1.1 Background Information

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (http://www.coop.org/coop/principles.html). Cooperatives may be generally classified as either consumer, multipurpose or producer cooperatives, and as savings and credit cooperative societies, depending on the mutual interest that the membership shares (Department of Cooperatives, undated). It is the savings and credit cooperatives (SACCOS) that are the interest of this study. The primary aim of cooperatives is the economic upliftment of their members and the society (http://www.coop.org/coop/principles.html). Since the 1960s, cooperatives have been established with great enthusiasm in most countries of the Third World. In this regard, Widstrand (1970) pointed out that cooperatives are prescribed for rural as well as for urban areas, and that they transcend different economic activities.

Cooperatives may be formed for any type of economic activity, but the major principle involved is self help. People join the cooperative society voluntarily to improve their own economic position through the method of joint activity and mutual assistance. In addition to increasing production and mobilising underutilised resources, cooperatives have been expected to increase social justice and equality of opportunity to reinforce social solidarity (Attwood, 1988). The main purpose of a cooperative is to provide goods and or services to its members. However there are many other benefits to forming a cooperative. For example, the democratic structure encourages people to work together, and they also provide communities and groups with tested and proven organisational approaches to managing and coping with changing socio-economic conditions (http://www.canadabusiness.ca).

One of the goals of cooperatives is the mobilisation and accessing of resources (http://www.coop.org/coop/principles.html), especially finance. Access to finance and to financial services is essential to reduce poverty. A cooperative approach to microfinance is based on encouraging self-help, and it also allows people to cooperate out of poverty as well as helping them from falling into poverty (www.ica.coop). Turnell (2005) describes cooperative credit as an ideal institution that not only provides credit but also instils the virtues of a modern capitalist society. Originating in the idealism of the 'Rochedale Pioneers' cooperative credit is seen as an evangelic zeal to solve all manner of perceived economic and social problems facing communities in both rural and urban areas (Turnell, 2005). The credit union idea, that people could pool their money and make loans to each other evolved from the cooperative activities of early 19th century in Europe, and they have since spread throughout the world (http://www.woccu.org/involve/icu/history.php). In Germany, for example, in the late 19th century Friedrich Raiffeisen led the cooperatives in a major new direction through the administration of rural credit to finance farm operations (Young, Sherman & Rose, 1981).

The main objectives of SACCOS is to mobilise domestic savings from members in order to create a pool of funds from which loans can be made to them at fair and reasonable rates of interest (Department for Co-operation Development, Banking & Research Division Pamphlet, undated). The society is open to all who belong to the group voluntarily. These societies offer a mechanism for savings and loans not available through most formal banking systems. Members agree to save their money together; which will form the base of lending capital from which loans can be issued at a reasonable interest rate. The interest charged on the loans is used to cover the interest cost on savings and the cost of administration. Operating a savings and credit society is basically the same as operating your own bank, but on a cooperative basis. It is the business of buying and selling money within a group of people who work in the same place or members of the same community (http://.saccol.org.za/saccos.htm).

All cooperative movements in the world today are governed by the Rochdale Principles (http://www.historycooperative.org). Watkins (1986) describes cooperative principles as general ideas which inspire and govern the application of the cooperative technique of social organisation, and that they result from inductive reasoning upon experience of fundamental and universal social realities. The Rochdale Principles were set out in 1844 and have been carried through to the present day and are now protected and periodically revised by the International Co-operative Alliance (ICA) (http://www.historycooperative.org). They have been adopted as the rules of conduct of cooperative societies and are observed by cooperative societies all over the world.

The World Council of Credit Unions (WOCCU) is the world's leading advocate, platform for knowledge exchange and development of agency for credit unions. Its mission is to assist members to organise, expand, and improve and to integrate credit unions and related institutions as effective instruments for the economic and social development of people. It serves as a forum for the exchange of ideas and information, provides services for its members, promotes membership development and growth, represents member's interests and extends cooperative financial services to areas where there is an established need (http://www.woccu.org). Today, 46 377 credit unions in 97 countries provide more than 127 million people world wide with an opportunity to grow through access to safe savings, affordable credit and a chance for a better tomorrow. According to WOCCU statistics for 2006 there are around 8 237 credit unions in Africa with a total membership of 13 million (http://www.woccu.org/intl_system/global.php). In Botswana it was reported that there were 28 institutional SACCOS with 11 055 members in 2003 (Ministry of Trade and Industry, undated).

## 1.2 Statement of the Problem

The government of Botswana recognises the benefits of the cooperative movement to the country's economy. This was evident in an article appearing in the daily news of September 21, 2004 which quoted the Deputy Permanent Secretary in the Ministry of Trade and Industry as follows, "the savings and credit cooperative societies are a viable strategy for complementing other government policy initiatives such as the citizen empowerment programmes". He encouraged cooperatives to plough back their profits into the communities in which they live (Botswana Daily News November 2, 2006). According to the Co-operative Societies Act, (1989), a cooperative society in Botswana has, as its principal object the promotion of the economic interests of its members in accordance with the following cooperative principles: Voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and provision of information, cooperation among cooperatives, and concern for the community. Cooperatives are also said to promote education and training on cooperative matters for members and to ensure cooperation at the local, national, and international levels in order to best serve the interests of the members and communities. The societies are democratically controlled, members enjoy equal rights to vote and participate in decisions, without regard to the amount of their savings. The surplus of the society is distributed in a fair and just manner amongst its members with a limited dividend on share capital (Government of Botswana (1989).



The first Savings and Credit Co-operative for workers in Botswana was formed by the Selibe-Phikwe Mine Workers in 1979. The statistics from the Ministry of Trade and Industry, Department for Co-operation Development, Banking and Research Division show that there were 28 registered institutional SACCOS in 2003. This illustrates growth in the number of SACCOS of at least one society registered per year in a period of 24 years. While savings and credit cooperative societies have been formed in most work places in Botswana to minimize dependency of members on other financiers, they have not attracted the attention of the working class. Despite this, no studies, that we are aware of, have examined (focused on) the important role these cooperatives are playing in providing access to financial services to improve the socio economic status of the targeted community members (or workers). This study is designed to fill this gap. Utilizing the Sametsi Savings and Credit Society, housed in the Botswana Water Utilities Corporation, it examines the outreach and performance of Savings and Credit Cooperative Societies with the view to assessing their impacts on the socio-economic welfare of the members as well as to creating awareness among potential members.

## 1.3 Objectives of the Study

The broad purpose of the study is to assess the growth and impact of SACCOS in Botswana. The existence of these societies instils mutual understanding, respect and a real sense of working together in members for their welfare and common interest. By pooling their experience and knowledge and by helping one another, members of a cooperative society find the solution to their individual problems and to those of the community. To achieve its broad objective, the study focuses on the following specific objectives:

- To identify the measures taken to promote cooperatives in the country, including the coordination and leadership practices of the Department of Cooperatives geared towards the creating of an enabling environment for SACCOS to thrive.
- To establish the mechanisms put in place to monitor and evaluate the performance of cooperative societies in general and savings and credit societies in particular.
- To document the socio-economic benefits accruing to the members of cooperative societies in general and of Sametsi Savings and Credit Society in particular.
- To assess the major challenges facing cooperative societies in general and the Sametsi Savings and Credit Society in particular.

By focusing on these objectives the study hopes to answer the following questions:

- What legal and policy frameworks exist to encourage and promote the growth and development of cooperative societies, including Savings and Credit Cooperative Societies, in Botswana?
- How is the performance of Savings and Credit Co-operative Societies monitored and evaluated in Botswana?
- What do Batswana perceive to be the benefit of Savings and Credit Cooperative Societies and how have these organizations changed members' lives?
- How successful has Sametsi Savings and Credit Society been and what are the major challenges facing the society?

## 1.4 The Importance of the Study

The study is of significance to the cooperative movement as it extends the knowledge base that currently exists. To our knowledge, no studies have been done focusing on the impact and growth of SACCOS in Botswana. Furthermore, the review of available literature as provided in the Department of Cooperatives pamphlets and the Ministry of Trade and Industry website does not give precise information on the subject matter. The subject, therefore, remains grossly under researched, thus warranting further investigations. It is against this background that the present study is undertaken. Through it we hope to raise people's awareness of the significance of these societies and the key role they play in the lives of Batswana and of their importance as an avenue for the economic empowerment of community members.

The second importance of the study lies in its potential to contribute to (or inform) policy formulation. It is anticipated that the knowledge generated by the study will be useful to policy makers as they endeavour to promote the sector and to stimulate more interest in it from the population. Finally, it is hoped that this study will stimulate further interest and research in the important subject matter of cooperatives in general and SACCOS in particular. This is imperative for the stock of available theoretical and applied knowledge in the area to continue growing and for the developments, including transformations, of the sector to not only knowledge based but also driven by the most current knowledge.

## 1.5 Organisation of the Study

The study is organised into five chapters. Chapter one is the introduction and presents the background information, the problem of the study, the objectives of the study and the justification for the study. The second chapter synthesizes the existing theoretical and empirical literature. Emphasis is placed on the historical development of cooperatives, cooperatives in developing countries, the role of cooperatives in economic development, the management of SACCOS, problems facing SACCOS, and the status of SACCOS in Botswana. In chapter three we profile the methodology utilised by the study including the study sample and selection procedures, the methods of data collection, and the techniques of data analysis. Whereas the fourth chapter presents the findings of the study guided by the specific objectives of the study, chapter five discusses those findings, draws conclusions from them and offers policy recommendations.

# CHAPTER TWO

## LITERATURE REVIEW

This chapter presents a review of the empirical and theoretical literature around the subject matter of cooperatives with an emphasis on Savings and Credit Cooperative Societies (SACCOS). The chapter is organized into five sections as follows. Section one presents the historical development of cooperative societies whereas section two focuses on cooperatives in developing countries. The role of cooperatives in economic development is covered in section three, with an emphasis on the benefits and the problems facing SACCOS. The fourth section of the chapter is devoted to the management of SACCOS while the final (fifth) section examines the status of cooperatives in Botswana.

### 2.1 Historical Development of Cooperatives

According to Gretton (1971), cooperation is a word that implies increased strength from joint effort; and that two pairs of hands are better than one, and many hands make light work. Parnell (2001) describes cooperation as a method of pooling resources and human endeavour, acting in an organised, disciplined manner. The need for cooperation stems from a system of social organization based on the principles of unity, economy, democracy, equity and liberty (Laidlaw, 1962). Several writers on the cooperative movement agree that cooperation is indeed a form of organisation where persons voluntarily associate together as human beings, on a basis of equality for the promotion of economic interests of themselves (Calvert, 1959).

Following the description of cooperation, a cooperative has been defined by the International Co-operative Alliance (ICA) as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise". The ICA goes further to describe cooperatives as enterprises that put people at the centre of their business and not capital (http://www.ica.coop). As pointed out earlier, cooperatives may be generally classified as either consumer, multipurpose or producer cooperatives, and savings and credit cooperative societies (Department of Cooperatives, undated). It is savings and credit cooperatives that are the subject of this study. A savings and credit cooperative society is a democratic, unique member driven, self help, not for profit but for financial cooperation, owned and governed by members who have the same common bond (http://.saccol.org.za/saccos.htm).

There is sufficient literature on cooperatives in general; quite a number of authors have touched on and elaborated on the cooperative movement and its aims. The concept is the same throughout and it transcends borders and territories hence the cooperative principle that encourages cooperation of societies at local, national and international levels. Robert Owen (1771-1858) was the founder of the cooperative movement and believed in putting workers in a good environment with access to education for themselves and their children. Owen believed that ideal communities based on co-operation rather than competition would eliminate unemployment and pauperism and create a prosperous and harmonious community. It is upon these foundations that the Rochdale Pioneers built their interest in cooperation (http://www.historycooperative.org).

The Rochdale cooperative society, a model for consumer cooperative was established in 1844. The pioneers established a store, with members pooling their labour and working capital together, the surplus earned was then returned in the form of dividends to the members (Young, Sherman & Rose, 1981). Strict rules of equality were maintained, members each had one vote in the management of the store and limits were set to their financial participation. The cooperative was in short, an economic enterprise founded upon the idea of mutual help and responsibility, democracy, equality and freedom (Young, Sherman & Rose, 1981: 7). The growth of the cooperative movement is seen in its spread to more and more countries, as a universal movement with meaning to the people in all parts of the world. Maslennikov (1983) felt that the activities of ICA, which was set up in 1895 had a substantial influence on the spread of the ideas of the cooperative movement, by widely distributing literature on cooperative movement and its principles in various countries and inviting members from every where to their meetings and seminars. Incidentally ICA is an independent, non governmental association which unites, represents and serves cooperatives worldwide. It was founded in 1895; it now has 222 member organisations from 86 countries active in all sectors of the economy. Together these cooperatives represent more than 800 million individuals worldwide (http://www.icanews.coop).

Douglas (1937) portrayed cooperatives as social aspects that are democratic and provide for the maximum of local participation and control. He described cooperatives as purely voluntary institutions, which thrive only so long as men wish to sell, borrow or buy through them. He goes further to explain that cooperatives are not implanted from above or forced on people, but grow out of the soil of our common life. In his book Douglas (1937: 6 - 7) asserted that cooperatives exist because people want them and only to the extent that they do. They do not confiscate existing capital, but mainly aim to build up new social capital. They do not seek to divide classes into rich and poor, owners and workers, but instead to include all classes. They thus seek to unify social groups on the basis of their common interests. Within their ranks they follow, with rare exceptions, the principle of equality established by political democracy, of allowing each member one vote and only one irrespective of the amount of stock which they may own. They serve to temper the fierce and rugged individualism which, with all of the tremendous drive which it has furnished to men of energy, has nevertheless many unlovely features (Douglas, 1937). Furthermore, cooperatives help to give a sense of modest self-importance to the members who might otherwise feel lonely and unimportant in our huge society; and in so doing they furnish a superior moral equivalent for unifying popular emotions.

The aim of cooperatives is to offer a way for a group of individuals to pool their limited resources to achieve a critical mass, by combining people, resources, and capital into larger, more viable and economically competitive units (Zeuli, 2002). As Briscoe and Ward (2000) have pointed out, cooperatives are invaluable organisational tools for enabling communities to build unique solutions to their own special problems, as well as making it possible for local businesses to participate creatively in the global economy. In another book Briscoe and Ward (2005) see cooperatives as representing a radically different way of running the business and as a strategy that is engaging the active commitment and creativity of more and more people worldwide. The ICA states that cooperatives are amongst the most successful micro-finance institutions. In particular, savings and credit co-operatives have assisted many millions of people to help themselves and build a more secure and sustainable future (www.ica.coop).

