FACTORS AFFECTING CUSTOMERS SATISFACTION IN THE SAVING AND CREDIT CO-OPERATIVE SOCIETY IN TANZANIA:
A CASE OF SACCOS IN DAR ES SALAAM
FACTORS AFFECTING CUSTOMERS SATISFACTION IN THE SAVING AND CREDIT CO-OPERATIVE SOCIETY IN TANZANIA: A CASE OF SACCOS IN DAR ES SALAAM

By
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A Thesis submitted in Partial fulfillment of the Requirement for the Award of the Degree of Master of Business Administration (MBA) of Mzumbe University 2014
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled: Factors affecting Customers Satisfaction in the Savings and Credit Co-operative Society in Tanzania: A case study of Dar Es Salaam, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA) of Mzumbe University.

___________________________
Major Supervisor

___________________________
Internal Examiner

Accepted for the Board of .................
I, Yusuph Abdi Hussein, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature ___________________________

Date________________________________

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ACKNOWLEDGEMENTS

Foremost, I would like to preserve much thanks to my Almighty God for providing with me the spiritual guidance, strength and courage to pursue my studies and conduct a research which lead to production of this document.

Second most, I would like to express my sincere gratitude to my advisor Prof. E.I.Temba for the continuous support of my research, for her patience, motivation, enthusiasm, and immense knowledge. Her guidance helped me in all the time of research and writing of this report.

I could not have imagined having a better supervisor and for my research work. Besides my supervisor, I would also like to thank the entire academic team of Mzumbe University Dar Es Salaam Campus for their encouragement, insightful, valuable and informative lectures during the entire period of my Master of Business Administration(MBA) course. My sincere thanks also goes to my friend Mr. Goodluck Savutu for his priceless contribution during the collection of data. Last but not the least, I would like to thank my family: my parents Abdi Hussein Dirshe and Zahra Hared Adan., for giving birth to me at the first place and supporting me spiritually throughout my life. I have strong belief that without their endless love and support I would not have reached this milestone.
DEDICATION

To my beloved mother Zahra Hared Adan and my father Abdi Hussein Dirshe for their endless love and support.
ABSTRACT

The objective of this study was to examine factors affecting customer’s satisfaction in Savings and Credit Cooperative Societies (SACCO’s) in Tanzania. The study have classified these factors into three main categories namely operational, staff approaches and usability factors, and each factor has effect on customer satisfaction in general. Therefore, this study involved examining the extent to which operational factors (such as conditions for obtaining loans and timing to process loans) affect customer’s satisfaction, examine the extent to which staff approaches (such as customer relationship and response to quarries) affect customer’s satisfaction, and to examine usability factors (such as proper loan allocation and loan sufficiency) affect customer’s satisfaction.

The study was conducted in Kinondoni and Temeke municipals of Dar Es Salaam during business hours over a period of three weeks. A sample of 120 respondents was selected as a sample size of the study. Both quantitative and qualitative methods of data collection and analysis were used, whereby questionnaires, unstructured interviews and observation were employed.

The study findings reveal that more than 65% the SACCOS customers were dissatisfied by “operational factors” of SACCOS lending environment which included loan conditions, loan processing, documentation, and interest rates. The study further revealed that 30% of SACCO’s customer dissatisfaction on loan services is due to the usability factors as well as SACCO’s staff approach to customers in lending process.

In order to respond effectively to these customer dissatisfactions. SACCO’s in Tanzania should simplify the conditions for loans applications in order so that most customers have access to them. The loan’s loan applications processing and delivery time should also be speeded up. SACCO’s in Tanzania are also supposed to provide sufficient loans to cater vast needs of their customers. This will not only accelerate productivity for these SACCO’s but also maximize satisfaction among their customers as well.
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## ACRONYMS

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<thead>
<tr>
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<th>Description</th>
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<tbody>
<tr>
<td>BOT</td>
<td>Bank of Tanzania</td>
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<tr>
<td>DFI</td>
<td>Development Finance Institution</td>
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<tr>
<td>MFI</td>
<td>Micro Finance Institution</td>
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<tr>
<td>SERPERF</td>
<td>Service Performance</td>
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<tr>
<td>SEVQUAL</td>
<td>Service Quality</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<tr>
<td>SACCOS</td>
<td>Savings and Credit Cooperative Society</td>
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<tr>
<td>SCCULT</td>
<td>Savings and Credit Cooperatives Union League of Tanzania</td>
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CHAPTER ONE
INTRODUCTION

1.0 Introduction

This study intends to examine the factors affecting customer satisfaction in the Savings and Credit Cooperative Societies (SACCOS) in Tanzania. Specifically, the study examine how operational factors, usability factors as well as staff approaches affect customers satisfaction of SACCOS. This study employed purposive non probabilistic technique to sample a total of 120 respondents in Dar es Salaam. This chapter presents an overview of the study by providing a setting of the problem which guided the study, the background of the study, statement of the problem, research objective, research questions, and the significance of the study and the scope of the study.

1.1 Background of the Study

The first Savings and Credit Co-operative Society (SACCOS) in Africa, was introduced in Ghana in 1959. The SACCOS was intended to assist villagers improve their economic conditions (Ng'ombe & Mikwamba, 2004). English speaking nations were the first to adopt SACCOs. The first entrants into SACCO community include Ghana, Uganda, Nigeria, Tanzania, and Kenya. Most of the Non-English speaking nations in Africa started appreciating SACCOs in 1960s, with major influx into SACCO community in 1970s (Mwakajumilo, 2011). The formation of SACCO in Africa grew tremendously to the extent that the African countries formed a continental association of SACCOs, Africa Confederation of Cooperative Society Savings and Credit Association (ACCOSSCA), in 1965. ACCOSSCA was formed with the principal objective of promoting the SACCO principles, offer SACCO insurance, and educate customers on SACCO issues (Ng’ombe and Mikwamba, 2004).

Tanzania is one of least developing countries in which 73.6% of its population lives in rural areas (Triodos Facet, 2012). Tanzania had been following socialist policies, with a state controlled economy up to mid-1980s. The formation of Savings and Credit
Cooperatives Societies (SACCOS) in Tanzania was endorsed by the Government since 1980s as a way of promoting access to financial services to rural people who are not served by formal financial institutions. In March 2013, the number of registered SACCOS in Tanzania was 5559 while customers, customers’ funds (shares and savings) and credit facilities were 970665 people, 399.01 and 627.2 billion shillings respectively (MOFT, 2012; 2013). Since their formation, the rural SACCOS in Tanzania have helped to address the capital problem for rural borrowers (Wangwe, 2004; Bibi, 2006). Maghimbi (2010) and Bibi (2006) disclose that most of rural SACCOS in Tanzania suffer from weak internal control systems and high non-performing credit facilities because of ineffective credit facilities management. Karumuna and Akyoo (2011) reveal that one SACCOS in Kongwa district, in Dodoma region i.e Kibaigwa Financial Services and Credit Cooperative Society (KIFISACCOS) had overdue credit facilities of Tanzanian Shillings (Tshs) 762,500,000 (equivalent to $610,000) in 2009 because of poor management of credit facilities.

Savings and Credit Co-operative Societies (SACCOs) started locally and have solid bases of small saving accounts constituting a stable and relatively low-cost source of funding and low administrative costs. More so, SACCOs are able to advance credit facilities at interest rates lower than those charged by other financial providers. In addition, SACCOs have the ability and opportunity to reach clients in areas that are unattractive to SACCOS’s, such as rural or poor areas (Branch, 2005). This has made SACCOs more attractive to customers, thus deeply entrenching themselves in the financial sectors of many countries (Munyiri, 2006). In fact, the core objective of SACCOs is to ensure customers empowerment through mobilization of savings and disbursement of credit (Ofei, 2001). SACCOs have been efficient in achieving this objective. In Kenya, for instance, SACCOs have mobilized over Kshs.200 billion in savings, accounting for over 30% to National Domestic Saving (Cooperative SACCOS’ of Tanzania, 2010).