Since the establishment of the first cooperative store in Rochdale, the cooperative model spread worldwide. At about the same time, in Germany, the Raiffeisen cooperatives were established and these too spread rapidly, especially in rural areas (Parnell, 2001). The crop failure and famine of 1846 caused Herman Schulze-Delitzsch to organise a cooperatively owned mill and bakery which sold bread to its members at substantial savings. He took this cooperative notion to address the needs of credit. He later organised the first cooperative credit society, known as the "people's bank". Friedrich Raiffeisen also formed the Heddesorf Credit Union in 1864 to help German farmers purchase livestock, equipment seeds and other farming needs (http://www.ncua.gov/AboutNcua/historyCU.html). Savings and credit co-operatives were thus pioneered by Raffeisen and Schulze-Delitzsch in the $19^{th}$ century as a means to reduce poverty and indebtedness among small farmers and craftsmen in urban and rural areas (www.ica.coop, 2005). Yunus (1983) points out that, savings and credit societies were established to minimise the dependency of group members on other financiers like banks, and the exploitation of large parts of both rural and urban population by usurious money lenders. Since then credit and savings cooperative societies have spread over the whole world. Employees and communities organize themselves into credit and savings cooperative societies. Members provide some form of capital in the form of shares, and also deposit regular savings into the society from which those who need credit may borrow to meet their personal needs. Jacobs (1971) said that SACCOS' activities are limited to monetary transactions which encompass the promotion of thrift and supply of credit to members and that the promotion of thrift and savings is imperative if the ultimate goal of self help is to be accomplished.

## 2.2 Cooperatives in Developing Countries

According to Birchall (1997) the development of cooperatives in Africa was influenced by the Western European governments who saw cooperatives as a tool of economic development. Maslennikov (1983) also noted that the ideas of the cooperative movement were infiltrated into Asia and Africa under colonial dependence. The first cooperative societies in Africa were formed in 1908 in Egypt and Kenya followed by Botswana in 1910 Maslennikov (1983). Young, Sherman and Rose (1981) observed that cooperation took place primarily among people connected with the production of key export crops, such as coffee, tobacco, cocoa and cotton.

The growth of the cooperative movement in the region is assessed by pointing out that registered cooperatives have a long tradition mainly in the field of agricultural marketing but now savings and credit cooperatives are the fastest growing sector (Eisenhauer, 1995). Savings and credit cooperatives in developing countries are in effect, user-owned microfinance institutions offering savings and credit services to their members. They have a number of advantages as micro finance suppliers, like their ability to mobilise savings and to blend their service to the poor with service to a broader spectrum of the local population (www.ica.coop, 2005).

In 1908, the first rural cooperative was established in Kenya by European farmers. Africans were not given permission to register their own cooperatives until 1946 (Hedlund, 1992). Then a state cooperative department was established in Nairobi to facilitate control of cooperative activities, the greater part of the earlier cooperatives were rural market cooperatives (Hedlund, 1992). After independence in 1963, the cooperative activities accelerated dramatically in Kenya, especially in the central and western parts of the country. A number of specialised cooperatives were created, both as a result of local pressure and through government support. In the period 1963 to 1966 at least 820 newly established cooperatives were registered. A large number of savings cooperatives were established, mainly in the cities. A considerable number of consumer cooperatives and agricultural marketing societies were also established (Hedlund, 1992). The formal cooperative structure thus has a considerable importance for Kenya's economic development. Strong government policies on cooperative development have played a major role in the promotion and development of cooperatives throughout the country (Hedlund, 1992: 47).

The Savings and Credit Cooperative movement in Kenya is said to be the largest of all credit cooperative movements in sub-Saharan Africa. Be it rural or urban, community or employer based, there is a Savings and Credit Cooperative in almost every community in Kenya (Evans, 2002). The Kenyan SACCO membership of over 1.5 million covers a significant portion of the economically active population (Evans, 2002). According to Kenya Union of Savings and Credit Cooperative (KUSCCO) there are about 2.5 million members in 3 000 cooperatives with savings of $1.5 billion and $1.3 billion in outstanding loans. During the 2005 World Council of Credit Unions (WOCCU) conference in the Bahamas, KUSCCO scooped top position in Africa and seventh overall. KUSCCO hosted the East African Regional Association of SACCOS conference in 2004 and is bidding to host the WOCCU conference in 2009 (http://www.sudantribune.com/article.php3?id_article=15230, 24 April 2006).

In Tanzania the cooperative movement started as far back as 1925 when the Kilimanjaro Native Planters association was formed (Cliffe, Lawrence, Luttrell, Migot-Adhola & Saul, 1975). The number of Tanzanian cooperatives engaged in produce marketing grew from 172 in 1952 to 857 in 1967 to 1533 by 1966 (Cliffe, Lawrence, Luttrell, Migot-Adhola and Saul, 1975). However the 1976 legislation that led to the enforcement of Ujamaa model resulted in the abolition of all cooperatives. The introduction of trade liberalization in 1990 also saw the cooperative movement as unresponsive to its member's needs and was therefore abandoned (www.co-op.ac.uk/coopmovementafrica.htm). In 2000 the then president of Tanzania, Benjamin Mkapa, established a special commission to investigate what could be done to rejuvenate the country's cooperative sector. Since then, a series of concerted steps have been taken to reverse the trend, new cooperative legislation which aims to strengthen member participation and democracy was passed in 2003. And in 2005 the government approved the Cooperative Reform and Modernisation Programme (CRMP) which is intended to run through to 2015.



The CRMP's central theme is member empowerment and commercial viability of the cooperative movement (www.ilo.org/public/english/burea/inf/features/06/coop_tanzania.htm). The legal and policy framework in Tanzania was put in place through the 1991 Cooperative Society Act and Financial Institutions Act, which provided for the resurrection of SACCOS. There are about 1,400 registered SACCOS, ranging from community based initiatives recruiting members who work in the informal economy to workplace (Mashindano, Msambichaka, Mabele, Maro, Nyagetera and Mwamba, 2000). Accordingly, Mashindano et al (2000) emphasise that there is a great potential for growth of the savings and credit cooperative movement in Tanzania since there is still unsatisfied need for the cooperative type of financial services in rural areas.

The cooperative movement in South Africa, on the other hand, dates from 1922, when the first Cooperative Societies Act was passed. It was mainly concentrating on marketing agricultural produce of white farmers. Black South Africans, however, were involved in unrecognised cooperatives in both urban and rural areas, this included rotating savings and credit schemes of various forms (www.woccu.org.2003). SACCOS re-emerged in South Africa in the early 1990's. There are currently 28 SACCOS serving 9 800 members. Despite the relatively few number of SACCOS, WOCCU sees South Africa as a country with great growth potential, as millions of people are inadequately served by the banking sector (www.woccu.org.2003).

## 2.3 The Role of Cooperatives in Economic Development

Cooperatives act as an important role in community development in both rural and urban areas. They provide a means for addressing many social and economic concerns (Gibson, 2005). The United Nations General Assembly resolution 47/90 recognises that cooperatives in their various forms are an indispensable factor in the economic and social development of all countries. They facilitate the economic and social progress of their members, through self-help efforts and help in the fight against poverty (www.un.0rg). As Lindenthal (1994) state "the benefits and employment generated by cooperatives enable their members to achieve economic security and prevent millions from falling into poverty". Cooperatives help to sustain income and employment opportunities, especially in remote areas where public and other private sector initiatives tend to be weak or absent (Lindenthal, 1994). Mrs Masisi, Acting Permanent Secretary in the Ministry of Trade and Industry concurred, when she said that cooperatives bring with them a number of economic and social advantages because they fill the void in remote areas where private capital whose motive is profit maximisation cannot be risked (Botswana Daily News March 5, 2007). By virtue of their principles there is an integral relationship between a cooperative and the community within which it operates. Essentially cooperatives are a response to community development opportunities and challenges (Gibson, 2005). Therefore committed members have the potential to face the challenges ahead and lead the movement to a successful exploitation of the opportunities which present themselves in the wake of economic reform (www.unwcc.wisc.edu/icic/orgs/ica/pubs).

Cooperative societies continue to play significant economic and social roles in their communities. Over 800 million people are members of cooperatives around the world. In Kenya 1 in 5 individuals is a member of a cooperative and 20 million Kenyans directly or indirectly derive their livelihood from the cooperative movement (www.ica.coop/coop/statistics.html). On the official re-opening of cooperative bank house June 5, 2003, Kenya's president, His Excellency Honourable Mwai Kibaki, pointed out that the cooperative movement plays a major role in the democratization of capital, through promoting the equitable distribution of wealth. He was reported as saying "the movement provides an ideal vehicle of getting our nation working again. Cooperatives provide an opportunity, through which we can get our people back to production. This is especially critical in the agricultural sector, where majority of our people are engaged. We look to this sector to enhance our capacity to create jobs and opportunities for our people" (www.statehousekenya.go.ke/).

Although cooperatives are recognised as strong vehicles that can be used effectively in economic and social development in Africa, their potential is not fully exploited. They are yet to be developed to be able to fully play their role as private economic enterprises and development agents (www.ica.coop/publication/ar/regionalreports/annualreport05_africa.pdf). According to the Ministry of Trade and Industry website, for example, cooperatives in Botswana have not diversified at the same rate as their counterparts across the globe (http://za.mti.gov.bw). Nevertheless, the Chief Cooperative Auditor, Modukanele Modukanele, reported that the Department of Cooperative Development is in the process of coming up with a policy aimed at providing strategic direction on issues of diversifying the sector and that the policy is the first of its kind since the inception of cooperatives in 1964 (Botswana Daily News, November 2 (2006). This however, shows that there is a positive move towards diversification of the cooperative movement in the country.

### 2.3.1 The Benefits of SACCOS

Individuals in a community are not always financially equal, nor are their financial needs the same. Therefore, through the spirit of cooperation and mutual self help individuals are encouraged to pool their surplus funds in order to obtain loans for provident and productive purposes (http://www.un.org). Jacobs (1971) also emphasised that the promotion of thrift and savings is imperative if the ultimate goal of self help is to be accomplished. There has therefore been a notable significance of the role played by the savings and credit societies in the provision of credit to improve the livelihood for low income households. The focus on rural development has resulted in many projects and programmes that are concerned with the provision of credit in rural areas; however there has been a growing interest in similar initiatives in urban areas (Albee and Gamage, 1996).

Eisenhauer (1995) described the SACCO system as a mutual membership organisation; that involves pooling voluntary savings from members and also creates an opportunity for people to take responsibility for their own financial affairs. These societies are mainly organised as workplace or community based savings and credit associations where people with a common bond, for example working together in the same company, save regularly thus building enough deposits for lending within the group. Additionally they instil thrift, self reliance, democratic principles, social concern and management (Eisenhauer, 1995). Eisenhauer (1995) further emphasised that SACCOS improve members' ability to mobilise savings and thereby improve their capacity to lend for both consumptive and productive purposes. SACCOS respond to people's need for food production, housing, education, medical care, clothing and expenses incurred during marriages and deaths. According to the Ministry of Trade and Industry, the advantages of a SACCO is to encourage members to build own funds through regular savings, to provide loan facilities that suit the needs of members at fair and reasonable rate of interest, to provide a higher rate of return on savings and lastly to provide financial counselling to members (http://za.mti.gov.bw).

The Savings and Credit Co-operative League of South Africa outlines the advantages of SACCOS as follows (http://.saccol.org.za/saccos.htm):

- Savings are mobilised locally and returned to members in the form of loans, the money stays and works within the group.
- The interest rates on both savings and loans are generally better than rates given by banks because SACCOS have very low overheads as compared to banks.
- SACCOS encourages members to save, essentially for economic empowerment.
- Members take pride in owning their own SACCO as they are paid dividends on their shares depending on the profitability of the SACCO.
- Loans are insured; upon the death of a member the estate does not have to repay any outstanding loans to the SACCO.
- The societies mobilise significant volumes of personal savings and channel them into small loans for productive purposes at the community level.

In Kenya, the Kenya Union of Savings and Credit Cooperative (KUSCCO) was created with the specific mandate of addressing the growing needs of SACCOS in a fast changing operational environment and to provide them with solutions in facing varied challenges of liberalisation. Here SACCOS, just like their counterparts in other countries, promote a culture of accelerated monthly savings by members from which loans are disbursed at affordable interest rates to suit members (http://www.kuscco.com). According to Afya SACCO in Kenya, Their core business is to lend to members at affordable rates. The interest rate for the loans is 1 percent per month on a reducing balance, and the loan amount is calculated at 2 to 3 times the member's savings depending on loan type (http://www.afyasacco.com). SACCO membership in most cases entitles a member to a loan of up to two times the amount of his/her savings. The majority of members will choose to leave their savings in a SACCO because they feel it is easier to get a loan from a SACCO than from a bank and again they understand that by withdrawing money from their deposit account, one decreases the maximum amount that he/she can borrow from the society.

### 2.3.2 Problems Facing SACCOS

According to Muriuki (2001) SACCOS face a number of challenges, including:

- Loan default – failure to recover defaulted loans.
- Lack of diversity in services and products offered.
- Human resource development – SACCOS need to recruit qualified staff with a high formal education, but management is not willing to offer a higher remuneration.
- Computerisation – the manual systems operated by rural SACCOS are slow and cause a number of problems because of human errors. Consideration of cost effectiveness and improvement of quality of service would justify computerisation of operations in many SACCOS.

More often than not the cause of failure in a cooperative society is human weakness and not the risks ordinarily associated with the day to day running of the business (http://www.fao.org). The society is run by volunteers with no banking experience and little formal bookkeeping background. And this can lead to the collapse of internal controls due to lack of regular monitoring and guidance by the elected management committee. SACCOS are simply banking operations; most of the transactions involve cash. Cash comes in as deposits and is disbursed as loans. There is however ample opportunity for employees to steal from the society by either taking cash or falsifying records. There could also be decisions that reflect private interest such as extending credit to someone who is not credit worthy but who has some connection to a committee member (http://www.fao.org). A manager can fail to monitor liquidity which could result in the society not meeting its obligations like failing to give out loans to members. At the official launch of Strathmore WOCCU African Management Institute (SWAMI) in Nairobi, Kenya the chief operating officer and vice president for WOCCU concluded that the greatest challenge to the SACCO is to create a safe institution in which to attract depositors while offering competitive lines of credit to borrowers (http://www.woccu.org). WOCCU and Strathmore University in Nairobi teamed up to develop SWAMI to officially provide intensive in service training for credit union managers and board members based on the Protection, Effective financial structure, Asset quality, Rates of return and costs, Liquidity and Signs of growth (PEARLS) operating system (http://www.woccu.org). Another challenge facing SACCOS is failure by members to see the importance of the annual general meeting. Because of this fact, SACCOS end up spending heavily to bring members to such meetings through transportation and meals. This erodes the financial base of the societies.

## 2.4 The Management of SACCOS

SACCOS are democratic organisations and decisions are made in a structured democratic way. The Annual General Meeting (AGM) of the members is the highest organ in a SACCO. The AGM elects members to the Management, Supervisory and Credit Committee. The society is run by the Management Committee, which is responsible for the day to day activities of the society (http://www.saccol.org.za/saccos.htm). The Management Committee is the governing authority of the SACCO and, subject to any directives from the AGM, directs the affairs of the society, its procedures, powers and duties as prescribed in the cooperative societies Act and bye laws (http://www.kuscco.com). The supervisory committee is responsible for examining the activities of the SACCO to ensure their legality and conformity with the bye laws; it also ensures that the funds are managed properly and that the SACCO management and other committees have acted according to regulations stipulated by the AGM. The Credit Committee handles loan applications for approval or rejection (Sonderlund and Oberg, 2001). The cooperative law requires that every cooperative should be audited at least once every other year.