Savings mobilization should be backed by adequate institutional capital which ensures permanency, provide cushion to absorb losses and impairment of customers’ savings
The institutional capital, which comprises the core capital and less share capital, is mainly accumulated from appropriation of the surpluses. Therefore, SACCOs should strive to maximize on the earnings to build the institutional capital (Branch & Cifuentes, 2001; Ombado, 2010). This institutional capital ensures the permanence and growth of the SACCOs even in turbulent economic times (Evans, 2001). In fact, it helps the SACCOs to grow and, remain economically and financially viable (Gijselinckx & Devetere, 2007). Such growth is enhanced by effective financial practices. Financial stewardship being the routine financial decision-making of the SACCO, should embrace sound business practices. This should also revolve around the SACCOs’ financial discipline with a profound influence on the success of all businesses conducted by the SACCOs (Mudibo, 2005). The major financial decisions involved in financial stewardship, for instance, include decisions on finance staff, loan management, asset management and product innovation (Horne, 2003, and Mudibo, 2005). The financial stewardship should be capable of working to increase SACCOs’ wealth, sustain the SACCOs’ value and satisfy the shareholders’ demands. Further, the financial stewardship aspect is also responsible for updating accounts, ensuring correctness of accounts, advance planning and reporting to customers. Accordingly, the financial practice team identifies the most appropriate methods and structure of financing the SACCOs’ assets. Such a structure should be in a position to optimize surpluses (Evans, 2001).

More so, prudent funds allocation strategy is an important financial practice function in any SACCO society. This aspect usually involves decisions to commit the SACCOs’ funds to planned investment options. SACCOs need to make decisions to invest their funds more efficiently in anticipation of expected flow of benefits in the long run. Such investment decisions generally include expansion, acquisition, modernization and replacement of long-term assets (Maina, 2007). Thus, the SACCOs’ value is deemed to increase where the investments are profitable and add to the wealth in the long run. This situation is obtained where the SACCO involves itself with investments that yield benefits greater than the opportunity cost of capital.
Imperatively, each SACCO needs to generate income which is adequate to cover all its operational costs, enhance the institutional capital, dividends and rebates. In this regard, financial practice is based on sound financial stewardship, solid capital structure, and prudent funds allocation strategy (Maina, 2007).

Further, The Vision 2030 strategy among other things requires the financial services sector to play a critical role in mobilizing the savings and investments for development of the country by providing better intermediate between savings and investments than at present. This sector will assist the mobilization of investment funds required to implement the projects of Vision 2030. SACCOs are among the financial services strategies to be implemented in this exercise. Service provided by savings and credit cooperative organizations (SACCOs) and other major financial institutions will play a crucial role in improving the reach and access of financial services (currently only19% of Kenyans have access to formal financial services).

The ultimate purpose of every saving and credit co-operative society (SACCOS) is to satisfy its customers. Increased levels of competition require a greater commitment to customer service. Firms that invest the time, energy, and money needed to achieve excellent customer service will be the ones that thrive and grow. Again, it is an attitude or behavior that customers vocalize or exhibit. The implication is that the microfinance institution is consciously and proactively able to meet the myriad expectations of its many customers. Unfortunately, customer satisfaction is no guarantee of retention or loyalty. The satisfaction of needs require stages of development for the creation, purchase, use and evaluation of the new product/service.

Customer satisfaction in a given co-operative union can be experienced in a variety of situations and connected to both goods and services (CSSP, 2007; Cengiz, 2010:78). McQuitty et al. (2000:1) argued that by assuming a customer will learn from experience, then the decreasing levels of expectations-disconfirmation against goods and services should affect customer satisfaction. This is supported by Alhemoud (2010:333) in the case of Saving and Credit Co-operative Society in Kuwait, that the customer satisfaction is resulted from any dimension whether or not it is quality
related and its judgment may arise from non-quality issues (e.g. needs, equity, and perceptions of “fairness”) and require experience with the service or provider. In addition, Hsu and Cai (2009:5) said that when customer satisfaction is modeled as a function of disconfirmation arising from discrepancies between prior expectations and actual performance, then the expectations as a critical antecedent of satisfaction becomes a determinant of attitude. This is a highly personal assessment that is greatly affected by customer expectations (CSSP, 2007:6) whereby Grönroos (1998:329) previously emphasized that how good the quality of the service was perceived to be by customers, was expected to be measured using customer satisfaction approaches. (Parasuraman et al., 2005)

Most SACCO’s monitor customer’s satisfaction in order to determine how to increase their customers base, customer’s loyalty, revenue, profits, market share and survival (Ranaweera and Prabhu, 2008). Although greater profit share is the primary driver, typically, the businesses focus on the customers and their experience with the organization. They work to make their customers happy and see customer satisfaction as the key to survival and profit. Customer satisfaction in turn hinges on the quality and effects of their experiences and the goods or services they receive.

The core concepts of marketing are needs, wants and demands which directly affect the identification and selection of relevant customer values reflected in products, services and ideas that the co-operative society provides, communicates and delivers in the form of exchanges to build long-term satisfactory relationships with customers. Needs are the internal influences which prompt behavior. Wants are culture bound and may be satisfied using a number of technologies. Demand refers to the ability and willingness of a customer to buy a particular product or service which satisfies the want and the more latent need (Kotler, 2002).

Seeking value from the customer’s perspective, means building a long-term mutually profitable relationship with customers instead of trying to maximize profits on each transaction; an emphasis on relationships rather than individual transactions focuses on the customer as the profit center, not the product. It also means that attracting new
customers is an intermediate objective in the process of maintaining and cultivating an existing customer base. This interactive approach views marketing as a continuous relationship with customers in contrast to the more traditional and almost adversarial view which is short term and focused on immediate sales.

1.2 Statement of the Problem

Customer satisfaction is one of the most important factors in a firm, since they regard customer satisfaction as one of the main goals of evaluating how effective the business is. In addition, customer satisfaction is a starting point in the value chain between customer satisfaction, customer loyalty, firm product, marketplace and financial performance, and shareholder wealth. In today's dynamic global business environment, competition is forcing cooperative societies to assess and respond to the growing importance of the role their customers play in their success. A full understanding of factors that affect customers' satisfaction is crucial, to ensure long-term share for the societies in the market. Customer satisfaction is the base on which cooperatives build their success through decreasing costs. Several researchers on customer satisfaction in financial institution have identified important factors driving customer satisfaction (Colgate, 1997, 1999; Cohn et al., 2006, Gan et al., 2006). For example, Anderson and Sullivan (1993) conducted a study in Sweden and found that the level of bank customers' satisfaction increased with the level of perceived service quality. Anderson and Sullivan’s (1993) findings are consistent with Cronin and Taylor’s (1992) view that service quality leads to customer satisfaction. Colgate (1999) suggests that an increased level of customer satisfaction and loyalty are positively linked to a firm’s financial return. Satisfied customers are likely to recommend their SACCOS’s to their friends and relatives. The author suggests the overall customer service, close relationships, and competitive fees and charges are the top three drivers of SACCOS’s customers’ satisfaction.

The Purpose of this study is therefore to assess SACCO’s operational factors, usability factors as well as management approaches as a determinant of the customers’ confidence and satisfaction derived from the SACCOS’ wealth.
1.3 Objectives of the Study

1.3.1 General Objective

The major purpose of this study is to examine factors affecting customers’ satisfaction in loan co-operative societies in Tanzania.

1.3.2 Specific Research Objectives

The following are the specific objectives:

i) To examine the extent at which “operational factors” affect customer satisfaction.

ii) To examine the extent to which “usability factors” affect customer satisfaction.

iii) To examine the extent to which “staffs’ approaches” influence customer satisfaction.

1.4 Researchers Questions

The study had the following research questions:

i). To what extent do “operational factors” affect customer satisfaction?

ii). To what extent do “usability factors” affect customer satisfaction?

iii). To what extent do “staffs approaches” influence customer satisfaction?