The government controls cooperatives through legislation, and also by setting up the department for guiding the cooperative movement. The International Labour Organisation (ILO) recommendation no 193 places emphasis on the role of government in establishing an appropriate policy framework within which cooperatives can survive and grow. Governments are expected to provide a supportive policy, legal and institutional framework. Clearly the role of the government is to provide an enabling environment for the cooperatives to be run as business enterprises. It is also recognised that government can contribute significantly to improving cooperative performance by promoting education and training in cooperative principles and practices at all appropriate levels of the national education and training systems (http://www.ilo.org). Maslennikov (1983) pointed out that the success of the cooperative movement depends increasingly on the attitude of the government towards it. In Botswana, the Department of Cooperative Development continues to improve the cooperative sector by offering training to cooperative managers to enhance their skills (http://za.mti.govbw).

## 2.5 The Growth of Cooperative Societies in Botswana

According to Attwood (1988) cooperation in Botswana goes back to the establishment of syndicate boreholes which were based on mutual understanding. He reiterated that cooperative spirit is compatible with the national principle of self reliance; it therefore promotes citizen empowerment through the operation of businesses whose control rests with members. The first cooperatives were established in the 1960's in response to the challenges of local development. The Cooperative Societies' Act of 1962 which commenced on 9 April 1964 provided the basis for the establishment of the office of the Registrar of Cooperative Societies (Department of Cooperatives, undated). And in 1964 Swaneng Consumer Co-operative Society was registered specifically for retailing business. Cooperatives have since grown throughout the country offering goods and services, particularly in rural areas where businesses fear to risk their investments. At the end of 2004/05 cooperatives exceeded their set target for the end of National Development Plan (NDP) 9 (2008/2009) netting a turnover of P131 million (Mmegi June 6, 2006).

One of the developments that Cooperatives ventured into after independence was the operation of banking services which were virtually nonexistent in rural areas. Thrift and loan cooperatives were developed to provide these services, followed shortly thereafter by institutional savings and credit societies, which were set up in urban areas to provide affordable banking services to those who could not afford or wanted an alternative to financial institutions. The Selibe-Phikwe Mine Workers was registered in 1979 as the first savings and credit cooperative for workers (http://za.mti.gov.bw). A number of SACCOS have been established within Botswana in various workplaces, to assist individuals in the area of saving and borrowing (http://za.mti.gov.bw). SACCOS were started in the mid sixties by some rural communities, in response to inadequate credit facilities to the small and medium scale borrowers whose aim was to mobilise funds for lending. By then these cooperatives were called Thrift and loan Cooperative Societies. There were later overtaken by institutional SACCOS as they were not financially viable (http://za.mti.gov.bw). Institutional SACCOS continue to perform well; particularly Selibe-Phikwe SACCO which reported savings of P22.9 million and P20.4 million in loans issued and a net a profit of P1.6 million. The SACCO has with a total membership of 1,789 (http://za.mti.gov.bw). According to the Ministry of Trade and Industry: Department for Cooperation Development: (undated), there were 28 institutional SACCOS in 2003. According to Mmegi Newspaper (June 6, 2006), SACCOS have experienced a phenomenal growth with savings mobilisation reaching P90 Million in 2004/2005. The cooperative movement has played a vital role in the socio-economic and community development of Batswana (http://za.mti.gov.bw). Maslennikov (1983) in his book *The cooperative movement in Asia and Africa* quoted the 1974 Botswana Democratic Party (BDP) election manifesto which calls the cooperative movement a major part of the government's development strategy. It states that the BDP has always supported cooperatives not only because they help to increase production, but because they are owned and run by their own members.

### 2.5.1 Legal Frameworks and Policies for Promotion of Cooperative Societies

Central to the growth and development of cooperative societies in Botswana is the Cooperative Societies Act and the National Policy for Cooperative Development. As hinted earlier the first Cooperative Societies' Act came into effect in Botswana in 1962 but did not become operational until the 9$^{th}$ of April 1964. This Act provided the basis for the establishment of the office of the Registrar of Cooperative Societies (Department of Cooperatives, undated). However, a new Act, the Cooperative Societies Act, 1989 No. 5, came into being on May 12, 1989 and repealed the Cooperative Societies Act, chapter 42:03, of 1962. The new Act provides for the appointment of a Commissioner for Cooperative Development to supervise the formation, registration and management of cooperatives and encourage cooperative development. Under the new Act the Department of Cooperative Development head now changed title from Registrar to Commissioner (Department of Cooperatives, undated). The department falls under the Ministry of Trade and Industry, which is responsible for the promotion and attraction of both domestic and foreign productive investment in the industry and commercial sectors (http://za.mti.gov.bw). It has four major divisions as follows: The Business Development Division, which coordinates the promotion and development of consumer, multipurpose, industrial production and marketing cooperatives; the Banking and Research Division, which coordinates the promotion and development of SACCOS; the Audit and Inspection Division, whose role is to inspect and audit cooperatives; and the Education and Training Division, which is responsible for the education of cooperative societies members and employees (http://za.mti.gov.bw).

Cognisant of the fact that the development of cooperative societies has been guided by the Cooperative Societies Act, successive National Development Plans and generally accepted principles adopted by the International Co-operative Alliance (ICA), the Ministry of Trade and Industry formulated the National Policy for Co-operative Development in order to outline strategies to guide cooperatives. The policy, which was passed by Parliament in March 2008, emphasises the establishment and growth of independent, democratic and viable cooperative organisations capable of servicing membership efficiently contributing to socioeconomic empowerment. It also emphasises the need for intensified education and mobilisation programmes for members (Ministry of Trade and Industry, 2008). The National Policy for Cooperative Development is consistent with a number of other Government Policy initiatives such as the revised National Policy for Rural Development, Vision 2016, the National Poverty Reduction Strategy and the policy on Small, Medium, and Micro Enterprises (SMME) sector. These policies are intended to facilitate achievement of the socioeconomic prosperity for Batswana.



The primary goal of the National Policy for Cooperative Development is to create pragmatic ways of mobilizing and encouraging people to take responsibility for enhancing their quality of life through self-help, self-responsibility and cooperation with others. To achieve this goal the policy has spelled out as its core objectives to (Ministry of Trade and Industry, 2008):

- Generate public interest in broad-based popular participation in the activities of cooperative societies as jointly owned and democratically controlled business enterprises.
- Create an enabling environment for the development and growth of various types of cooperative business enterprises.
- Provide clear guidelines for the effective and proper management of the affairs of cooperative societies in accordance with acceptable business operational standards

- Strengthen the institutional framework for advising on corporate governance of cooperative societies.
- Ensure the development of appropriate skills, competencies and the capacity with which cooperatives will more effectively and properly manage their affairs and complement other Government initiatives such as local entrepreneurship development and citizen economic empowerment.
- Promote self reliance, employment creation, poverty reduction and rural development
- Encourage cooperatives to contribute meaningfully to the overall achievement of Vision 2016 objective, "towards prosperity for all" and the Millennium Development Goals through innovation and continuous improvement of productivity and operational efficiency levels

Each one of these objectives is underpinned by clear strategies that are expected to propel its attainment.

Based on the National Policy for Co-operative Development, co-operative societies in Botswana are faced with a number of major challenges. These include under capitalization which negatively affects working capital; mismanagement and fraud, usually perpetrated by the management and or employees; inability to attract and retain skilled and experienced human resources; inadequate member commitment, members are generally not interested in attending annual general meetings; local and regional competition from traders, especially retail chain stores which increasingly penetrate the major population centres; and natural disasters such as drought and the outbreak of animal diseases which affect the performance of producer and cattle marketing cooperatives (Ministry of Trade and Industry, 2008). The policy underlines that the undercapitalized of co-operatives. It also points out that mismanagement and fraud is rampant in some cooperative societies.

Underpinning the National Policy for Cooperative Development is a number of guiding principles, objectives and strategies that are supposed to boost the achievement of its objectives helping cooperatives to adapt to the challenges enumerated above. Among the core principles are the following (Department for Cooperative Development, 2008): Clarity of goals and objectives for each cooperative society, clarity of the roles of Government and cooperative societies, openness and sensitivity to gender issues, encouragement of youth participation, leadership capabilities, selfless devotion to the attainment of socio-economic prosperity through the advancement of cooperatives, economic empowerment of people through increased participation in their cooperative societies, and passion for success in enhancing standards of living and human dignity through cooperative business enterprises

The National Policy for Cooperative Development is emphatic that, in promoting the development and growth of cooperative societies in Botswana, the country is guided by a number of critical strategic considerations, which it believes are central to the success of both the National Policy for Cooperative Development and cooperative societies themselves (Ministry of Trade and Industry, 2008). First, is the belief that the potential for exists for profitability and growth of cooperative societies. In the eyes of the government SACCOS are profitable, but there is untapped potential for further profitability and growth. Second, for cooperatives to thrive the mobilization of domestic resources is essential. Consistent with this view, the government aims to encourage cooperative societies to mobilize domestic savings at local community level for investment in various income generating projects. The third critical consideration is that of entrepreneurship and skills development. In this regard, the government states that cooperative societies will collaborate with the Local Enterprise Authority (LEA) in order to benefit from entrepreneurship development and business management skills. Other critical considerations identified by the government are competitiveness and strategic business partnerships and alliances. Based on the former, cooperative societies will collaborate with the Botswana Bureau of Standards and the Botswana National Productivity Centre to ensure production of goods and services that can compete favourably in the market. The latter, on the other hand, urges cooperative societies to change and adapt to new ways of doing business, including entering into strategic business partnerships and alliances with private companies or investors (Ministry of Trade and Industry, 2008).

### 2.5.2 Types of Cooperative Societies Found in Botswana

In Botswana today, there are five types of cooperatives. These are (see Botswana Cooperative Association, undated):

- Producer cooperatives, represented by Mmadinare Dairy.
- Consumer cooperatives: Represented by Swaneng Consumers Cooperative Society which was registered in 1964 in Serowe and Shoshong Consumers Cooperation Society registered in 1971.

- Multipurpose cooperatives, such as Moshopa and Mmaphashalala Multipurpose Cooperative Society both registered in 1966.

- Marketing cooperatives; Examples are Shoshong and Mahalapye Marketing Cooperation Societies registered in 1967 and 1973, respectively.

- Savings and credit cooperatives: These include Selibe-Phikwe Mine workers Savings and credit cooperatives, the first SACCO for workers was registered in 1979, and the Botswana Railways Savings and credit cooperatives registered in 1988.

In addition, there are two secondary cooperatives namely, the Botswana Agricultural Marketing Cooperative Union which is an apex organization for livestock marketing cooperative societies and Botswana Savings and Credit Cooperative Association, a mother body for savings and credit societies (Department of Cooperatives, undated).

The Committee for the Promotion and Advancement of Cooperatives (COPAC) plays an advocacy role in support of cooperatives as institutions which organise self help, promote solidarity and mobilize resources in order to further the economic and social development of their members. COPAC annually celebrates the international day of cooperatives by focusing attention on particular themes of importance to cooperatives. For example, the theme of the 11$^{th}$ international day of cooperatives was 'microfinance is our business: cooperating out of poverty' and was linked to the UN international year of micro credit. The aim is to highlight the complimentary of the goals and objectives of the UN and the international cooperative movement and, underscore the contribution of the movement to the resolutions of the major problems addressed by the UN (http://www.copac.coop/).

The International Cooperative Alliance celebrates the international cooperative day on the first Saturday of July every year. The aim is to increase awareness on cooperatives and promote the movement's successes and ideals of international solidarity, economic efficiency, equality and world peace. It also aims to strengthen and extend partnerships between the international cooperative movement and other actors, including governments, at local, national and international levels (http://www.ica.coop/activities/idc.html). The international cooperative day has been celebrated since 1926. Botswana therefore also holds international cooperative day celebrations every year in different villages and this has been an annual event since 1998. This is the time when cooperative members celebrate the significant role the cooperative movement is playing in helping to build the community.

## CHAPTER THREE

## METHODOLOGY

This chapter discusses the research strategy, including sample selection procedures, data collection methods and ways of analysing data. The chapter is organised into six sections as follows. Section one is the site of study and units of analysis while section two focuses on the study sample and selection techniques. The methods of data collection and data analysis are presented in sections three and four, respectively. In the fifth section we examine matters of research ethics. The final (sixth) section presents the limitations of the study.

### 3.1 The Site of Study and Units of Analysis

This study was carried out in Botswana. The Republic of Botswana is situated in Southern Africa, nestled between South Africa, Namibia, Zimbabwe and Zambia, and it has a population of about 1.8 million (Central Statistics Office, 2003). Botswana has a vibrant growing economy based on free market principles. Gaborone is the capital city with a population of about 195 000 (www.gov.bw). There are quite a number of SACCOS in Gaborone namely Motswedi, Maitlamo, Ditswammung, Botswana Railways, Bank of Botswana, Maranyane, Matlo and Sametsi. The objective of these societies is to provide a forum for employees to consolidate part of their disposal income and benefit by borrowing at a minimum cost to meet their socio-economic needs (http://www.unsacco.unon.org).

The study focuses on Sametsi Savings and Credit Society. The society was registered as a cooperative society in accordance with the provisions of the Cooperative Society Act No. 5 of 1989 on the 25$^{th}$ of October 1996. The society has a total membership of 632 Water Utilities Corporation (WUC) employees and these are spread in WUC operational areas namely Gaborone, Lobatse, Jwaneng, Mahalapye, Palapye, Selebi-Phikwe, Francistown, and Sowa. Water Utilities Corporation employees formed a savings and credit cooperative society to offer its members a safe and easy place to make regular savings and to receive loans for useful purposes. Water Utilities Corporation is a parastatal organisation, wholly owned by the Government of Botswana. It was incorporated through the water utilities corporation Act of 1970 (Laws of Botswana Cap 74:02) with the mandate to provide water supply services to consumers in the urban areas. It also provides bulk supplies to the Department of Water Affairs for onward distribution to rural areas.

The Sametsi Savings and Credit society has four employees, currently located at the Water Utilities Corporation, Gaborone area office. The society has grown considerably since its inception; membership rose from 153 in 1997 to 617 in 2003 (Sametsi SACCO, 2003). The growth has mainly been achieved through referral marketing to bring in new members by those employees who had already seen the increasing importance of the society in their lives. Today the society offers a main loan of up to six years and an emergency loan payable within twelve months, with a maximum of Botswana Pula (BWP) 12 000.00. The maximum amount on both loans is based on a member's accumulated savings multiplied by two. That is, members are loaned under the 1:2 lending ratio, in which case the total of the two loans should be equal to or less than the prevailing lending ratio. The society also offers *Nthuse* loan of one month, with a maximum of BWP 2 000.00 to each member (Sametsi SACCO, 2003). This is a soft loan whereby members make monthly payments at the rate of 10 percent per month. Unlike the other two loans, *Nthuse* is not based on a member's savings. A member is entitled to maintain all three types of loans at any given time.

Ever since inception Sametsi savings and credit society has had good profits. Table 1 presents a summary of the audited accounts of the society for the seven year period beginning October 1996 to April 2003. It offers a snapshot of the growth of Sametsi SACCO. As evident from the table, the society experienced rapid growth within the seven years. Its net profits increased considerably rising from BWP 493.00 in 1997 to BWP 212 894.00 in 2003. Memberships also rose from 153 to 617 (Sametsi SACCO, 2003). With such notable growth Sametsi Savings and Credit Society, more specifically its membership, was considered a suitable unit of analysis for this study.

**Table 1: Summary of Sametsi's Audited Accounts, 1997 - 2003**

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|---|
| Income(P) | 1 530 | 28 320 | 86 333 | 193 240 | 320 276 | 419 832 | 564 726 |
| Expenses | 1 037 | 19 589 | 65 720 | 142 307 | 22 7688 | 287 031 | 351 832 |
| Net Profit | 493 | 8 731 | 20 613 | 50 933 | 92 588 | 132 801 | 212 894 |
| Membership | 153 | 433 | 483 | 513 | 491 | 607 | 617 |

**Source:** Sametsi SACCO Annual Report 1997-2003

### 3.2 Study Sample and Selection Techniques

Sametsi SACCOs has a total membership of 632 out of 853 WUC employees (Sametsi SACCO Annual Report 1997-2003). These include nine (9) members serving as the management committee, three supervisory committee members and five credit committee members. The 632 members constituted the population that was targeted by this study. These are the people who have a vested interest in the operations of the society and, therefore, are better equipped to understand and relate to what the society can offer. As such, they are better placed to provide a more critical and balanced appreciation of the importance of savings and credit societies. Although the membership of the SACCO is not very large, the time and resources available for this study made it impossible to interview every member. A sample was thus selected using two stages. The first stage involved the selection of the area from which interviewees will be located while the second stage entailed the selection of the actual respondents. Concerning the former, Gaborone was selected purposively because it has the highest concentration of members. Of the 632 members of Sametsi, 219 (34.6 percent) reside within Gaborone.

The study made use of a systematic random sampling to select the persons interviewed. Utilizing a list (register) which included the names of all 219 Water Utilities Corporation employees who had been members of Sametsi SACCOS from October 1996 to April 2006 as a sampling frame, the first respondent was selected randomly followed by the selection of the rest of the respondents at evenly spaced intervals until the desired number was obtained. The register provided an alphabetical listing of all members. More specifically, guided by the study's desired sample size of 50, the 219 members was divided by 50 to get four (4), and then the number two (2) was randomly selected to represent the first interviewee. This was followed by the selection of every fourth ($4^{th}$) name until the desired sample of 50 members was completed.

It should be noted that the sample selection process occurred in three (3) waves. In the first wave 50 employees were randomly selected and targeted for interviews as outlined above. During the process of distributing surveys to the 50 respondents, the researcher discovered that of the 50 respondents six (6) were on annual leave. Another five (5) respondents declined to serve as informants for the study. This forced a second wave of sampling to replace the 11 interviewees. A third wave of sampling was prompted by the failure by eight

(8) of the 50 respondents to complete and return the questionnaires to the researcher within the maximum allowed period of 15 days. However, five (5) of the eight (8) who had not met the 15 days dateline eventually completed and returned their surveys, thereby raising the sample to 55 respondents.

### 3.3 Methods of Data Collection

To collect the bulk of the data utilized for this study the survey method was used. More specifically, the study utilized self-administered questionnaires to gather information from the 55 sampled members of Sametsi Savings and Credit Society. The questions were carefully planned and collated in order to give important statistical and factual data. The questionnaire was preferred because it has the advantage of being cheaper (Jankowick, 2000) and the ability of 'yielding a large number of information about a given population ready for codification and analysis' (Strati, 2000:147). Moreover, the questionnaire allows for the respondents to answer questions without pressure from the researcher and in the comfort of their privacy and provides a relaxed atmosphere for the respondents as they talk about the subject of the study (Strati, 2000). The questionnaire focused on a variety of themes including the respondents' perceptions of the benefits of SACCOS and their impacts on the lives of members as well as the creation of an enabling environment in which SACCOS can thrive, among others (see Appendix I). Some questions used Likert type scales with four items. In this regard, respondents were mainly required to choose from strongly agree, agree, disagree and strongly disagree to answer questions. Other questions allowed for responses of a more objective nature.

The actual data collection took place during the month of July 2008. The researcher delivered the questionnaire personally to the respondents. In order to strengthen accuracy, clarity, and ease of respondent completion of the questionnaire, the researcher explained the purpose of the study to the respondents before the surveys were distributed to them. Any concerns raised by the respondents were then addressed before their co-operation was enlisted for the study. To guarantee confidentiality, no names were indicated on the surveys and each respondent was provided with an envelope in which to seal the completed questionnaire before turning it to the researcher. To minimize the rate of non-response as well as to speed up the exercise, once consent was obtained, respondents were requested to complete the questionnaire the same day. However, where it was not possible for employees to complete the questionnaires and hand them over to the researcher immediately, they were allowed a duration of five (5) days during which to complete the survey before the researcher returned to collect it. Upon the expiry of the five (5) days a follow up was made and respondents who had not completed the questionnaire were allowed a further five (5) days. In cases where the respondent had misplaced the questionnaire, a new one was issued to them. A second follow up was made at the end of the second five (5) day period and those who had not completed the surveys were judged to have been unwilling to participate in the study and replacement respondents were selected and distributed with questionnaires.

To supplement data collected from the 55 members of Sametsi SACCOS utilizing self-administered questionnaires, interviews conducted with three (3) key informants from the Ministry of Agriculture and the Department of Cooperative Development utilizing a semi-structured questionnaire. The questionnaire administered to the key informants differed slightly from that administered to the membership (see Appendix II). It emphasized the measures or steps taken to promote the cooperative movement in Botswana; the coordination, leadership and practices of the Department of Cooperatives with respect to the creation of an enabling environment for SACCOS to thrive; and the mechanism used to monitor and evaluate performance of SACCOS. Finally, the researcher also spent time reviewing the official documents like minutes of the annual general meeting, management committee monthly meetings and annual financial statements.

## 3.4 Data Analysis Methods

What is important in this stage is to exercise judgement about what was significant during data collection, and to interpret the material and make meaning of it. This study utilized both quantitative and qualitative data. The Statistical Package for Social Sciences (SPSS) was used to analyze the quantitative data, mainly realized through self-administered survey with 55 members of Sametsi SACCO. As Bryman and Cramer (1994) point out, this is the most widely used and the most comprehensive statistical programs in the social sciences. Using SPSS has the major advantage of enabling one to score and analyze quantitative data very quickly and in many different ways. Specifically, the researcher relied on descriptive statistics to summarize and describe the data in such a way that its characteristics, similarities, variations and trends were brought out. This involved the use of frequency tables, relative frequencies (or percentages), and measures of central tendency, especially the mean and standard deviation where appropriate. Concerning qualitative data collected from key informants, the analysis entailed the transcription and structuring of in-depth interviews during which process themes were carefully teased out from what was said by the respondents. The researcher observed what issues came out in terms of differences, commonalities and points of emphasis that cropped up during the interviews. Where possible such views were integrated with those from the 55 respondents who were the source of quantitative data.

## 3.5 Ethical Considerations

When conducting a research, one has to be aware of the ethics behind the research activity. The people who are willing to give up their time should be able to expect to be treated with the highest standards of consideration and respect. The participants should be informed of the objectives of the research. To guarantee the subjects that this research met ethical standards such as maintaining confidentiality of data, preserving the anonymity of informants, and using the research for intended purposes (Mauthner, Birch, Jessop & Miller, 2002). A cover letter stating the purpose of the study and why the respondents view were particularly sought was handed out together with the questionnaire. In the letter respondents were assured of confidentiality and anonymity. Gilbert (2001) said that assurances are commonly given to those providing responses to questionnaires that data are needed for purposes statistical aggregation and the individual will not be identifiable in the resulting analysis. They were also advised that the information will be interpreted for the purpose of this study.

## 3.6 Limitations of the Study

The study has certain limitations that need to be taken into account. However, some of these limitations can be seen as fruitful avenues for future research under the same theme. The study focused on Sametsi Savings and Credit Cooperative Society. The selection of a single case study design naturally brings forth limitations as far as generalisation of the study is concerned. Clearly, this represents a challenging task for the researcher. To study SACCOS through multiple case study design, for example, is clearly one of the future research challenges in this topic. Multiple case study design would enable us to test the conceptual framework of the study further. However, the decision to concentrate on the analysis of a single case study was essential, especially taking into consideration time limitations and financial resources of the researcher. One limitation is that the list from which the sample was drawn is only members from Gaborone. The other limitation is that the list is constantly changing because of resignations, additions and changes in employee status. Another limitation of the study was sample size; it did not offer a broad representation of the members' population to make a generalisation of the results more meaningful. It is suggested that in future studies a representative sample of all Sametsi SACCOS members should be surveyed.

# CHAPTER FOUR

## DATA PRESENTATION

This chapter presents the results of the study. It is organised into five (5) major sections. The first section presents information regarding the background characteristics of the respondents, including sex, age, marital status, work life history, and membership to Sametsi Savings and Credit Society. The second section identifies measures or steps taken to promote cooperatives in Botswana while the mechanisms used to monitor and evaluate the performance of SACCOS are the subject of the third section. Sections four (4) and five (5), on the other hand, present and the respondents' perceptions about the social and economic benefits of SACCOS - including their impact on the lives of Batswana - and the major challenges facing cooperative societies in Botswana today, respectively.

### 4.1 Background Characteristics of the Study Sample

For easy of presentation the background characteristics of the study sample are organized into three (3) categories as follows: Demographic characteristics, work life history, and historical account of membership of Sametsi SACCO. Each category is presented separately commencing with demographic characteristics.

#### 4.1.1 Demographic Characteristics

A total of 58 respondents were analysed for this study. This number included 55 individuals who were the source of the bulk of the data presented for the study and three (3) individuals who served as key informants and offered supplementary data. The first category of interviewees included 28 (50.9 percent) males and 27 (49.1 percent) females. These ranged in age from 25 to 59 years; the mean age was 40.9 years with a standard deviation of 8.7 years. Table 2 presents the distribution of the respondents by age categories. The table shows that whereas 16.3 percent of those interviewed were relatively young people aged less than 30 years, 47.3 percent fell within the middle age bracket of 30 to 44 years. The remaining 36.4 percent were aged between 45 and 59 years. Of the 55 respondents, 58.2 percent reported that they were married while 27.3 percent were single and never married, 10.9 percent said that they were divorced and the remaining 3.6 percent widowed. The key informants included two (2) males and one (1) female.

**Table 2: Distribution of Respondents by Age Group**

| Age Group | Number | Percentage |
|---|---|---|
| Less than 30 years | 9 | 16.3 |
| 30-34 years | 4 | 7.3 |
| 35-39 years | 6 | 10.9 |
| 40-44 years | 16 | 29.1 |
| 45-49 years | 13 | 23.6 |
| 50-54 years | 5 | 9.1 |
| 55 + years | 2 | 3.6 |
| **Total** | **55** | **100.0** |

### 4.1.2 Respondents' Work Life History

Those who served as the primary source of data for the study included 51 individuals serving with the Water Utilities Corporation and four (4) persons working with Sametsi SACCO. Those working for the Water Utilities Corporation were serving in various departments including Human Resources (35.3 percent), Finance (23.5 percent), Corporate Services (23.5 percent), Technical Services (13.8 percent), and Commercial Services (3.9 percent). The key informants, on the other hand, comprised of two persons (one male and one female) serving as Internal Auditors in the Department of Cooperative Development in the Ministry of Trade and Industry. The other one person was an employee with the Department of Cooperatives in the Ministry of Agriculture. It should be noted at this juncture that the Department of Cooperatives is housed in the Ministry of Agriculture but the Savings and Credit Cooperatives wing is housed in the Ministry of Trade and Industry.

Of the 55 primary respondents, 25.4 held managerial positions, 32.7 percent reported that they held the position of Personnel Officer, 18.2 percent said they were business promoters and the remainder (23.7 percent) were Accountants. Whereas 96.4 percent indicated that they held permanent and pensionable position, 3.6 percent worked on contract terms. The 55 respondents had been working with their current employer for periods ranging from 3 to 29 years. The mean tenure was 13.1 years with a standard deviation of 5.8 years. As evident from Table 3, 14.5 percent had been working with their current employer for at least 5 years, while 21.8 percent had worked for periods ranging from 6 to 10 years. Whereas 58.2 percent had served for 11 to 20 years, only 5.4 percent had been working with the current employer for more than 20 years.

**Table 3: Length of Service with Current Employer**

| Age Group | Number | Percentage |
|---|---|---|
| 5 years and below | 8 | 14.5 |
| 6-10 years | 12 | 21.8 |
| 11-15 years | 13 | 23.6 |
| 16-20 years | 19 | 34.5 |
| 21-25 years | 2 | 3.6 |
| 26-29 years | 1 | 1.8 |
| **Total** | **55** | **100.0** |

### 4.1.3 Membership of Sametsi SACCO

The 55 interviewees who were interviewed as members of Sametsi SACCO were asked to provide a brief historical account of their membership. The results showed that those interviewed had been members of the society for periods ranging from less than a year to 14 years; the mean length of membership was 8.3 years and the standard deviation was 4.2 years. Based on Table 4, at the time of the study, the bulk (78.2 percent) of the respondents had been members of Sametsi SACCO for periods in excess of four (4) years. Only 9.1 percent of them could be said to have been relatively new members, having been with the SACCO for periods of two (2) or less years. The remainder included 30.9 percent whose membership stretched for periods ranging from three (3) to six (6) years, 18.2 percent whose period of membership ranged from seven (7) to 10 years, and 41.8 percent who had been members of Sametsi SACCO for more than 10 years. Only 12.7 percent (7) of the respondents reported that they had terminated their membership of Sametsi SACCO in the past then rejoined it. Asked to indicate what prompted them to rejoin the SACCO, three (3) of the seven (7) members reported that they were experiencing financial problems then, two (2) said they had resigned from their jobs with the Water Utilities Corporation, and the remaining two (2) reported that they were investing elsewhere, including in commercial banks.

**Table 4: Length of Membership of Sametsi SACCO**

| Length in years | Number | Percentage |
|---|---|---|
| 2 years and below | 5 | 9.1 |
| 3 - 4 years | 7 | 12.7 |
| 5 - 6 years | 10 | 18.2 |
| 7 - 8 years | 0 | 0.0 |
| 9 - 10 years | 10 | 18.2 |
| 11- 12 years | 14 | 25.4 |
| 13 – 14 years | 9 | 16.4 |
| **Total** | **55** | **100.0** |

## 4.2 Measures for Promoting the Development of Co-operatives in Botswana

This section evaluates what the Government has done to create an enabling environment for the growth and development of co-operative societies, including SACCOS. The bulk of the information utilized to do so was realized through in-depth interviews with three (3) key informants. Of the three (3) two (2) were drawn from the Department of Agricultural Business Promotion in the Ministry of Agriculture and one (1) originated from the Department of Cooperatives in the Ministry of Trade and Industry. The results showed that efforts to grow cooperative societies in Botswana have been collaborative, bringing together the government at large, the Department of Cooperatives in the Ministry of Trade and Industry, and the existing cooperative societies themselves. Each of the three institutions has played a major role in creating an enabling (or conducive) environment for cooperative societies to thrive.