1.5 Significance of the Study

There are several reasons, which serve to justify the importance of this study:

First, the increasingly complex nature of the savings and credit societies environment in Tanzania calls for a focused attention on the use of research in solving operational problems. Secondly, since micro-finance strategies should focus on capability through establishing and improving sensible commitment, satisfaction, business management, and building strong capability of SACCOS, the obtained information will help in
maximize customer satisfaction, retention and build the SACCOS’ image. Thirdly, the study will recommend to the stakeholders of SACCOS in Tanzania, ways to strengthen capability of SACCOS in delivering better and efficient micro financial services to cater for vast demands of their customers. Despite the above intention by the Government, few researches have been conducted to see and evaluate the relationship between capability of SACCOS in delivering financial services to its customers and its effect on customer’s satisfaction and retention in the Tanzanian micro finance environment, hence this study is expected to contribute into references for scholars and other researchers.

1.6 Scope and limitations

The study centers on service industry particularly micro-finance sector. Specifically, it tries to investigate the extent to which capability of SACCOS affects customers’ satisfaction. The study conducted in two municipals of Kinondoni and Temeke in Dar Es Salaam City. The reason for choosing the two districts is their proximity and to have enough large samples to represent the population of Tanzania. In addition, the issue of time constraints, costs and accessibility of data have been carefully considered. The limitations that were encountered include undue confidentiality by the SACCOS’ management by thinking that conducting research at their SACCOS offices has a negative impact to their members and operations. In addition, some interviewees could not return the questionnaires given to fill. This limitations were solved by highlighting them on the use of the collect data and that they will be just be used for academic purposes and the will be treated as confidential. Active members were also clearly informed on the importance of filling and returning the questionnaires in time. Very few who failed to abide to the intended move.

1.7 Conclusion

This chapter presented introductory and background to the study from both global, regional and local perspectives. In this chapter, the research problem was discussed and the research objectives were stated, presented also in this chapter is the research
questions, significance of the study as well as the scope and limitations of this study. The next chapter presents the literature review of the study where by both empirical and theoretical reviews related to this study is presented.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This section consists of other studies the researcher consulted in order to understand the problem under study. The aim was to get detailed knowledge of achievements that have already been done, and know the gaps with regards to the objectives of the study. This section covers definition of key concepts, theoretical and empirical perspectives of the study, the role of SACCOS in the Tanzania economy and conceptual framework for the study which shows relationship between customer’s satisfaction as dependent variable and operational, usability and staff approaches factors as independent variables.

2.1 Definition of Key Concepts

There are key concepts applied in this study namely cooperative societies, loan service quality satisfaction, savings, loan portfolio, credit interest rate, loan repayment period, loan risks SACCOS, SACCOS customer, SACCOS’ customer/customer retention, customers’ satisfaction and perceived quality. These are briefly defined here so that once met in the entire text should be well understood.

A cooperative society is group of people who work together voluntarily to meet their common economic, social, and cultural needs through a jointly owned and democratically controlled enterprise. Cooperatives are based on values of self-help, self-responsibility, democracy, equality and solidarity. Cooperative members believe in honest, openness, social responsibility and caring for others. Co-operative has a dual function – the co-operative has both an economic and a social function, in that it uplifts its members economically through their membership in the co-operative, while it also empowers the members socially by acting together in an economic unit for their mutual good, therefore raising individual and collective human dignity. (Chambo, 2003)
Savings and credit service quality satisfaction together are usually defined as the customer’s impression of the relative inferiority/superiority of a service provider and its services (Bitner and Hubert, 1994) and is often considered similar to the customer’s overall attitude towards the cooperative union (Parasuraman et al., 1988).

According to D.de Jong, 2006, Savings are monthly contributions made by each customer to the SACCOS so that the savings can be used as a criteria for a loan. Customer’s monthly contributions are usually split between various types of savings accounts. Savings has to meet the quality set such as enough savings contributions, good timings of savings contributions and how many times the contributions have been made to the SACCOS each month, (D.de Jong, 2006). Therefore, the need to keep cash safely is important, (Mankiw, 2000, Mavrotas & Kelly, 1999). The WOCCU, (2006) report specifies that savings’ attributes include the amount of savings contribution made by each customer, the timing of the savings contributions, and the frequency the savings contribution are made in a month. ICA, (1999) stipulates that savings improve and exempt SACCOS from acquiring external credit facilities if the saving deposits contributed by customers are well managed and controlled. Customers need assurance on financial services from SACCOS in order to make them continue to be customers. According to Robinson (1994:35), he commented that; “Well designed and well-delivered savings deposit services can simultaneously benefit households, enterprises, groups, the participating financial institutions, and the government. Good savings programs can contribute much on local, regional, and national economic development and can help to improve equity”

Loan portfolio is the total of all the loans that a financial institution, or other lender, holds at a given time. Lending is the principal business activity for SACCOS and the loan portfolio is typically the largest asset and the predominant source of revenue. In order for a SACCOS to be capable on delivering competitive financial services to customers, effective management of the loan portfolio and credit functions are fundamental to a SACCOS’ safety and soundness. Assessing loan portfolio management involves evaluating the steps SACCO’s management takes to identify and control risk throughout the credit process. The assessment focuses on what
management does to identify issues before they become problems, (Comptroller, 1998).

According to Comptroller, (1998) in his book called Comptroller’s handbook on loan portfolio management, he explains that effective loan portfolio management begins with oversight of the risk in individual loans. Prudent risk selection is vital to maintaining favorable loan quality. Therefore, the historical emphasis on controlling the quality of individual loan approvals and managing the performance of loans in SACCOS continues to be essential. To manage their portfolios, SACCOS must understand not only the risk posed by each credit but also how the risks of individual loans and portfolios are interrelated, and these interrelationships can multiply risk many times beyond what it would be if the risks were not related. Size of loan portfolio tells the total amount of cash available for making loans to customers, (SCCULT, 2003).

According to WOCCU (2003) and ICA (2000) speaks on the rate of interest that the SACCOS charges against the remaining balance of the loan each month until the whole amount of the loan is fully recovered or repaid. A well set interest rate can improve the liquidity of the SACCOS as well as retain customers in the SACCOS.

Loan repayment period means the period by which the delivered loan and interest will be fully recovered. Too long repayment period reduces the ability of the SACCOS to meet her financial services to customers and vice versa, (WOCCU, 2003).

Loan risks (credit risks) are risks associated with loans given to customers. These loans must be protected in the event of death of a customer who has the loan not fully repaid, disability of a customer with a loan and other risks that are beyond the SACCOS ability to handle them, (Comptroller, 1998). According to Co-operative Societies Act, 2003 and its Rules, 2004 specifies that; ‘A registered SACCOS in Tanzania must insure her loans to customers, and savings in order to protect the society from any lose.
There are many names that are used to refer to the concept of Savings and Credit Societies. The commonly used names include Credit Unions, Thrift and Credit Societies and Savings and Credit cooperative society (SACCOS). In Tanzania these institutions are known as Savings and Credit Co-operative Societies (SACCOS). SACCOS can be defined as an institution consisting of a group of people having a common bond, who have agreed voluntarily to save their money together, and to lend money to one another at low interest rates for good purposes-provident and productive (SCCULT, 2003).

D.de Jong, (2004) defined SACCOS as the acronym for Savings and Credit Co-operative. There is no difference between a credit union and a SACCOS. A Savings and Credit Co-operative Society (SACCOS) is a democratic, unique customer driven, self-help cooperative. It is owned, governed and managed by its customers who have the same common bond, working for the same employer, belonging to the same group, church, labour union, social fraternity or living/working in the same community.

According to Blanding (1991) a customer of a SACCOS is always an individual with a vested interest in a saving and credit cooperative society arises from the invested capital in terms of savings and liability if any in terms of credit. Although a community may be a composite of many individuals, organizations always deal with those individuals one-on-one. Each of these individuals has personal basic needs that must be met.

Every organization needs to know how to retain their customers, even if they appear to be satisfied. Tangible effects of company’s commitment to retaining customers were first published by Dawkins and Reichheld (1990) who claim that the higher the retention rate leads to higher net present value of customers. Another study by Reichheld and Sasser (1990) has quantified the significance of customer retention. They found that profits in service industries, including SACCOS, increased in direct proportion to the length of a SACCOS’ customer relationship (Joanna, 1999). An empirical study conducted by Ennew and Binks (1996) using evidence from the UK their respective SACCOSing sector and its small business customers found that there
is a positive impact of service quality on customer loyalty and retention. The study conducted by Zeithaml, Berry & Parasuraman (1996) on the effect of service quality on customer retention concluded that the better a company’s service-quality scores were, the higher the loyalty and pay more intentions were, and the lower the switch and external responses were. The above evidences signify the importance of savings, loan portfolio and quality of services in SACCOS’ financial services delivery to customers. The relations that exist between service quality, savings, loan portfolio, capability of SACCOS and customer retention as explained above assisted this study to give out the required true picture that exists in SACCOS’ movement in Tanzania.

Customer’s Satisfaction is a degree of overall pleasure or contentment felt by the customer, resulting from the ability of the service to fulfill the customer’s desires, expectations and needs in relation to the service. Early attempts made satisfaction as a reward, which would be considered by the buyer to be adequate for the sacrifice of money, time and effort, which he/she has made (Anderson, 1982). This definition implies that to arrive at satisfaction there is exchange involved, and a comparison process of what the consumer receives in relation to some base line.

Perceived or Brand equity is the customer’s overall assessment of the standard of fairness and justice of the organization’s service transaction and its customer problem and complaint handling process (Bitner and Hubert, 1994). Brand equity is perhaps the most important marketing concept in both academia and practice (Christodoulides and de Chernatony, 2010; Keller and Lehmann, 2006). Many different definitions and ways to measure brand equity have been proposed, and most of them are based upon Farquhar’s (1989) definition: “the added value with which a given brand endows a product” (p. 24).

Park and Srinivasan (1994) define it as the incremental consumer preference for a brand. Kapferer (1997) further defines brand equity by stating “the brand has an economic function, the value of a brand (brand equity) derives from its capacity to generate an exclusive, positive, and prominent meaning in the minds of a large number of consumers” (p. 25). Berry (2000) conceptualizes it as the differential effect of brand awareness and meaning combined with customer response to the marketing of the brand. Yoo et al. (2000) define it as the difference in consumer choice between a branded and an unbranded product given the same level of product features.

Clow and Baack (2005) define it as a set of characteristics that make a brand unique in the marketplace, allows the company to charge a higher price and retain a greater market share than would be possible with an unbranded product. For a more thorough discussion on the definition of brand equity, see Wood (2000). Although there is no universally accepted definition of brand equity, most authors agree that brand equity denotes the added value endowed by the brand to the product. This dissertation adopts Farquhar’s (1989) definition of brand equity: “the added value with which a given brand to the product.

According to Monroe (1994) a customer of a SACCOS is always an individual with a vested interest in a saving and credit cooperative society arises from the invested capital in terms of savings and liability if any in terms of credit. Although a community may be a composite of many individuals, organizations always deal with those individuals one-on-one. Each of these individuals has personal basic needs that must be met.

Aaker (1991, 1996) defines it as a group of brand assets and liabilities that either add or subtract value to a brand. Srivastava and Shocker (1991) define it as the incremental value a brand name gives a product. Holbrook (1992) and Simon and Sullivan (1993) define it in terms of the financial impact of a brand. Keller (1993, 2003) perceives it as the differential effect that brand knowledge has on consumer brand. Park and Srinivasan (1994) define it as the incremental consumer preference for a brand. Kapferer (1997) further defines brand equity by stating “the brand has an
economic function, the value of a brand (brand equity) derives from its capacity to generate an exclusive, positive, and prominent meaning in the minds of a large number of consumers” (p. 25). Berry (2000) conceptualizes it as the differential effect of brand awareness and meaning combined with customer response to the marketing of the brand. Yoo et al. (2000) define it as the difference in consumer choice between a branded and an unbranded product given the same level of product features.

According to D,de Jong, 2006, Savings are monthly contributions made by each customer to the SACCOS so that the savings can be used as a criteria for a loan. Customer’s monthly contributions are usually split between various types of savings accounts. Savings has to meet the quality set such as enough savings contributions, good timings of savings contributions and how many times the contributions have been made to the SACCOS each month, (D,de Jong, 2006). Therefore, the need to keep cash safely is important, (Mankiw, 2000, Mavrotas & Kelly, 1999). The WOCCU, (2006) report specifies that savings’ attributes include the amount of savings contribution made by each customer, the timing of the savings contributions, and the frequency the savings contribution are made in a month. ICA, (1999) stipulates that savings improve and exempt SACCOS from acquiring external credit facilities if the saving deposits contributed by customers are well managed and controlled. Customers need assurance on financial services from SACCOS in order to make them continue to be customers. According to Robinson (1994:35), he commented that; “Well designed and well-delivered savings deposit services can simultaneously benefit households, enterprises, groups, the participating financial institutions, and the government. Good savings programs can contribute much on local, regional, and national economic development and can help to improve equity”

Saurina (2002) defines it as a set of characteristics that make a brand unique in the marketplace, allows the company to charge a higher price and retain a greater market share than would be possible with an unbranded product. For a more thorough discussion on the definition of brand equity, see Wood (2000). Although there is no universally accepted definition of brand equity, most authors agree that brand equity denotes the added value endowed by the brand to the product. This dissertation adopts
Farquhar’s (1989) definition of brand equity: “the added value with which a given brand to the product.

2.2 Theoretical Perspectives

This part is concerned with presenting the concepts and theories from different scholars who have done their works in areas of SACCOS’ customer satisfaction in general and specially on saving and credit service satisfaction.

2.2.1 Customership Satisfaction

Generally, customership satisfaction may be considered, as an emotional experience a person undergoes after comparing perceived performance of goods or services consumed or used with some form of standard, commonly referred to as pre-determined expectations. In the comparison process consumers use perceived performance instead of actual performance because in most cases, especially in services, actual performance is not known (Komba, 1997).

The gap between customers’ expectation of the savings and credit facilities and real performance of the said service is termed as service quality satisfaction (Parasuraman et al., 1985; 1988). Parasuraman et al., (1988) developed the Service Quality (SERVQUAL) model as mentioning five dimensions such as tangibility, responsiveness, reliability, assurance, and empathy. In 1992, Cronin and Taylor proposed the alternative method, referred to as Service Performance (SERVPERF) model. They argued that, to assess savings and credit facilities and service quality satisfaction, perception of customers regarding the performance of service provides (their co-operation) better results than using SERVQUAL. Along with other researchers in 1994, Parasuraman et al. also mentioned that measurement method using SERVPERF is better than using SERVQUAL, though SERVQUAL can provide better diagnostic results of savings and credit service quality satisfaction. The dimensions (i.e. tangibility, responsiveness, reliability, knowledge, and accessibility)
of loan service quality satisfaction for mass service as well as SACCOS’ service will be dominant.

In finance, service charge is termed as the amount of payment requested by the seller of services. Service charge as well as price is determined by several factors such as willingness of the buyer to pay, willingness to accept, costs, markup, legal environment, intensity of competition price substitute products, etc. Price fluctuations in many service industries results in price-performance and the level of price-performance stability moderates the relationship between performance potential and successive performance and satisfaction judgments (Voss et al., 1998). The perceived price fairness related to different level intangible services has direct or indirect effect on customer loyalty in case of SACCOS’s, auto repair and maintenance shops, and (gasoline) filling stations (Lien and YuChing, 2006).

Perceived value is customers’ psychological assessment regarding the product and service about the utility of that product or service comparing with expectation. Recently value perceptions have been focused by marketing researchers and managers to explain customer satisfaction and loyalty (Lin and Wang, 2006). To assess value perception customers consider perceived benefits relative to sacrifice (Lee et al., 2007). Except monetary sacrifice perceived value assessment includes social psychological perspective and non-monetary costs such as search cost, transaction cost, negotiation cost, and consumption of time (Kuo et al., 2009; Chen and Tsai, 2008).

2.2.2 Service Delivery

Quality customers’ service reflects an organization operating at a high level of concern about and attention to the needs of the customers (Albrecht & Zemke, 1985). Cooperatives throughout the world are experiencing changes in the way they are perceived by and interact with their customers. Albrecht and Zemke (1985) maintain that the capacity to serve customers effectively and efficiently is an issue every cooperative union must face. The identification of potential and existing customers is the first step in developing a customers’-service strategy (Blanding, 1991). Most
SACCOS are so busy, so uncomfortable, or so disinterested in people that they never take the time to find out who their potential customers are and what they might want and or need when joining the saving and credit co-operative society. Organizations can increase their effectiveness by going through the process of defining who are its customers and finding out what the customer expects from the organization when providing the products or services.