To further the development and growth of cooperatives societies, the Botswana government, broadly construed, has evolved the National Policy for Co-operatives Development and the Cooperative Societies Act of 1989 No. 5, CAP 42:04. These two have been designed to create a framework for reforming the cooperatives movement. As outline in the Literature Review Chapter, the National Policy for Co-operative Development, passed by Parliament in March 2008, outlines strategies to guide cooperatives. It emphasises the establishment and growth of independent, democratic, and viable cooperative organisations. These should be capable of servicing membership efficiently, contributing to socioeconomic empowerment as well as meeting the need for intensified education and mobilisation programmes for members (Ministry of Trade and Industry, 2008). The policy has clear objectives accompanied by specific strategies for the promotion and growth of cooperative societies in Botswana. It also recognizes some of the major challenges facing cooperative societies in general and SACCOS in particular and spells out the critical considerations that must be taken into account if these societies are to be successful (Ministry of Trade and Industry, 2008)

On the other hand, the Cooperative Societies Act 1989 No. 5 came into effect of on May 12th 1989 but is currently under review to harmonize it with the National Policy for Cooperative Development. It provides for the powers of the Minister to foster and encourage development of cooperative societies. In this regard, the Act (Government of Botswana, 1989):

- Sets forth the appointment of a Commissioner for Cooperative Development whose mission is mainly to encourage the formation of cooperative societies by providing information on cooperatives principles and to provide advice and training for officers of cooperatives societies, their members and employees.
- Regulates the registration of cooperatives which respect basic cooperative principles.
- Entitles all societies to form secondary societies to facilitate their operations or to provide other services as may be necessary for their members.
- Stipulates the qualification for membership and expulsion of such members.
- Specifies that the supreme authority of cooperatives shall be vested in the general meeting of members.
- Enumerates the duties of membership meetings and provides for the election of a Committee of Management.
- Provides for the establishment of a Statutory Reserve Fund and the division of net surplus among members.
- Regulates loans made by societies, deposits, investments of funds and restricts capital expenditure.
- Appoints an external auditor who shall make reports to members.

At the realm of the Department of Cooperatives, the study showed that a number of steps had been initiated with the view to promoting the growth of especially savings and credit societies (SACCOS). The Department not performs a coordinating and leadership functions but has also initiated strategies and practices with respect to the creation of an enabling environment for SACCOS to thrive. Specifically, the Department of Cooperatives has been involved in publicity campaigns focused on promoting the cooperative movement in general and on the marketing of savings and credit societies (SACCOS) in particular. In this regard, it provides free education and training on the cooperative philosophy. To enhance this function the Department plans to build a cooperative education centre in the near future. The Department of Cooperatives has also been involved in the formulation of model bye-laws and regulations to govern the daily operations of the societies, in encouraging the community to form cooperatives, and in providing guidance on the registration of cooperative societies. Other initiatives by the Department geared towards the creation of an enabling environment for cooperative societies to thrive have included the release of officers to attend monthly committee meetings of SACCOS to give technical advice; a decision to concentrate on the development of institutional cooperatives; the establishment of a division of Banking and Research within the Department of Cooperatives; and conducting of periodic but timely audit and inspections of books of accounts for cooperative societies at a nominal fee. In addition, the Department of Cooperatives demands that, to operate efficiently and to nurture a culture of good governance, all cooperative societies should be allowed to operate autonomously with minimum government interference; be managed professionally with the guidance of strategic plans; draw budgets and monitor them closely; keep updated books of accounts and updated members ledgers; issue monthly or quarterly statements to members; and computerize records and operations.

Turning to the role of existing cooperative societies, the study showed that these had evolved structures and/ or taken specific steps that enabled them to easily respond to the needs of their members in an efficient and effective manner. As a consequence of such structures, the societies were able to boost confidence in cooperative societies among the populace thus aiding the growth of membership of cooperative societies as well as the formation of new societies. The specific structures that existing cooperative societies had evolved included the following:

- Annual general meetings (AGMs) during which members could voice their concerns and contribute to the running of their societies.

- Formation of credit committees which report to the board of directors with the view to increasing accountability and transparency in the running of the affairs of cooperative societies.

- Mandatory budgeting by all cooperative societies and a requirement that such budgets should be approved by the membership.

- Formulation of loan/credit policies and bye-laws administered by credit committees.

- Publicizing the schedules for credit committee meetings to all members.

- Employment of full-time employees (staff) to attend to the needs of members.

- Impressing on cooperative societies' personnel the need to serve members all the time; that is, putting service to members first.

- Establishing premises (physical offices) where members go for services.

Whereas two (2) of the key informants felt that the initiatives of Government in general and those of the Department of Cooperatives for the promotion of the growth and development of cooperative societies have been moderately successful, the third informant rated them as having been successful. The informants offered a wide variety of explanations of the level of success of attempts to promote cooperatives in Botswana. For instance, those who perceived moderate success explained it in terms of the modest commitment by government to the development and growth of cooperative societies in the country. Other factors associated by the informants with the successful promotion of cooperative societies in Botswana included the untiring efforts of the Department of Cooperatives, the willingness of the cooperative movement to be guided by government (read the Department of Co-operatives), and the success of existing SACCOS which have served a model to newly emerging counterparts. It was also argued that the successful promotion of cooperative societies in Botswana had been aided by the high interest rates charged by other financial institutions relative to those charged by SACCOS as well as by the members' commitment to SACCOS and their strong sense of ownership of these societies.

The viewed expressed by the key informants were supported by the 55 interviewees drawn from Sametsi SACCO. According to them, the government, mainly though the Department of Cooperatives, had moved to create an enabling environment for co-operative societies through steps that mirrored those expressed by the key informants. For instance, 45.4 percent opined that the government had provided the Cooperative Act and a National Cooperative Policy in order to encourage the growth and development of cooperative societies. Other steps identified by these respondents included the following: Encouraging the formation of cooperative societies (30.9 percent), fighting fraud and corruption among exiting cooperative societies (16.4 percent), legally registering and recognizing cooperative societies (10.9 percent), and providing employment opportunities (10.9 percent).

### 4.2.1 Constraints to the Implementation of Cooperatives Development Policies

The two categories of respondents indentified what they felt were the major constraints hampering the implementation of cooperative development policies in Botswana today. From the key informants it was pointed out that lack of capacity (qualified human resources), lack of education on the part of some members of the Board of Directors, lack of business skills by general membership, an outdated Cooperative Societies Act which does not meet the needs of SACCOS, lack of computerization of records and operations of some SACCOS, and the lack of membership interest in the day to day operations of SACCOS (including failure to attend annual general meetings -AGMs) stood in the way of the effective implementation of policies for the development of cooperative societies. The key informants also listed the misappropriation and embezzlement of funds by some SACCO personnel, poor business advisory services, poor structures especially at the top level, and the failure by government officials to understand the extent of their role in the implementation of cooperatives policies as other hindrances undermining the successful implementation of policies. The views expressed by the key informants were seconded by the 55 members of Sametsi SACCO interviewed for this study. With some of them offering more than one constraint, a majority (66.7percent) supported the view that the Department of Cooperatives was failing due to the outdated Cooperative Act which does not meet the needs of the SACCOS. In addition, they singled out the lack of capacity or skilled human resources (58.2 percent), poor advisory services (50.9 percent), lack of computerisation of records and operations (45.4 percent), delays in audits (34.5 percent), low attendance at annual general meetings by membership (29.1 percent), and lack of education and low level of understanding by committee members (18.2 percent) as other impediments to the actualization of policies.

The two categories of respondents were unanimous that the government in general and Department of Cooperatives in particular had devised and implemented a number of measures to circumvent the constraints identified above and, consequently, to guarantee the enforcement of policies for the development and growth of cooperative societies in Botswana. From the perspective of the key informants, the government was in the process of reviewing the Cooperative Societies Act to strengthen the implementation of policies. It was also involved in the training of staff responsible for cooperative development. On the other hand, the Department of Cooperative Development was involved in enforcing compliance with the Cooperative Act, regulations and cooperatives principles; the registration of cooperative societies; in conducting advocacy, education and training campaigns to promote the growth of SACCOS as well as for SACCO members to ensure that they understood and performed their roles as members (including attendance of all AGMs); and in the inspection of SACCOS (including their books of account). Furthermore, the department was directly involved in auditing of books of account, providing technical support to so as to facilitate the conduction of timely audits and inspections; and in encouraging SACCOS to elect educated people to serve in different committees, to computerize their records and operations, to embrace greater autonomy (reduced government control) in carrying out their mandates, and to develop fully empowered financial and management training structures.



## 4.3 Mechanisms for Monitoring and Evaluating the Performance of Cooperatives

The section identifies the mechanisms used to monitor and evaluate the performance of cooperative societies, including SACCOS. It focuses on what the Department of Cooperatives does to ensure good governance, disclosure, transparency and that cooperative societies are well managed businesses. Consistent with the preceding section, the bulk of the information presented here was collected through in-depth interviews with three (3) key informants. Based on them, the Department of Co-operative Development has committed itself to excellent service delivery and is determined to take SACCOS in Botswana to new heights. To do so the department has evolved a number of mechanisms for monitoring and evaluating the performance of SACCOS. More specifically, the study found that the Department of Cooperative Development uses financial ratios and trend analysis for this purpose. In addition, bench marking with other SACCOS to assess investment portfolios is also employed as a performance assessment yardstick. Other mechanisms utilized by the Department included periodic management performance audits, conducting spot checks on internal controls, regular inspection of cooperative societies, constant monitoring of growth trends, the monitoring of investment portfolios, encouraging SACCOS to hire competent managers, and reliance on a team of adult educators. Asked to indicate the structures that cooperative societies utilized to enable them to easily respond to the needs of members efficiently and in a cost effective manner, the key informants reported that the members elected a Board of Directors which employed a manager, who then ran the day to day business of the society. In addition, credit committees existed to administer loans in accordance with the loan policy and the schedule for credit committee meetings was published to all members weekly.

The key informants emphasized that it was the responsibility of the Department of Cooperative Development to ensure that SACCOS practiced good governance, disclosure and transparency and that they were well managed. In this regard, the Department had evolved a variety of mechanisms. The first of such mechanisms was the provision of timely audits and inspections. Although the Department had a number of auditors and inspectors who are qualified in business studies, most officers involved in the sector are general government practitioners. The Department also conducted timely frequent inspections, attended committee monthly meetings of SACCO committees, reviewed budgets and internal control systems of SACCOS, and conducted annual stock taking under the keen observation of auditors. In the areas of audit and assurance, the Department relied on audit manuals, audit programmes, attendance at annual stock taking, the review of audit reports by a senior auditors and the conduction of audit workshops for SACCOS to addressed corporate governance issues.

### 4.4 Perceived Socio-economic Benefits of Membership of SACCOS

This section presents an analysis of respondents' knowledge and perceptions about the benefits of SACCOS and also assesses their impact on the lives of Batswana. The intention is to provide information which can be used to further improve the ability of SACCOS to provide services which can compete favourably with those offered by commercial banks and other money lending institutions. Overall, the study showed that SACCO membership is associated with a wide variety of socio-economic benefits. Based on the key informants interviewed for this study, at the social realm such benefits included increased sense of belonging to a group - cooperatives by nature augment the social structure of the community;

development of good conduct and good working relationship with others because of the education and training provided to members; acquisition of leadership skills; and members participation in decision making which taught them important democratic values. Economically, on the other hand, members of cooperative societies benefited in terms of easy access to credit (loans) for productive purposes at reasonable interest rates, especially among low income (needy) members of society; improvement of life styles through cheap loans; financial discipline developed from the management of loan monies borrowed from SACCOS; increased participation of members in the financial sector; and improved financial status due to accrued interest, dividends and bonuses.

The sentiments expressed by the key informants were echoed by the 55 respondents who were interviewed from Sametsi SACCO. These also identified a variety of socio-economic benefits that accrued to them on account of their membership. The results are presented in Table 5. With most respondents identifying more than a single benefit, 'Higher interest rates on savings' emerged as the topmost benefit; it was advanced by 85.4 percent of the interviewees. This was followed by 'Low interest rates on loans' (70.9 percent), 'Ability to accumulate savings' (63.6 percent), 'Opportunity for social interaction during annual general meetings' (52.7 percent, and 'Easily adjustable savings' (49.1 percent). Other benefits listed

**Table 5: Socio-economic Benefits Accruing to the Membership of SACCOS (N = 55)**

| **Benefits** | **Frequency** | **Percent** |
|---|---|---|
| Higher interest rates on savings | 47 | 85.4 |
| Low interest rates on loans | 39 | 70.9 |
| Ability to accumulate savings | 35 | 63.6 |
| Opportunity for social interaction during annual general meetings | 29 | 52.7 |
| Easily adjustable savings | 27 | 49.1 |
| No frequent drawings from accumulated savings | 16 | 29.1 |
| Cooperative philosophy (pooling of resources) | 15 | 27.3 |
| Financial discipline | 14 | 25.4 |

**Note:** Do not total to 100 percent; respondents listed more than one benefit.

by the informants included 'No frequent drawings from accumulated savings' (29.1 percent), 'Cooperative philosophy (pooling of resources)' (27.3 percent), and 'Financial discipline' (25.4 percent).

Finally, the respondents were categorical that their membership of a SACCO had impacted positively on their lives. Whereas 83.6 percent intimated that SACCO membership had improved their lives by facilitating quick access to loans that enabled them to undertake quality of life improving projects, 43.6 percent reported that improvements in their lives had been realized by way of their ability to save. In addition, 18.2 percent of the respondents said that their lives had improved on account of improved cash flows. Other ways through which the respondents felt that SACCO membership had improved their lives included opportunity to interact with other members who raised the quality of social life (10.9 percent) and access to money at low interest rates (7.3 percent).

## 4.5 Major Challenges Facing Cooperatives Societies in Botswana

As a preamble to the assessment of the major challenges facing cooperative societies in Botswana, the 55 interviewees who were members of Sametsi SACCO were asked to rate the services offered by SACCOS relative to cognate institutions, including commercial banks, by expressing their agreement or disagreement with a series of statements describing the quality of Sametsi SACCO services. The results are presented in Table 6. Based on the Table, those interviewed rated SACCOS very favourably. All of them agreed with the statements that 'It is easy to get a loan from Sametsi when a member meets all requirements' and that 'I appreciate the fast and friendly service Sametsi offers'. Four (4) other statements rated very highly by receiving the approval of 96.4 percent of all interviewees each. These were, 'The society offers members confidence in the savings service as savings are used as collateral for loans', 'Sametsi takes a short time to approve and give out loans', 'Sametsi Savings and Credit Society is more friendly than commercial banks', and 'Sametsi has more convenient hours than commercial banks'. An overwhelming majority of the respondents also supported the views that 'Sametsi has enough money on hand for loans to members' (94.5 percent), 'Sametsi offers the lowest service charges' (92.7 percent), 'It is easy to withdraw a certain percentage of accumulated savings when a member does not want to take a loan' (89.1 percent); and that 'Sametsi SACCO is as safe as commercial banks' (76.4 percent). Consistent with the positive sentiments expressed by the respondents with respect to Sametsi SACCO, 81.8 percent of the interviewees disagreed with the statement that 'The society charges higher interest rates on loans than commercial banks'.

**Table 6: Services Offered by the Sametsi SACCO (N = 55)**

| Statement | | Agree | | Disagree | |
|---|---|---|---|---|---|
| | | No. | % | No. | % |
| 1. | It is easy to get a loan from Sametsi when a member meets all requirements | 55 | 100.0 | 0 | 0.0 |
| 2. | I appreciate the fast and friendly service Sametsi offers | 55 | 100.0 | 0 | 0.0 |
| 3. | The society offers members confidence in the savings service as savings are used as collateral for loans | 53 | 96.4 | 2 | 3.6 |
| 4. | Sametsi takes a short time to approve and give out loans | 53 | 96.4 | 2 | 3.6 |
| 5. | Sametsi Savings and Credit Society is more friendly than commercial banks | 53 | 96.4 | 2 | 3.6 |
| 6. | Sametsi has more convenient hours than commercial banks | 53 | 96.4 | 2 | 3.6 |
| 7. | Sametsi has enough money on hand for loans to members | 52 | 94.5 | 3 | 5.5 |
| 8. | Sametsi offers the lowest service charges | 51 | 92.7 | 4 | 7.3 |
| 9. | It is easy to withdraw a certain percentage of accumulated savings when a member does not want to take a loan | 49 | 89.1 | 6 | 10.9 |
| 10. | Sametsi SACCO is as safe as commercial banks | 42 | 76.4 | 13 | 23.6 |
| 11. | The society charges higher interest rates on loans than commercial banks | 10 | 18.2 | 45 | 81.8 |

**Note:** Do not total to 100 percent; respondents rated more than one statement each

Turning to the subject of challenges, the study showed that, despite the initiatives of the government as a whole, the Department of Cooperatives and of co-operative societies themselves to promote the growth and efficient operation of cooperative societies in Botswana and the favourable rating of the services offered by Sametsi SACCO by the membership, cooperative societies must contend with a number of problems. That is, cooperative societies in general and SACCOS in particular, were faced with a number of challenges that undermined the effective delivery of their mandates. For ease of presentation these were grouped into three (3) broad categories as follows: Challenges undermining performance, governance/ management related challenges, and membership related challenges. These were initially assessed utilizing in-depth interviews with three (3) key informants before the case of the Sametsi SACCO was examined informed by data collected through interviews with 55 members of the SACCO.

### 4.5.1 Performance Related Challenges

From the perspective of the key informants competition was one of the major challenges undermining the performance of co-operative societies in Botswana. Those interviewed felt that SACCOS faced stiff competition from commercial banks and micro lenders. A second performance related challenge posited by the key informants was limited skills and technical competence among the management of cooperatives. It was argued that managers in particular suffered from a deficiency in skills especially with respect to their understanding of the business of a SACCOS. Other challenges related to the performance of co-operatives identified by the key informants included lack of funds to pay competitive salaries for retention of professional personnel; lack of capital; operation without budgets and strategic plans; lack of business skills among some committee members; poor book keeping; delays in decision making, especially where government is expected to provide guidance; lack of financial discipline among members; failure to inject new and more competent blood into committees because the same members were elected year in year out, and having to reliance on an outdated Cooperative Societies Act.

To address the challenges enumerated above, the key informants suggested a number of solutions. The number one proposal was the provision of adequate and relevant education and training to management and committee members. According to them, just offering general education on cooperatives does not equip staff adequately. In particular board members must be trained to effectively govern cooperatives professionally. Other suggestions included the formation of strong cooperative unions, reviewing of the cooperatives Act (this is already in underway); election of educated and skilled members to committees; greater control on the part of the Department of Cooperatives; constant up-dating of records; and the development and implementation of strategic plans on how best to serve members. It was also suggested that all cooperative societies must draw and implement workable (realistic) budgets to guide their operations.



### 4.5.2 Governance/ Management Related Challenges

A second broad category of challenges standing in the way of the development and growth of cooperative societies in Botswana was related to the governance/ management process. The key informants indicated that cooperative societies suffered from poor corporate governance as evident from dishonesty on the part of those charged with the responsibility to manage them. Poor governance was also reflected through the embezzlement of funds that was said to have plagued some societies. This demonstrated the absence of transparency in the management of society monies. Other governance (or management) related challenges identified by the key informants were inadequate delegation of authority to enable managers to act autonomously (or independently) and the existence of officials who did not understand their limits and tended to imagine that they have unlimited (absolute) power over members. These tended to adversely affect the commitment of membership to the society as well as their sense of ownership of the same.

A number of strategies were proposed by the key informants by way of countering the governance/ management related problems affecting cooperative societies in Botswana today. First, it was suggested that all societies must provide adequate and relevant education and training to management and credit committees, including that on financial management. The key informants also expressed the need for cooperative societies to pay competitive salaries so as to attract and retain professional staff; otherwise they should opt for the contractual employment of managers and other professional staff including accountants. A third strategy advanced by the informants was that cooperative societies should delegate authority to allow managers flexibility in decision making. Finally, it was suggested that management and some select members should be sponsored to visit other countries with a strong history of the cooperative movement (such as Kenya) so that they can learn/ draw valuable lessons from them.

### 4.5.3 Membership Related Challenges

Lack of membership education coupled with poor dissemination of information and the lack empowerment among members emerged as the dominant membership related challenges facing cooperative societies in Botswana today. The key informants felt that the Botswana populace in general and the membership of co-operative societies were not adequately educated about the cooperative philosophy as well as the functions and importance of cooperative societies, including SACCOS. This problem was compounded by the poor dissemination of information to the membership of these societies. The lack of education was associated with another closely related challenge, namely, limited empowerment of the membership of cooperative societies. Those interviewed felt that a cooperative member should be empowered to take a lead in the operations of his or her society by providing him or her with the necessary education or training on the policies and legal frameworks governing the formation and operation of cooperative societies.

The key informants pointed out that efforts were already underway to correct the above situation. According to them, the Department of Cooperatives had established regional and district cooperative offices spread across the country to bring services closer to the community. They also pointed out that a Division of Education and Training had been established within the Department of Cooperatives and the Department, in collaboration with the Regional and District offices, was involved in the preparation and implementation of annual training plans to facilitate seminars and workshops to sensitize the populace about cooperatives societies. Finally, a cooperative day is celebrated on the first Saturday of July every year with the view to increasing awareness of the centrality of cooperative societies in the socio-economic welfare of the membership.

### 4.5.4 The Case of Sametsi SACCO

As a preamble to the assessment of the challenges facing the Sametsi SACCO, the 55 members of the SACCO interviewed for this study were asked to rate its performance utilizing a number of dimensions. The results showed that 74.5 percent of those interviewed agreed that Sametsi SACCO has efficient and cost effective structures which can easily respond to the needs of the members compared to 25.5 percent who felt that such structures were nonexistent. Asked to identify the structures that Water Utilities Corporation has evolved to respond to the needs of the membership of Sametsi SACCO, the respondents listed a wide variety of these. As evident from Table 7, of those interviewed, 60.0 percent reported that Sametsi SACCO benefited from the existence of an executive management and credit and supervisory committees. Service delivery by the SACCO also benefited from other structures including office space (45.4 percent), use of payroll as platform for the savings and loan repayments (40.0 percent), existence of management, resource availability (29.1 percent), communication channels - including phones, faxes, and e-mail (27.3 percent), transport facilities (23.6 percent), and frequent training of management and members through workshops and seminars (20.0 percent). Other structures listed by the interviewees can be viewed form Table 7.

**Table 7: Structures for Efficient Services Delivery to Sametsi SACCO Membership (N = 55)**

| Structures | Frequency | Percent |
|---|---|---|
| Existence of executive management, credit and supervisory committees | 33 | 60.0 |
| Office space | 25 | 45.4 |
| Use of payroll as platform for the savings and loan repayments. | 22 | 40.0 |
| Resource availability | 16 | 29.1 |
| Communication channels including phones, faxes, and e-mail | 15 | 27.3 |
| Transport facilities | 13 | 23.6 |
| Frequent training of management and members through workshops and seminars | 11 | 20.0 |
| Computerized services, including internet facilities | 9 | 16.4 |
| Faster access to loans | 9 | 16.4 |
| Low interest on loans and better savings | 6 | 10.9 |

**Note:** Do not total to 100 percent; some respondents listed more than one structure.

The study sought the respondents' views concerning the capability of Sametsi SACCO management. In this regard they were asked to state the extent to which they agreed or disagreed with a series of statements. Of those interviewed 96.4 percent said that they were satisfied with the management of Sametsi SACCO compared to 3.6 percent who were not. Similarly, 96.4 percent and 92.7 percent agreed with the statement that their overall relationship with the management of Sametsi SACCO was of high quality and that their experience the last time they visited the SACCO offices was pleasant, respectively. On the other hand, 79.9 percent of the respondents said that the management of Sametsi SACCO was capable of managing in businesslike fashion while remaining accountable to members compared to 29.1 percent who disagreed. Concerning the empowerment of members, 50.9 percent of the interviewees agreed that the management was capable of member empowerment through the provision of appropriate education and knowledge. Some of the interviewees felt that the management team should be vigilant about regulations in general and the Cooperative Act in particular, encourage greater savings from the membership, grow the membership of the SACCO, and educate the members of the SACCO.

Despite the strong support Sametsi SACCO was receiving from the Water Utilities Corporation, and the very good rating of its management, the respondents noted that the society was still having difficulties in its day to day operations. The 55 members of the SACCO interviewed for this study supported the views expressed by the key informants with respect to the challenges facing cooperative societies in general in Botswana today. As evident from Table 8, Sametsi SACCO was facing problems that were similar to those identified as facing cooperative societies in general by the key informants. Topping the list was lack of skilled human resources which was identified by 45.4 percent of the respondents. It was followed by shortage of office space (38.2 percent), failure to comply with financial regulations (32.7 percent), lack of membership commitment to the SACCO (30.9 percent), lack of education and discipline among members (27.3 percent), and failure to provide members with loan or savings statements regularly (21.8 percent). Other problems singled out by the interviewees were competition from commercial banks and micro lenders (18.2 percent), inadequate capital (16.4 percent), committee not meeting as regularly as required (14.5 percent), failure to conduct timely auditing of books resulting in delayed inspection of such books (10.9 percent), and too much centralization of decision making (9.1 percent).

**Table 8: Major Problems Facing Sametsi SACCO Today (N = 55)**

| Problems | Frequency | Percent |
|---|---|---|
| Lack of skilled human resources | 25 | 45.4 |
| Shortage of office space | 21 | 38.2 |
| Failure to comply with financial regulations | 18 | 32.7 |
| Lack of membership commitment to the SACCO | 17 | 30.9 |
| Lack of education and discipline among members | 15 | 27.3 |
| Failure to provide members with loan or savings statements regularly | 12 | 21.8 |
| Competition from commercial banks and micro lenders | 10 | 18.2 |
| Inadequate capital | 9 | 16.4 |
| Committee not meeting as regularly as required | 8 | 14.5 |
| Failure to conduct timely auditing of books resulting in delayed inspection of such books | 6 | 10.9 |
| Too much centralization of decision making | 5 | 9.1 |

**Note:** Do not total to 100 percent; some respondents listed more than one problem.

The respondents suggested a number of solutions that could be initiated to address the problems facing Sametsi SACCO. The results are presented in Table 9. Based on the Table, hiring qualified (professional) staff with leadership skills on a full time basis emerged as the number one recommendation; it was listed by 81.8 percents of the respondents. The second, third, fourth and fifth positions were taken by 'educating and training management as well as members' (56.4 percent), 'rewarding committee members to enhance their interest in service provision' (45.4 percent), 'conducting regular audits by independent bodies' (34.5 percent) and 'constructing own office block instead of relying on Water Utilities Corporation' (30.9 percent), respectively. Those interviewed also suggested that Sametsi SACCO can overcome some of the problems it was confronted with by 'involving members in operational committees' (29.1 percent), 'issuing quarterly statements to members to avoid frequent enquiries and uncertainty' (23.6 percent), 'encouraging members to participate in meetings especially AGMs' (21.8 percent), and 'developing and implement marketing and investment strategies' (20.0 percent). For other solutions advanced by the interviewees see Table 9.

**Table 9: Steps for Overcoming Major Problems Facing Sametsi SACCO (N = 55)**

| Steps/ Measures | Frequency | Percent |
|---|---|---|
| Hire qualified (professional) staff with leadership skills on a full time basis | 45 | 81.8 |
| Educate and train management as well as members | 31 | 56.4 |
| Reward committee members to enhance their interest in service provision | 25 | 45.4 |
| Conduct regular audits by independent bodies | 19 | 34.5 |
| Build own office block instead of relying on Water Utilities Corporation | 17 | 30.9 |
| Involve members in operational committees | 16 | 29.1 |
| Issue quarterly statements to members to avoid frequent enquiries and uncertainty | 13 | 23.6 |
| Encourage members to participate in meetings especially AGMs | 12 | 21.8 |
| Develop and implement marketing and investment strategies | 11 | 20.0 |
| Introduction of control measures to reduce risks | 8 | 14.5 |
| Provide loans with low interest rates | 6 | 10.9 |

**Note:** Do not total to 100 percent; some respondents listed more than one solution.

# CHAPTER FIVE

## DISCUSSION AND CONCLUSIONS

This chapter summarises and discusses the main findings of the study. It is organised into four major sections. While section one presents a synopsis of the key findings, section two discusses (interprets) the results of the study. In the third section conclusions are drawn based on the results of the study. The fourth section offers recommendations for addressing problems identified by the study.

### 1.1 Summary of Findings

The bulk of the data utilized for this study were gathered from 55 members of the Sametsi SACCO. These included 50.9 percent males and 49.1 percent females aged from 25 to 59 years; the mean age was 40.9 years with a standard deviation of 8.7 years. With the exception of four (4) persons who were full time employees of the Sametsi SACCO, all the interviewees were serving in various departments of the Water Utilities Corporation, such as Human Resources, Finance, Corporate Services, Technical Services, and Commercial Services. Those interviewed had been members of Sametsi SACCO for periods ranging from less than a year to 14 years; the mean length of membership was 8.3 years and the standard deviation was 4.2 years. Only 12.7 percent of them said they had terminated their membership of the society in the past then rejoined it.

The study showed that the government - working in collaboration with the Department of Cooperatives in the Ministry of Trade and Industry, and the already existing cooperative societies - has been instrumental in the creation of an environment conducive to the growth of cooperative societies in Botswana. Specifically, it had evolved the National Policy for Co-operative Development and the Cooperative Societies Act of 1989 No. 5, CAP 42:04 to create a framework for reforming the cooperative movement. The former, passed by Parliament in March 2008, not only outlines the objectives and strategies to guide cooperatives but also recognizes some of the major challenges facing these societies in general and SACCOS in particular and spells out the critical considerations that must be taken into account if these societies are to be successful. On the other hand, the latter encourages the development of cooperative societies by regulating the registration of cooperatives; by vesting the supreme authority of cooperatives in the general meeting of members; and by regulating loans made by societies, deposits, investments of funds and restricting capital expenditure, among others. On its part, the Department of Cooperatives has been involved in publicity campaigns to promote the cooperative movement in general and to market savings SACCOS in particular as well as in the formulation of model bye-laws and regulations to govern the daily operations of cooperative societies. Similarly, existing cooperative societies have boosted the growth of SACCOS in Botswana by evolving structures that have enabled them to easily respond to needs of their members in an efficient and effective manner. Despite such initiatives, the study showed that certain constraints impeded the implementation of cooperative development policies in Botswana. These include lack of skilled human resources, lack of education among membership of the Board of Directors, lack of business skills among the membership, an outdated Cooperative Societies Act, lack of computerization of records and operations of some SACCOS, and the lack of membership interest in the day to day operations of SACCOS.