2.2.3 Loan Service Quality Satisfaction

As most developed economies are now services rather than products oriented, loan service quality satisfaction takes a prominent position in the marketing-management literature. Researchers have tried to conceptualize and measure loan service quality satisfaction and explain its relation to the overall performance of companies and organizations. A common denominator of research on loan service quality satisfaction is the conclusion that, because services are intangible, heterogeneous, and their “production” and “consumption” are usually inseparable, the process used by customers to evaluate loan service quality satisfaction is exceptionally composite and cannot be easily identified. The idea that services are evaluated both by the outcome and by the production and delivery process is commonly accepted. Grönroos (1982) considers services as products requiring, to a large extent, the consumer’s involvement in the process of production and consumption; during which consumers compare their expectations about the service with what they actually receive.

The result of this comparison is perceived loan service quality satisfaction (Parasuraman et al., 1988). Grönroos (1982) suggests that the consumers’ expectations are also influenced by marketing activities, external influences and word-of-mouth. He identifies two types of loan service quality satisfaction; “technical”, related to what the customer gets from a service and “functional”, associated with how the service is delivered. The (dis)satisfaction of customers is related to loan service quality satisfaction and influences their behavioural intentions as well as the organization’s performance.
The view of Parasuraman et al. (1988), that satisfaction over a time period leads to a general perception of loan service quality satisfaction, has gained support from other researchers. Others argue that perceived loan service quality satisfaction is an antecedent of customer satisfaction. Cronin and Taylor (1992) reported that all coefficients in the path loan service quality satisfaction - satisfaction - purchasing intentions were significant while those in the path satisfaction - loan service quality satisfaction - purchasing intentions were not. A third line of argument is that the distinction between loan service quality satisfaction and customer satisfaction is unclear, especially in situations of frequently delivered services (Bolton and Drew, 1991).

### 2.2.4 Customer’s Loyalty

A moderating variable between loan service quality satisfaction/customer satisfaction and economic performance is loyalty. Loyalty is the extent to which customers wish to keep their relationship to a supplier, and usually results from how much they believe that the value they receive from this supplier is higher compared to others. Loyalty is behaviourally expressed by retention and emotionally by word of mouth; the extent to which customers are willing to inform others on service incidents that have given them satisfaction. (Ranaweera and Prabhu, 2003)

Positive correlations between customer satisfaction and retention, loyalty and word of mouth have been reported in a number of studies (Parasuraman et al., 1988). Woodside et al. (1989) identified significant links between the overall satisfaction of hospital patients and their intention to choose the same hospital again. Anderson et al. (1994), report that the customers’ repurchase intentions in Sweden are strongly connected to their satisfaction from specific product categories. Anderson et al. (1994) argue that higher levels of customer satisfaction increase loyalty, decrease price elasticity, protect current market shares, decrease the cost of failures and of attracting new customers and help companies to build a positive corporate image.

Satisfied customers are known to provide positive word of mouth to individuals who have no relation to a specific transaction (Ranaweera and Prabhu, 2003) influencing,
thus, their purchasing intentions. Positive word of mouth decreases the need for marketing expenses and can increase revenues if new customers are attracted. Because its positive results cannot be always directly measured, positive word of mouth is sometimes considered as a side benefit of satisfaction, or as a low-cost alternative promotional solution.

Fornell (1992) enumerates several benefits of high customer satisfaction for the firm. In general, high customer satisfaction should indicate increased loyalty for current customers, reduced price elasticity; insulation of customers from competitive efforts, lower cost of future transactions, reduced failure cost, lower cost of attracting new customers and an enhanced reputation for the company. Increased loyalty of current customers means more customers will repurchase (be retained) in the future. If a firm has a strong customer loyalty, it should be reflected in the firms' economic returns because it ensures a steady stream of cash flow (Reichheld and Sasser 1990). The more loyal customers become, the longer they are likely to continue to purchase from the same supplier. The cumulative value of a loyal customer to a firm can be quite high. It is therefore apparent that "customers are an economic asset to the firm they are not on the balance sheet but they should be (Fornell, 1992).

Customer satisfaction is increasingly recognized as a key variable in models of consumer behavior and takes a central position in marketing decisions (Kotler, 1999). The recognition of the importance of customer satisfaction is not a new phenomenon. Currently, it is widely accepted that customer satisfaction leads to success in the market. Three factors may help to show this wide acceptance: Firstly, presently there are a high number of researchers who have explored the nature and effect of customer satisfaction and those who have linked customer satisfaction to business performance (Anderson et al, 1994). Second, many companies routinely measure customer satisfaction and use such measurements in developing, monitoring and evaluating product or services offerings as well as for evaluating, motivating and compensating employees. Third, theoretical and empirical analyses indicate that customer satisfaction has a strong impact and the profitability of organizations (Fornell 1992).
Reichheld and Sasser (1990), note that customer satisfaction leads to loyalty, which in turn leads to more profit in the long run.

2.3 Empirical Study

2.3.1 Global Related Literature

Surveys conducted from the University of Michigan Business School (2001) led to the result that customers feel disrespected and mistreated by their respective SACCOSs, hotels, etc. Related surveys revealed that there is a decline in the level of respect given to clients and despite the fact that business is growing the quality shrinks. This reality had a direct impact, not only in customer’s satisfaction, but also in the profitability and performance of the companies.

According to Reis et al. (2003), there has been a fundamental shift in how companies treat their customers. With the help of technology organizations can measure what are the expectations of their customers and then deliver quality products and services at a profit. Anderson et al. (1994) proved that the increasing of customer satisfaction leads to higher and more stable profitability, increased consumer willingness to pay price premiums, recommendations of new potential customers, more usage of the product, higher repurchase intentions (Reichheld 1996), and higher levels of customer retention and loyalty (Fornell 1992; Anderson & Sullivan 1993).

Drucker (1954) underpinned that the principle purpose of a business is to create satisfied customers. According to Oliver (1980), “Customer satisfaction is generally described as the full meeting of one’s expectations”. Fornell (1992) defined customer satisfaction as an overall evaluation of the total purchase experience compared with pre-purchase expectations over time. Oliver (1999) regarded satisfaction as a fulfillment judgment, focused on a product or service, which is evaluated for one time or repeated consumption. Oliver (1997) claimed that satisfaction is derived from the Latin satis (enough) and facere (to do or make)

Bloemer et al. (1998) argued that there is literature confusion about the relationship of customer satisfaction and service quality. They found that service quality can be taken
as a determinant of customer satisfaction. The SACCOS customers have certain expectations prior to their contact with their respective SACCOS. They develop perceptions during their service from their respective SACCOS and they compare these perceptions with their expectations. While customer satisfaction and service quality have similar characteristics they have some basic differences. In the first place it is argued that in order to form a satisfaction perception, usage of service is prerequisite, whereas service quality does not need necessarily experience of the service provided.

The study by WOCCU (2009) reveals that, voluntary savings are by far the most frequent source of funding for improving SACCOS’ customers wellbeing, this means that, money saved enables household as customer of rural SACCOS to build assets for the future, stabilize consumption and better prepare for unexpected emergencies.

The research findings in Guatemala (1987 – 1992) shows that, on the classical life cycle pattern of Guatemala SACCOS customers’ Savings behaviour is that customers who are young or new enter the SACCOS with low levels of assets and income. At the SACCOS, these customers are able to access credit by investing in savings, the minimum required to acquire a loan being a multiple of those savings. Customers initially put very little into deposit savings. Yet, over time as their assets and income increase, they save more and borrow less. As they borrow less, customers stop investing in shares. Customers’ share level off and deposit savings rise very rapidly and their SACCOS capability in delivering financial services to customers increase as well hence customers’ needs are fulfilled. Good quality of service from the SACCOS poses a guarantee on customer retention. Therefore, SACCOS in Guatemala serve as a financial intermediary between the older savers and the younger or newer borrowers in rural and small scale communities which are often not served by the formal financial intermediaries. The competitive environments facing SACCOS attempting to mobilize local savings, Ecosaba, particularly, faces intense competitive pressures from savings institutions in Guatemala City.
The research findings also indicate that service quality, and loan portfolio management on financial risks are not well given priority as the result most customers of these SACCOS face financial risks in their business start-ups. Research findings in Thailand shows that, the capital of one SHIs called Rice their respective SACCOS was obtained not from outside support, but from the contributions of customers, and good management of their loan portfolios in the country. Though this finding was seen outside Tanzania, it will have an important contribution in this study as far as the analysis of the role of customers of SACCOS on the issue of capability of SACCOS.

This issue of capability of SACCOS has drawn attention in many countries. The study conducted by WOCCU (2003) in Rwanda reveals that, most of the weaknesses associated with Credit Unions structure and operations can be reduced or removed through the implementation of effective supervisory and legislative control, mobilization of savings from customers, good quality of service provided, and management of loan portfolios. The biggest challenge, however, is how to develop sustainable SACCOS. The above evidences provide a foundation on the validity of this study in the sense that the key factors that affect the capability of SACCOS and customer retention (Service quality, Savings, and Loan portfolio) are all explained. The empirical results given above will assist this study to prove the above relationship.

In Spain, Saurina and Coenders (2002) found that customers of the cooperative union do not perceive satisfaction and overall quality as different constructs. However, the prevailing idea is that credit and service quality satisfaction is an antecedent of customer satisfaction and that satisfaction influences the behaviour of customers more than saving and credit service quality satisfaction in a given cooperative union. In some cases quality was found directly connected to economic performance. The impact of quality investments on profits cannot always be directly assessed because it is usually long-term; many other variables (price, distribution, competition, effectiveness, image and publicity) influence profits; and simply spending on quality does not automatically lead to profits because the strategy and functionality of the investment are also important.
Murray (2001) concentrated his study on customer satisfaction levels using data from four MFIs affiliated to Women’s World SACCOS in three countries: Colombia (America), Bangladesh (Asia) and Uganda (Africa) with a total sample of 3,000 clients. Using Likert’s scale, the author took into account expectations and perceptions items plotting results on a two-axis grid. Results proved that customers are more satisfied by accessing higher loan amounts, faster turnaround times, lower loan requirements and lower prices. However, it seemed that customers preferring to develop a long-term relationship with the MFI want to be given preferential treatment while all customers are demanding increasing levels of customer service.

Alhemound (2007) investigated customer satisfaction in the cooperative union in Kuwait. His study used a sample of 605 randomly selected customers. Using descriptive statistics, Correlation and ANOVA tests, his results showed that, in general, cooperative customers in Kuwait are satisfied with services provided by their unions. In this regard, customer satisfaction is mainly driven by: availability of safety of funds savings and low interest and soft loans.

Parasuraman et al. (1985) argued that loan service quality satisfaction in meeting customer satisfaction in saving and Credit Co-operative Society involves not only the outcome but also the delivery process. The authors described loan service quality satisfaction as a form of attitude that results from the comparison of consumer expectations with the service performance delivered. Furthermore, loan service quality satisfaction relates to satisfaction but the two constructs are not the same (Cronin and Taylor, 1992; Parasuraman et al., 1987). Several researchers on customer satisfaction in the Saving and Credit Co-operative Society have identified important factors driving customer satisfaction (Colgate, 1997, 1999; Cohn et al., 2006, Gan et al., 2006). For example, Anderson and Sullivan (1993) conducted a study in Sweden and found that the level of SACCOS’ customers’ satisfaction increased with the level of perceived loan service quality satisfaction. Anderson and Sullivan’s (1993) findings are consistent with Cronin and Taylor’s (1992) view that loan service quality satisfaction leads to customer satisfaction. Colgate (1999) suggests that an increased level of customer satisfaction and loyalty are positively linked to a firm’s financial
return. Satisfied customers are likely to recommend their SACCOS’ to their friends and relatives. The author suggests the overall customer service, close relationships, and competitive fees and charges are the top three drivers of SACCOS’ customers’ satisfaction.

Increasing competition in the Saving and Credit Co-operative Society in the past two decades has forced SACCOS’ management to understand the importance of loan service quality satisfaction in satisfying SACCOS’ customers (Yavas, Benkenstein, and Stuhldreier, 2004). Researchers have noted in the SACCOS’ing literature that it is much more expensive for SACCOS’s to attract new customers than to keep their existing customers (Yavas, Benkenstein, and Stuhldreier, 2004).

Numerous SACCOS’ services involve personal interactions, and therefore, researchers suggest that the interaction quality (the relationships between SACCOS’ service staff and SACCOS’ customers during service delivery) is an important factor when customers’ evaluate loan service quality satisfaction (Ennew and Binks, 1999; McDougall, Gordon, Levesque, and Terrence, 1994). Ennew and Binks (1999) study the relationship between SACCOS’ customers’ (small business segment) and employees’ participation in SACCOS’ service provision. The authors’ conceptualize SACCOS’ loan service quality satisfaction from a functional and technical perspective as suggested by Gronroos (1984). Dimensions such as perceived price, core product, staff knowledge, advice offered, efficiency in operation and accessibility also affect the loan service quality satisfaction perceptions of consumers (Ennew and Binks, 1999).

Ojasalo (2003) finds that the interactions during the service process have an effect on customers’ perceptions of loan service quality satisfaction. Further Ko and Pastore (2005) demonstrate the importance of interaction quality during the production and consumption of services due to the high levels of face-to-face communication. This study identifies interaction quality as one of the primary dimensions to evaluate loan service quality satisfaction.
McDougall, Gordon, Levesque, and Terrence (1994) describe outcome quality as the performance related aspects of loan service quality satisfaction, that are determined by: the skills and know-how of the employees, the ability of the organization and its employees to keep their promises with customers, and the employees ability to solve problems when they occur. In the context of the saving and Credit Co-orative Society, outcome quality is considered a crucial aspect for SACCOS’ loan service quality satisfaction evaluation especial in lending business (LeBlanc and Nguyen, 1988; Lewis, 1991). McDougall and Levesque (1994) note that SACCOS’ loan service quality satisfaction is comprised of three underlying dimensions: processes, outcomes, and the tangibles.

Blanchard and Galloway (1994) conceptualize loan service quality satisfaction using three criterions related to the process/outcome perspective, the subjective/objective perspective and the soft/hard perspective of loan service quality satisfaction in the United Kingdom retail saving and Credit Co-orative Society.

The rapid growth in the information technology and network systems during the past decade has introduced major changes in the global economy and business environment (Qureshi et al., 2008). Information technology development has increased the communications and transactions between SACCOS’s and their clients in the Saving and Credit Co-orative Society (Booz et al., 1997). Technological innovations lead to time saving and improved loan service quality satisfaction for SACCOS’ customers (Qureshi et al., 2008). In order to remain competitive, SACCOS’s are increasing their technology-based service options to deliver dependable services to their consumers (Al-Hawari et al., 2005; Fitzsimmons and Fitzsimmons, 1997). Herington and Weaven (2007) study SACCOS’ e-loan service quality satisfaction and collect data from 200 Australian respondents who regularly used internet SACCO’s. The results show that personal needs internet site organization, user-friendliness of the site, and site efficiency as the most significant factors that influence SACCOS’ customers’ e-loan service quality satisfaction perceptions.
Research on the relationship between loan interest rate and customer satisfaction has been widely conducted. Matzler, Wurtele, and Renzi (2006) describe the role of loan pricing as the determinant during the purchase and after the purchase process. Prior research in value (price)-satisfaction relationships include pricing policy, money-back guarantees (Heskett et al., 1990), low and fixed prices (Ortmeyer et al., 1991) and fair and honest pricing (Ayres and Nalebuff, 2003). The results of these studies are similar, where “good” value (price) causes an increase in customer satisfaction. Value perceptions are considered to be the result of a cost benefit trade-off (Zeithaml, 1988), that compares the price customers have to pay with the quality they receive (Monroe, 1990).