Concerning the mechanisms used to monitor and evaluate the performance of SACCOS, the results showed that the Department of Cooperative Development has committed itself to excellent service delivery and is determined to take SACCOS in Botswana to new heights. The study found that, overall the Department of Cooperative Development was responsible for ensuring that SACCOS practiced good governance, disclosure and transparency and that they were well managed. In this regard, it conducted periodic management performance audits; carried out spot checks on internal controls; regularly inspected cooperative societies; constantly monitored the growth trends and the investment portfolios of SACCOS; and encouraged SACCOS to hire competent managers. Turning to the benefits accruing to the membership of SACCOS, the study identified a wide variety of socio-economic benefits that impacted positively on the lives of members. These included increased sense of belonging to a group; development of good conduct and good working relationship with others; acquisition of leadership skills; easy access to credit for productive purposes at reasonable interest rates; improvement of life styles through cheap loans; financial discipline; increased participation of members in the financial sector; and improved financial status due to accrued interest, dividends and bonuses.



Both the key informants and the 55 members of the Sametsi SACCO interviewed for this study rated the services offered by cooperative societies in general and by SACCOS in particular very favourably. Utilizing their experiences with the Sametsi SACCO, they reported that, relative to cognate institutions such as commercial banks and other money lending institutions, it was easy to get a loan when a member meets all requirements, that SACCOS offered fast and friendly service as well as boosted membership confidence in the savings service, that SACCOS took a short time to approve and give out loans, and that SACCOS were more friendly than commercial banks. Despite the favourable rating of cooperative societies evident from the Sametsi experience, the results of this study showed that cooperative societies, including Sametsi itself, were faced with three (3) broad categories of challenges; those related to performance, governance related challenges, and membership related challenges. Concerning the first category, the respondents reported that SACCOS had to grapple with stiff competition from commercial banks and micro lenders, limited skills and technical competence among managers, lack capital, lack of proper budgets and strategic plans, lack of business skills among some committee members, poor book keeping, delays in decision making, and an outdated Cooperative Societies Act. In addition, there was the lack of funds to pay competitive salaries for retention of professional personnel, lack of financial discipline among members, and failure to inject new and more competent blood into committees. On the part of governance related challenges, the results showed that poor corporate governance pervaded most societies. This was evident through dishonesty (fraud), embezzlement of funds, inadequate delegation of authority to enable managers to act autonomously, and the exercise of absolute power by management over members. Finally, membership related challenges took forms such as the lack of membership education, poor dissemination of information, and the lack empowerment among members.

## 5.2 Discussion of Findings

The first objective of this study was to identify measures or steps taken to promote cooperative societies in Botswana, with an emphasis on SACCOS. The results suggested that the Botswana Government and cognate institutions have elevated cooperative societies to a priority sector in socio-economic development and in the improvement of the welfare of the populace. This was evident from the fact that deliberate steps have been mooted at the broad level of Government and at the more specific levels of the Department of Cooperative Development in the Ministry of Trade and Industry and of existing cooperative societies themselves, including the Sametsi SACCO to ensure that a conducive environment exists for cooperatives to thrive. At the level of Government, broadly defined, two major measures -

the enactment of the Cooperative Societies Act (1989) and the formulation of the National Policy for Cooperative Development - are especially notable. As indicated earlier, the Cooperative Societies Act (1989) has as its umbrella goal to encourage the development of cooperative societies by regulating their registration; demarcating the general meeting of members as the supreme authority of cooperatives; and by providing the regulatory framework for loans made by societies, deposits, investments of funds and restricting capital expenditure, among others. All such steps are geared toward the growth of democratic, self-sustaining and transparently run cooperatives in the country. This is consistent with Douglas (1937) who portrayed cooperatives as social aspects that are democratic and provide for the maximum of local participation and control. As such, they seek to unify social groups on the basis of their common interests and follow the principle of equality established by political democracy, of allowing each member one vote and only one irrespective of the amount of stock which they may own. To reinforce the stipulations of the Act, most recently - in March 2008 - Parliament passed the National Policy for Cooperative Development which not only outlines the objectives and strategies to guide cooperatives but also takes cognizance of some of the major challenges facing these societies in general and SACCOS in particular as well as spells out the critical considerations that are essential for these societies to flourish. To underline the importance of the government places on the two frameworks as pillars for anchoring the growth and development of cooperative societies, the Cooperative Act (1989) is currently under review to harmonize it with the National Policy for Cooperative Development.

Government desire to prop the growth and development of cooperatives in Botswana is also evident from creation of the Department of Cooperative Development in the Ministry of Trade and Industry tasked with the responsibility of overseeing not just the growth of the sector but also its smooth operations. In this regard, the study showed that the Department has been conducting publicity campaigns to promote the cooperative movement in general and to market SACCOS in particular. The Department has formulated model bye-laws and regulations to govern the daily operations of SACCOS. The study also showed that, to ensure that existing cooperatives are playing a major role in promoting the formation and growth of new societies by inspiring confidence in cooperative societies among the populace. In this regard, existing societies such as Sametsi SACCO have evolved structures that have facilitated efficient and effective service delivery to members. However, despite the laudable collaborative multi-sectoral efforts to grow cooperatives in Botswana, it should be noted that, like many other economic sectors in the country, cooperative societies continue to suffer the effects of certain constrains that impede policy and regulation implementation. To illustrate, the sector is still affected adversely by the lack of skilled human resources, lack of education among membership of the Board of Directors, lack of business skills among the membership, an outdated Cooperative Societies Act which does not meet the needs of SACCOS, lack of computerization of records and operations of some SACCOS, and the lack of membership interest in the day to day operations of SACCOS. Nevertheless, a closer look at these shows that most of them are not insurmountable. The sector can still weather their effects and the players can still enhance the environment that is essential for cooperative societies to thrive.

Central to the creation of an enabling environment for cooperative societies to thrive is the quality of coordination and leadership practices. This study pointed to the existence of satisfactory coordination and leadership practices that were capable of enhancing the growth and development of cooperative societies in Botswana. In this regard, the role played by the Department of Cooperative Development and by the management of cooperative societies themselves was critical. The data suggested that both parties were making their contributions but there was still room for improvements. To illustrate, the coordinating and leadership functions of Department of Cooperative Development were evident in all its activities, including the education and training of co-operators about cooperative matters and the cooperative philosophy itself, the provision of guidance on the registration of cooperative societies, the release of officers to attend monthly committee meetings of SACCOS to give technical advice, the conduction of periodic but timely audit and inspections of books of accounts for cooperative societies, and inculcation of a culture of good governance in all cooperative societies, among others. Similarly, as evident from the case of the Sametsi SACCO, cooperative societies they in Botswana are performing the coordination and leadership role satisfactorily. As the results showed, Sametsi has evolved structures that have facilitated efficient and effective service delivery to members which, in turn, has elevated their confidence in and commitment to the society as well as upped their sense of ownership of the same. Nevertheless, constraints such as lack of skills among Board of Directors and the membership and lack of funds for hiring and retaining professional human resources remain major stumbling blocks to the performance of the coordination and leadership functions by cooperative societies in the country.

A second important pointer that the Government of Botswana and its constituent institutions takes the cooperative societies sector seriously was manifested in the mechanisms that have put in place to monitor and evaluate the performance of cooperative societies in general and savings and credit societies in particular. As indicated earlier, the results showed that the Department of Cooperative Development has committed itself to excellent service delivery and is determined to propel SACCOS to greater heights. To do so, the Department has put in place mechanisms such as periodic management performance audits; spot checks on internal controls; regular inspection of cooperative societies; constant monitoring of growth trends and the investment portfolios of SACCOS, and encouragement of hiring of competent managers. These are aimed at ensuring that SACCOS practiced good governance, disclosure and transparency and that they were managed properly. An emphasis on good governance, disclosure, and transparency are a step in the right direction because they counter practices - such as fraud, embezzlement, concentration of decision making and power in the hands of management and the exercise of absolute power on the membership - which adversely affect membership level of commitment to and sense of ownership of cooperative societies. That membership level of commitment to and sense of ownership of the cooperative societies is an important determinant of the success of such societies is not a moot issue.

This study showed that cooperative societies in Botswana, including the Sametsi SACCO, were facing some serious challenges related to performance, governance and membership that undermined their efficient functioning and effective delivery of services. Within the domain of performance, for example, stiff competition from commercial banks and micro lenders, lack capital, lack of proper budgets and strategic plans, lack of business skills among some committee members, poor book keeping, delays in decision making, and an outdated Cooperative Societies Act topped the list. On the other hand, dishonesty, embezzlement of funds (fraud), inadequate delegation of authority to enable managers to act autonomously, and the exercise of absolute power by management emerged as the major governance related challenges whereas lack of membership education, poor dissemination of information, and the lack empowerment among members were the key member related challenges. With specific reference to empowerment, the concern about it underlines the view expressed by Bill Gessner (1996) that the empowering process in cooperatives is founded on building and sustaining the vital connection between members and their cooperatives. In tandem with this view, the respondents felt that a cooperative member must be provided with the necessary education or training on cooperative matters in order to take a lead in the operations of the society.

It should be noted that most of the challenges identified by this study are consistent with those identified by the National policy for Cooperative Development (see Ministry of Trade and Industry, 2008) The policy listed under capitalization (or limited working capital); mismanagement and fraud perpetrated by the management and/or employees; inability to attract and retain skilled and experienced human resources; inadequate member commitment, competition from local and regional traders; and natural disasters such as drought and the outbreak of animal diseases which affect the performance of producer and cattle marketing cooperatives, as some of the major challenges facing cooperative societies. It is the opinion of this study that the consistency of the challenges identified by the respondents with those listed in by the national Policy for Cooperative Development augurs very well for the resolution of such challenges. It increase the propensity for the successful resolution of those challenges because as long a the challenges targeted by policy makers resonate very well in the minds of the cooperative societies membership, the membership is more likely to support the various steps taken by way of addressing them.

An important factor in the entrenchment of the cooperative philosophy and, consequently, in the development and growth of cooperative societies in any country is the number and attractiveness of the benefits accruing to the membership. This study showed that cooperatives societies in Botswana offered attractive benefits to their membership. Both the key informants and the members of the Sametsi SACCO who were interviewed for this study recognised the potential of cooperative societies in enabling them to improve their standard of living. According to them, the societies offered a wide variety of socio-economic benefits that impacted positively on the lives of their membership. On the social side these included increased sense of belonging to a group, development of good conduct and good working relationship with others, and acquisition of leadership skills. On the other hand, economic benefits included easy access to credit for productive purposes at reasonable interest rates; improvement of life styles through cheap loans; financial discipline; increased participation in the financial sector; and improved financial status due to accrued interest, dividends and bonuses. The benefits identified by this study are consistent with those listed in the literature (see e.g., Eisenhauer, 1995; http://www.afyasacco.com; http://za.mti.gov.bw). Eisenhauer (1995) singled out the instilling of thrift, self reliance, democratic principles, social concern and management, loan facilities at fair and reasonable rates, and opportunity to earn dividends and bonuses from savings as some of the benefits accruing from the membership of a SACCO. Without doubt the two categories of benefits evident from this study augur very well for the development and growth of cooperative societies in the country because they act as motivations to the community members to either join existing cooperative societies or to form and grow new ones. And given the commitment of Government in general and of the Department of Cooperatives in particular to propel cooperative societies to new heights, one can argue that, net of all the challenges enumerated earlier, in Botswana cooperative societies in general and SACCOS in particular have a bright future.

The sentiments that cooperative societies in general and SACCOS in particular have a bright future in Botswana are supported by the study's results which showed that the 55 members of the Sametsi SACCO interviewed for this study rated the performance of the cooperative societies very favourably. According to them, it was easy to get a loan from these societies when a member meets all requirements. In addition, SACCOS offered fast and friendly service as well as boosted membership confidence in the savings service, took a short time to approve and give out loans, and were friendlier than commercial banks and other money lending institutions. Such favourable ratings cannot escape the notice of the keen observer. They tend to suggest that, if the case of the Sametsi SACCO is anything to go by, cooperative societies in general and SACCOS in particular have, for the most part, won the confidence of their membership. Not only is such confidence central to the success of the existing societies, it is also an important factor in the numbers that join the cooperative movement as well as in the formation and growth of new societies in the country.

## 5.3 Conclusions

This study sought to answer the following questions: 1) what legal and policy frameworks exist in Botswana to encourage and promote the growth and development of cooperative societies, including Savings and Credit Cooperative Societies? 2) How is the performance of

Savings and Credit Co-operative Societies monitored and evaluated in Botswana? 3) What are the socio-economic benefits of cooperative societies and how have these organizations changed members' lives? 4) What are the major challenges facing cooperative societies in Botswana today? Guided by its findings, this section presents the conclusion drawn by the study keying on these four (4) questions. First, it is concluded that, buoyed by the recognition of the importance of the cooperative sector in the socio-economic lives of its populace, Botswana had put in place the broad legal and policy structures necessary for the promotion of the growth and development of cooperative societies in the country. These include the Cooperative Societies Act of 1989 and the National Policy for Cooperative Development. As indicated elsewhere, the Cooperative Societies Act of 1989 is currently under review to harmonize it with the National Policy for Cooperative Development. The two documents provide the necessary legal and policy environments in which cooperative societies can thrive by regulating their formation, registration and operations.

A second conclusion emanating from the results of this study is that to underline its determination to promote the growth and development of cooperative societies in Botswana, the Government has gone beyond the formulation of legal and police frameworks to govern these societies to come up with the institutional framework for the monitoring and evaluation of the performance of these societies. Specifically, it has created the Department of Cooperative Development in the Ministry of Trade and Industry and tasked it with the responsibility to enforce the implementation of these frameworks, monitor their implementation and to directly police the adherence to them by all cooperative societies. As stated earlier, the Department plays coordination and leadership as well as regulatory roles. To push through its agenda of propelling cooperative societies to new heights, it monitors the functioning and operations of these societies to ensure that they practice good governance, disclosure and transparency; that they are well managed; that they operate within the confines of the law; and that they respect the rights of the membership. This is attained through activities such as periodic management performance audits; spot checks on internal controls; regular inspection of cooperative societies; constant monitoring of the growth trends and the investment portfolios of SACCOS; education and training workshops for management and membership; and encouragement of SACCOS to hire competent managers.

Another conclusion deriving from the results of this study is that there exists great potential for the growth and development of cooperative societies in Botswana, if the benefits accruing to members and the favourable ratings of these societies by the membership are anything to go by. Those interviewed for this study identified a variety of socio-economic benefits that they received from their membership of the Sametsi SACCO, which in their opinion elevated the status of the society above that of commercial banks and other micro lending institutions in the country. These included an increased sense of belonging to a group; development of good conduct and good working relationship with others; acquisition of leadership skills; easy access to credit at reasonable interest rates; improvement of life styles through cheap loans; and improved financial status due to accrued interest, dividends and bonuses, among others. In addition, the interviewees were very satisfied with service delivery by the Sametsi SACCO and this heightened their commitment to and sense of ownership of the society, all important ingredients in the success of any cooperative society.

Finally, it is concluded that despite government initiatives, especially the efforts of the Department of Cooperative Development, the sterling performance of cooperative societies themselves, and the encouraging ratings received from membership, a lot still remains to be done to anchor cooperative societies in Botswana on a solid rock foundation. There exist many challenges that these societies have to contend with. Earlier, these were grouped into three (3) broad categories of challenges related to performance, governance related challenges, and membership related challenges and were considered to be major stumbling blocks to the effective and efficient functioning of cooperative societies in general. However, based on the fact that the government and the membership are unanimous about the burning issues, these (challenges) do not appear to be insurmountable. With adequate time and effort, most of these can be overcome paving the way for cooperative societies to spread their wings through out communities and the country at large.