This causal relationship was also confirmed by other researchers in a number of empirical studies across various industries. For instance, Fornell et al. (1996) investigate the impact of value (price) and perceived quality on overall satisfaction in seven major economic sectors in the U.S (including the financial and insurance sector). Both value (price) and perceived loan service quality satisfaction have a positive effect on customers’ overall satisfaction.

Varki and Colgate (2001) study the perceptions of value (price) in the Saving and Credit Co-erorative Society in the U.S. and New Zealand. The authors’ results show that value (price) perceptions directly influence customers’ satisfaction. Matzler, Wurtele, and Renzi (2006) describe similar results in their study on retail SACCOS’ing in Austria and conclude that price satisfaction positively influences SACCOS’ customers’ overall satisfaction. Leverin and Liljander (2006) suggest that SACCOS’ customer satisfaction is influenced by factors such as the price of services, or the number and severity of negative critical incidents. Similarly, Levesques et al. (1996) study reveals that SACCOS’ charges and interest rates determine the overall satisfaction level of the customers.

Image has been described as subjective knowledge (Boulding, 1956), as an attitude (Hirschman et al., 1978), and as a combination of product characteristics that are different from the physical product (Erickson et al., 1984). Gronroos (1984) argued
that image was critical to service firms, and to a greater extent, determined by customers’ assessment of the services they receive. The author conceptualized customers’ perceived loan service quality satisfaction from three aspects that included image.

Naser et al. (1999) and Chen et al.’s (2005) studies explain “the image of the SACCOS” as one of the most important SACCOS’ selection criteria for customers. Aydin and Ozer (2005) claim that corporate image results from customers’ consumption experiences and those experiences, in turn, determine customers’ overall loan service quality satisfaction perceptions.

Similarly, Lu, Zhang, and Wang (2009) recommend using corporate image as a moderator for the relationship between interaction quality, physical environment quality, and outcome quality and loan service quality satisfaction. The authors argue that customers may forgive negative loan service quality satisfaction if a company has a good image bearing in their customers’ minds. Bloemer, Ruyter, and Peeters (1998) also find the image of a SACCOS’ has a clear, positive influence on loan service quality satisfaction perceptions. Nguyen and LeBlanc (1998) collect data from 1,224 customers in the Saving and Credit Co-operative Society and found that SACCOS’ customers who received a higher level of loan service quality satisfaction form a favorable corporate image. Che-Ha and Hashim (2007) assert that brand aroused feelings as one of the important factors in explaining customer satisfaction. Similarly, Mihelis et al. (2001) measure SACCOS’ image by credibility (name, reputation), technological excellence and the ability to satisfy future customers’ needs. The following relationship is hypothesized.

2.3.2 Tanzania Related Literature

In this section, studies from various scholars who did their studies on the related subject were reviewed and presented. The studies include but not limited to IFAD (2007); Chambo, (2007); Bibby (2006).
IFAD (2007) studied customer satisfaction in rural micro-finance institutions in Uganda, Kenya and Tanzania. Combining qualitative (14 focus group of 71 clients) and quantitative approaches (209 interviews), this study assessed the determinants of customer satisfaction for microfinance to rural customers accessing both credit and savings facilities. Results revealed that “customers prefer access to their savings while on credit facilities, customers want to have access to loan amounts they actually apply for at a ‘reasonable’ price and on flexible repayment term conditions”. The study suggested also that surveyed customers were all satisfied exhibiting a Customer Satisfaction Index of 81%. The study concluded that “financial services should be delivered by courteous staffs that preferably are not being changed.

The study on the role of co-operative and community institutions carried out in Kilimanjaro region revealed that the success of urban SACCOS depends more on compelling common economic factors. In urban SACCOS, automatic deposits and loan repayment through payroll is one key factor that gives strength to the organization as well as customers’ confidence and satisfaction. They are yet to collect deposits and extend credit to non-employees. The study sees the importance of SACCOS breaking through this frontier in order to deliver micro-finance services in the urban effectively. A lack of capacity in terms of enlightened management and well qualified staff is the greatest single weakness in co-operative financial institutions (Chambo, 2003).

The study conducted by Chambo (2003) on the customer empowerment in Co-operative Savings and Credit Societies in Tanzania revealed that the state of governance in the agricultural marketing co-operatives is much poorer than the SACCOS. There is more customer participation and more so, gender participation in the SACCOS movement than in the agricultural marketing co-operatives. The SACCOS movement has been a marginal player in the economic game hence politically secure. He also added that, SACCOS can be capable of delivering competitive financial services to customers if there is an improvement on quality of service offered, savings mobilization, and loan portfolio management.
The study conducted by Bibby, (2006) reveals that, successful SACCOS in Tanzania are not immune from the need to anticipate change. Capability of SACCOS which led to customer satisfaction includes the varieties of financial products that they can offer to their customers/clients. What is also clear, however, is that the SACCOS do not offer variety of financial services that the customers need and this led to a poor performance of various SACCOS due to lack of confidence and unsatisfied customers. This study therefore, uses these findings to examine weaknesses underlying this area and give recommendations to stakeholders on the way forward towards improving the SACCOS’ movement in Tanzania.

2.3.3 The Role of SACCOS in the Tanzania Economy

Being one of the types of MFIs, SACCOS has the following roles to play in ensuring the economic development of Tanzania:

Help to mobilize rural and urban Savings from Workers and Peasants and provision of safe and convenient place to keep customers money, advancing credits of convenient amounts to customers and within the right time and affordable interest rate, Reinvestment of surplus fund with formal financial institutions, offer easily reachable and accessible financial services through increased outreaches. SACCOS form a good base for customers’ capacity building.

Subject to the above roles of SACCOS some of the study findings have derived attention on the prudential uses of SACCOS’ funds. Another interesting finding revealed by Temu (1997) is that one weakness from which these institutions do suffer is lack of liquidity. Interventions to support such institutions need not be in form of funds for further on lending; it is, however, the ability to turn the big volume of deposits into services, loans and other products, and profit that is the issue. Though such findings cannot be generally taken, they, however, form a good foundation for this study in evaluating the capability gap and together with information to be obtained from field assisted to come up with a suggestion to solve the issue.
2.4 Conceptual Framework for the Study

Satisfaction is a state felt by a person who has experienced performance or an outcome that fulfill his or her expectation (Saurina and Coenders, 2002). It is a function of relative level of expectations and perceived performance. Thus, it is because of operational factors and usability factors customers would experience different levels of satisfaction on customers. Customer satisfaction over savings and credit services offered by SACCOS to their customers is a function of the operational factors; usability factors as well as staff approaches.

Figure 1 Conceptual Framework

Source: Researcher’s findings 2014.

The conceptual framework above (Figure 2.1) shows that the customer satisfaction is a dependent variable. The customer satisfaction in the saving and credit facilities provision is achieved after several factors or elements. The independent variable in this model include operational factors (conditions, processing, documentation and timing), usability factors (loan management skills, proper allocation and sufficiency of loan), and staff approach. The operational factors, usability factors and staff approach determine the extent of the customer satisfaction on loan offered.
2.5 Conclusion

This chapter presented the literature review for customer satisfaction in savings and credit cooperative societies. The chapter started by defining the various concepts and terminologies used in this study as defined by various authors. The chapter presented the review of both global related and Tanzania related literatures.
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

Research methodology refers to a systematic way applied to solve the research problem (Kothari, 1999). This section tries to describe the methodology used in conducting this study. The components of this chapter research design, description of the study area, types and sources of data used, study area and target population, sample size, sampling techniques, data collection methods and instruments, as well as data analysis.