## 5.4 Recommendations

The respondents interviewed for this study identified a variety of constraints hampering the development of cooperative societies; managerial related challenges facing cooperative societies, and the problems SACCOS have in their day to day business operations. In addition, they offered strategies that can be utilized to overcome these problems. Based on those strategies the following recommendations are offered:

- In a bid to create economically strong societies which can face competitive challenges and also provide better financial services to their members, cooperative societies in general and SACCOS in particular should update themselves with the ever changing information technology so as to compete effectively in the market with other financial institutions. More specifically, an efficient information exchange system between societies and other stakeholders is desired.

- A fully developed computer system to ensure regularly updated information on the financial operations of cooperative societies must be introduced. The manual systems currently operated by these societies are slow and cause a number of problems because of human errors. Consideration of cost effectiveness and improvement of quality of service would justify computerisation of operations in many SACCOS. It is important to keep careful account of members' transactions so that savings and loans statements can be issued to them on regular basis.

- The ultimate goal of all cooperative societies, including SACCOS should be to attract and retain qualified staff who have the required experience to run their offices successfully and to deliver services to the membership efficiently.

- Closely related to the above recommendation, it is suggested that the management of cooperative societies should be introduced to strategic planning and budgeting techniques. This will help to improve the process of planning and budgeting in the societies, ensure good governance and accountability, minimise the problems of theft and embezzlements, and improve inspection and audit services. In this regard, SACCOS are encouraged to 'engage private auditors' to ensure that audits and inspection of books of accounts are done on time.

- Another recommendation emanating from this study is to increase the empowerment of the membership of cooperative societies through the acquisition of education, new knowledge and skills. There is a need to enhance the capacity of a SACCO member through training and education, through which they will be empowered in making decisions in respect of business of their societies. Education plays several major roles in sustaining the performance of cooperatives; in particular, it is central to the maintenance of the commitment of the membership to the principles of cooperation. Cooperative officers also require considerable training in the relevant skills and knowledge to enable them to perform their duties optimally.

- In addition, there should be constant and regular flow of information to members on various aspects (including legislation and policy) to upgrade their knowledge, skills and confidence. Active participation of members should be reflected in the development of basically all policy issues of the society (legislation, bye-laws, and savings and credit policies). Active participation can be encouraged by making regular progress reports available to all members, either monthly or quarterly, through leaflets, brochures, newsletters, and regular meetings. It is apparent that such initiatives will encourage members to attend annual general meetings and they will also be willing to serve in various committees.

- Savings and Credit Cooperative Societies should rent or build offices in order to address accommodation problems.

- Finally, SACCOS need intensive advertising and marketing to reach a wider market. To do so they can rely on the local print and broadcast media (newspapers, television, and radio stations) to sensitize the community about the kind of services and products they offer.

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## APPENDICES: DATA COLLECTION INSTRUMENTS

## APPENDIX I: QUESTIONNAIRE FOR MEMBERSHIP

### THE IMPACT OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES (SACCOS) IN BOTSWANA: THE CASE OF SAMETSI SAVINGS AND CREDIT SOCIETY

Dear Respondent,

This questionnaire is part of a research that is designed to assist the researcher complete a dissertation for the Master of Business Administration (MBA) degree with University of the Northwest in South Africa. The study seeks to assess the impact of SACCOS in the community. Sametsi Savings and credit society has been used as a case study to provide a general overview of the savings and credit societies in Botswana.

Your participation in this survey is highly appreciated. The questionnaire should take you about 10 minutes to complete. I hope you will take time to complete this questionnaire and return it. The information you divulge will be treated with utmost confidentiality and all surveys will be destroyed at the end of the study. You are not required to give your names.

Furthermore, no response from a particular respondent will be analyzed and used separately. Rather, responses will be grouped and all individual comments will be kept anonymous. In this way, confidentiality will be maintained.

Kindly complete the questions in the order in which they are presented in the questionnaire.

I want to thank you most sincerely in advance for your time and cooperation

| |
|---|
| Please complete and return to Ms Tshetsana Apadile<br>Water Utilities Corporation<br>SEDIBENG HOUSE<br>Office 231<br>Telephone 3604491 |

## SECTION I

**QUESTIONS 1 THROUGH 7: The following questions are intended to gather information regarding your present job and your membership of Sametsi Savings and credit Society. Please respond by filling in the gaps or selecting the appropriate response item(s)**

1 Name of department you are serving in: ______________________________

2. Title of position Held ______________________________

3. How many years have you been working for Water Utilities Corporation? ______years

4. What is your employment status?

   1. Permanent and Pensionable
   2. Contract
   3. Temporary
   4. Other **[Specify]** ______________________________

5. When did you join Sametsi Savings and credit Society ______________________________

6. Since joining Sametsi SACCO have you ever terminated your membership?

   1. Yes **[Please explain why]:**

   ______________________________

   ______________________________

   ______________________________

   ______________________________

   ______________________________

   2 No **(Go to Section II)**

7. If you terminated your membership but later rejoined Sametsi Savings and credit Society what prompted you to rejoin the society?

   ______________________________

   ______________________________

   ______________________________

   ______________________________

   ______________________________

   ______________________________

## SECTION II

**QUESTIONS 8 THROUGH TO 10: These questions are intended to document members' perception about the benefits of SACCOS and assess their impact on the lives of Batswana.**

8. Select from the following scale to indicate your agreement or disagreement with the following statements [**Only one answer should be selected for each statement**].

| **A Strongly Agree** | **B Agree** | **C Disagree** | **D Strongly Disagree** |
|---|---|---|---|

| | A | B | C | D |
|---|---|---|---|---|
| a). The society offers members confidence in the savings service as savings are used as collateral for loans | | | | |
| b). It is easy to get a loan from Sametsi when a member meets all requirements | | | | |
| c). Sametsi takes a short time to approve and give out loans | | | | |
| d). Sametsi has enough money on hand for loans to members | | | | |
| e). The society charges higher interest rates on loans than commercial banks | | | | |
| f). Sametsi offers the lowest service charges | | | | |
| g). Sametsi Savings and Credit Society is more friendly than commercial banks | | | | |
| h). Sametsi has more convenient hours than commercial banks | | | | |
| i). Sametsi SACCO is as safe as commercial banks | | | | |
| j). I appreciate the fast and friendly service Sametsi offers | | | | |
| k). It is easy to withdraw a certain percentage of accumulated savings when a member does not want to take a loan | | | | |

9. What socio-economic benefits do you derive from your membership of Sametsi Savings and Credit Society?

i). ________________________________________

ii) ________________________________________

iii) ________________________________________

iv) ________________________________________

v) ________________________________________

10. In what ways has your membership of Sametsi Savings and Credit Society transformed your life?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

## SECTION III

**QUESTIONS 11 THROUGH 20: The following questions are intended to evaluate the perception of membership with respect to the creation of an enabling environment for SACCOS to thrive. Please respond by filling in the blanks or selecting from among the responses provided.**

11. How is the Government of Botswana creating an enabling environment for cooperative societies to thrive?

______________________________________________

______________________________________________

______________________________________________

12. What structures does Water Utilities have to enable Sametsi Savings and Credit Society to easily respond to the needs of the members efficiently and in a cost effective manner?

______________________________________________

______________________________________________

______________________________________________

13. What are the major problems facing Sametsi Savings and Credit Society today?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

15. What steps should be taken to overcome the problems listed in 14 above?

i). ____________________

____________________

ii) ____________________

____________________

iii) ____________________

____________________

iv) ____________________

____________________

v) ____________________

____________________

15. Identify and list the major **managerial-related** challenges facing Sametsi Savings and Credit Society today?

i). ____________________

____________________

ii) ____________________

____________________

iii) ____________________

____________________

iv) ____________________

____________________

v) ____________________

____________________

16. What solutions would you recommend by way of overcoming the challenges listed in 16 above?

i). ____________________

____________________

ii) ____________________

____________________

iii) ____________________



____________________

iv) ____________________

____________________

v) ____________________

____________________

17. What efforts are focused on developing the capability of the members of Sametsi Savings and Credit Society to empower them so that they can take the lead in the operations of the society?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

18. Does Sametsi have an efficient and cost effective structure which can easily respond to the needs of the members?

1. Yes **[Please describe that structure]:**

______________________________________________

______________________________________________

______________________________________________

______________________________________________

2. No **[Please explain why]:**

______________________________________________

______________________________________________

______________________________________________

______________________________________________

19. Select from the following scale to indicate your agreement or disagreement with the following statements [**Only one answer should be selected for each statement**].

| **A Strongly Agree** | **B Agree** | **C Disagree** | **D Strongly Disagree** | | | |
|---|---|---|---|---|---|---|
| a) The management of Sametsi is capable of managing in a businesslike manner while being accountable to members | | | ***A*** | **B** | **C** | **D** |
| b) Sametsi promotes member empowerment through provision of appropriate education and knowledge | | | | | | |
| c) I am fairly well satisfied with the management of Sametsi Savings and Credit Society | | | | | | |
| d) Considering all my past experiences, the overall quality of my relationship with Sametsi Management is very good | | | | | | |
| e) My overall experience during my last contact with Sametsi Office was very good | | | | | | |

20. If you have any further comments regarding the management of Sametsi Savings and Credit Society please feel free to document them in the space provided below.

______________________________________________

______________________________________________

______________________________________________

______________________________________________

______________________________________________

## SECTION IV

**QUESTIONS 21 THROUGH 24: The final set of questions is intended to collect information on your personal background. Please either fill in the blank or circle the response that best describes you. Although the questions are about you please keep in mind that they are to be used in statistical form only.**

21. What is your year of birth? ____________________

22. Your gender:
    1. Male
    2. Female

23. What is your marital status?

    1 Single (never married)
    2 Non-Marital relationships
    3 Divorced
    4 Married
    5. Separated
    6. Widowed

24. Is there anything else that you would like us to know? **[Use space provided below to document it]**

______________________________________________

______________________________________________

______________________________________________

______________________________________________

**Thank very much for your time and cooperation.**

## APPENDIX II: QUESTIONNAIRE FOR GOVERNMENT OFFICIALS

**THE IMPACT OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES (SACCOS) IN BOTSWANA: THE CASE OF SAMETSI SAVINGS AND CREDIT SOCIETY**

Dear Respondent,

This questionnaire is part of a research that is designed to assist the researcher complete a dissertation for the Master of Business Administration (MBA) degree with University of the Northwest in South Africa. The study seeks to assess the impact of SACCOS in the community. Sametsi Savings and credit society has been used as a case study to provide a general overview of the savings and credit societies in Botswana.

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Kindly complete the questions in the order in which they are presented in the questionnaire.

I want to thank you most sincerely in advance for your time and cooperation

| |
|---|
| Please complete and return to Ms Tshetsana Apadile<br>Water Utilities Corporation<br>SEDIBENG HOUSE<br>Office 231<br>Telephone 3604491 |

## SECTION I

**QUESTIONS 1 THROUGH 4: The following questions are intended to gather information regarding your present job. Please respond by filling in the gaps or selecting the appropriate response item(s)**

1 Name of work organization (e.g. Ministry of Labour): ____________________________

2. Department you are serving in: ____________________________________________

3. How many of the above years have you been working for your current employer? _______

4. Position currently held: __________________________________________________

## SECTION II

**QUESTIONS 5 THROUGH TO 13: The following questions are intended to identify measures or steps taken to promote the cooperative movement in Botswana. Please respond by filling in the blanks or by circling the response item that best represents your views.**

5. What major policies are in place to support the promotion and development of the cooperative movement?

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

6. What does the Department of Cooperative Development do to ensure enforcement of such policies?

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

7. To date, how would you rate the success of such intentions?

    1. Not successful at all
    2. Moderately successful
    3. Successful
    4. Very Successful
    5. Extremely successful

8. What factors do you think are responsible for the level of success attained so far?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

9. What major constraints are hampering the implementation of Co-operatives development policies in Botswana today?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

vi) ______________________________________________

______________________________________________

10. What strategies would you propose by way of overcoming the constraints identified above?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

11. List the specific steps or actions that the Department of Cooperatives has undertaken to promote the growth of savings and credit societies in Botswana.

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

12. What are the specific problems affecting the development of savings and credit societies in Botswana?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

13. What strategies is the Department of Cooperative Development using to address the issues of education and disseminating information to cooperative societies?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

## SECTION III

**QUESTIONS 14 THROUGH 21: The following questions are intended to evaluate the coordination, leadership and practices of the Department of Cooperatives with respect to the creation of an enabling environment for SACCOS to thrive. Please respond by filling in the blanks.**

14. How is the Government creating an enabling environment for cooperative development in Botswana today?

_______________________________________________

_______________________________________________

_______________________________________________

_______________________________________________

_______________________________________________

15. What structures do cooperatives have to enable them to easily respond to the needs of the members efficiently and in a cost effective manner?

_______________________________________________

_______________________________________________

_______________________________________________

_______________________________________________

_______________________________________________

16. How does the Department of Cooperatives expect cooperative societies to be managed?

_______________________________________________

_______________________________________________

_______________________________________________

_______________________________________________

17. What are the major problems are facing cooperative societies in Botswana today?

i). _______________________________________________

_______________________________________________

ii) _______________________________________________

_______________________________________________

iii) _______________________________________________

_______________________________________________

iv) _______________________________________________

_______________________________________________

v) _______________________________________________

_______________________________________________

18. What steps should be taken to overcome the problems listed in 17 above?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

19. Identify and list the major **managerial-related** challenges facing cooperative societies in Botswana today?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

20. What solutions would you recommend by way of overcoming the challenges listed in 19 above?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

21. What are socio-economic benefits of joining savings and credit societies?

i). ____________________________________________

____________________________________________

ii) ____________________________________________

____________________________________________

iii) ____________________________________________

____________________________________________

iv) ____________________________________________

____________________________________________

v) ____________________________________________

____________________________________________

## SECTION IV

**QUESTIONS 22 THROUGH TO 25: The following questions are intended to identify the mechanism used to monitor and evaluate performance of SACCOS. Kindly respond by filling in the blanks**

22. What mechanism does the Department of Cooperative Development use to monitor and evaluate performance of SACCOS?

i). ____________________________________________

____________________________________________

ii) ____________________________________________

____________________________________________

iii) ____________________________________________

____________________________________________

iv) ____________________________________________

____________________________________________

v) ____________________________________________

____________________________________________

vi) ____________________________________________

____________________________________________

23. What capacity does the Department of Cooperative Development have to monitor and evaluate performance of SACCOS?

____________________________________________

____________________________________________

____________________________________________

____________________________________________

24. How does the Department of Cooperative Development ensure good governance, disclosure and transparency and that SACCOS are well managed businesses?

i). ______________________________________________

______________________________________________

ii) ______________________________________________

______________________________________________

iii) ______________________________________________

______________________________________________

iv) ______________________________________________

______________________________________________

v) ______________________________________________

______________________________________________

25. Is there anything else that you would like us to know? **[Use space provided below to document it]**

______________________________________________

______________________________________________

______________________________________________

______________________________________________

______________________________________________

**Thank very much for your time and cooperation.**