3.1 Research Design

Research design can be thought of as the structure of research. Rodham (2003) defines it as the scheme, outline or plan that is used to generate answers to research problems. It constitutes the blueprint for the collection, measurement and analysis of data. Kothari, (2003), defines it as the scheme, outline or plan that is used to generate answers to research problems. It constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2003). Approaches and types of research are of two main categories, basic or applied research. Applied research aims at solving problems while basic research is mainly for uncovering new knowledge and theories (Churchill, 1999). This study is an applied research and positivistic. In marketing, quantities means a lot to arrive into important decisions, most of marketing research approaches are applied research and positive in inclination (Churchill, 1999). The research based on cross sectional and in particular, the descriptive design studies, this is because the research problem is relatively clear. This design ensured the selected samples statistically represent the entire population. Both primary data were gathered through interview and questionnaires, and secondary data be obtained from books, journals and reports.
3.2 Description of the Study Area

This study concentrated on the selected SACCOS based in Dar es Salaam. A researcher decided to conduct this study in this area because of the presence of many savings and credit cooperative societies and so information was easily obtained. However, Kinondoni and Temeke Municipality were selected as a sampling area for convenience.

3.3 Types and Sources of Data

The study used primary data and secondary data. The primary data was obtained from the questionnaires and personal interviews between the researcher and interviewees. These were the first time collected data from the primary sources, i.e. the respondents. The secondary data was obtained from the documents reviews. These were the second hand data, being collected from data banks, documentary and literatures.

3.4 Sampling and Sampling Techniques

Purposeful sampling (Lincoln & Guba, 1985) was an integral component of the study’s evolving design: as the researcher collected and analyzed data, the researcher identified additional data needed to refine the emerging understanding. Purposeful sampling (more or less synonymous with theoretical sampling (Glaser and Strauss, 1967)) is characteristic of qualitative inquiry and is based on “informational, not statistical, considerations...Its purpose is to maximize information, not facilitate generalization” (Lincoln & Guba, 1985).

3.4.1 Study area and target population

The choice of the study area has a great influence on the end results of any study. There must be a true representative sample of the whole population in the study, that is, the results must be a true representation of the whole population (Churchill, 1999). Russell (2000) noted that all items in any field of inquiry constitute universe or population. A complete evaluation of all items in the population is known as census inquiries. When the universe is small one, it
is no use resorting to a simple survey (Kothari, 1990). Many times, it is not possible to examine every item in the population and sometimes it is possible to obtain sufficiently accurate results by studying only a part of total (Lai and Mahapatra, 1997).

The sample size of a statistical sample is the number of observations that constitute it. It is typically denoted ‘n’, a positive integer. Typically, all else being equal, a larger sample size leads to increased precision estimates of various properties of the population, though the results became less accurate if there is a systematic error in the experiment. This can be seen in such statistical rules as the law of large numbers and the central limit theorem. Repeated measurements and replication of independent samples are often required in measurement and experiments to reach a desired precision. The data were drawn from SACCOS customers in Temeke and Kinondoni Municipalities in Dar es Salaam, Tanzania. The survey questionnaire was designed and implemented according to the Dillman Total Design Method (1991), which has proven to result in improved response rates and data quality.

The design of the questionnaire was based on multiple-item measurement scale. A seven-point Likert scale was adopted because the scale has the optimum size compared to five and ten point scales (Schall, 2003). Respondents were asked to evaluate the items of the constructs using a seven-point Likert scale. The descriptors ranged from 1 (strongly disagree) to 7 (strongly agree).

3.4.2 Sample Size

A total of 120 questionnaires were distributed to respondents in various randomly selected SACCOS in Temeke and Kinondoni municipalities in Dar es Salaams during business hours over a period of three weeks.

3.4.3 Sampling Procedures

Sampling is a process of selecting a number of individuals or objects from a population such that the selected group contains elements that is representative
of the characteristics found in the entire group (Rodham and Combo, 2002). Kothari (1990) define sample design as a definite plan for obtaining a sample from a given population. Researcher must select/prepare a sample design that should be reliable and appropriate for his/her research study (Churchill 1995). Sample design for given sample size and cost should have a smaller sampling error in any result in a truly representative sample (Kothari, 1990).

Kothari (1990) continued to note that there are different types of sample designs based on two factors that are the element selection technique and the representation basis. On the element selection, the sample may be restricted or unrestricted. When each sample element is drawn individually from the population at large, then the sample so drawn is known as unrestricted sample, where all other forms of sampling are covered under the term restricted sampling. On the representation basis, the sampling may be probability sampling and or non-probability sampling. The first is based on the concept of random selection while the second is based on non-random sampling. (Lai and Mahapatraa, 1997) This study therefore employed a random sampling in obtaining the unrestricted samples. Due to time constraint, the study took the sample of the selected SACCOS customers in Dar es Salaam branches only. The choice was so because of the presence of large number of customers enough to provide the representation for the purpose of this study, but also the collection process of the data was not complicated and served the purpose.

3.5 Data collection methods and instruments

In research, the term data collection refers to gathering specific information aimed at providing or refuting some facts. The research must have clear vision of the instruments to be used, the respondents and the selected area. (Kombo et al, 2006). The leading tool in collecting primary data is the self-administered questionnaire that was constructed in a consistent way to enable every respondent to answer the same kind of questions in order to simplify the analysis part and generate consistency in the interpretation stage. Structured questionnaires are simple to administer and relatively inexpensive (Kothari, 1990). Questionnaires are appropriate because the respondents
are literate and can fill them at their convenient time. The assistant distributed the questionnaires to fellow selected SACCOS officials and customers in general in a friendly and persuasive manner. First, five pilot questionnaires were pre-tested in order to check for omissions and ambiguity. Detected problems were corrected and a final version distributed to respondents. Questionnaires were collected by the research assistant as soon as they had been filled.

3.6 Validity and Reliability of the Study Instruments

Validity and reliability of research instruments are complex concepts. According to Bell (1995), validity tells us whether an item measures or describes what it is supposed to measure or describe; while reliability is the extent to which a test or procedure can produce similar results under constant conditions on all occasions.

The validity of the questionnaire as a study instrument confirmed by making sure that the questionnaire is carefully designed with questions which are clear and answer the research problem. In the questionnaire, for example, respondent’s name is not mentioned because many people preferred anonymity when responding to issues concerning their personal lives. No two interviewers were alike and the same person may provide different answers to different interviewers (Kombo et al, 2006). Validity deals with personal settings and times to which findings can be generalized (Cronbach, 1971).

As it is a one-time study, the concern of the researcher ensured internal reliability, which is a measure of internal consistency. Cronbach alpha measures how reliable the instrument is. The proposed level of reliability is 0.5 (Lai and Mahapatra, 1997).Enumerators ensured that external sources of variations such as fatigue and boredom are avoided. Friendly and persuasive language to be used and the importance of the findings of study to the respondents was explained while issuing the questionnaires. The questions were simple and focused on the research problem.
3.7 Data Analysis

The data analysis varies with the purposes of the research complexity and of the research design and the extent to which conclusions can be reached easily (Rodeo and Combo, 2002). Basing on the nature of this study, quantitative data were generated and analyzed. The quantitative data analysis was undertaken by using descriptive statistics which included also both means and percentage to characterize factors affecting SACCOS customer’s satisfaction on savings and credit facility services.

The statistical package for social sciences (SPSS) was used to analyse the data which is a bivariate coefficient which is easy to use as reported by Kothari (1990) in Pearson’s product moment correlation coefficient. This tool is used to analyses the relationship. Analysis of data is a computation of certain measures along with searching for patterns of relationships that exists among data groupings. Data analysis was performed with the purpose of summarizing the collected data and organizing them in such a way that the information extracted related to research questions. Data collected from the field research were also analyzed qualitatively. The data from the questionnaires was edited, summarized, classified, tabulated and finally analyzed by using a social package for social sciences (SPSS) due to its user friendliness and easy data manipulation. The data was presented in descriptive statistics which was comprised of frequencies and percentages in statistical tables.

3.8 Conclusion

This chapter has introduced the methodology which was used in this study. It shows the methodology to be used in conducting this study. Specifically, it focused on the research design, population, sample size, sampling techniques, data collection methods, as well as data analysis procedures, among others.
CHAPTER FOUR
STUDY FINDINGS AND DISCUSSION

4.0 Introduction

This chapter presents the findings of the study related to the problem of the study whereby the results are presented in tables and figures. The discussion of the finding of the study was done reflecting the specific research objectives.

4.1 Respondents Profile

The profile of the respondents has been analyzed so as to get the general picture of the respondents to the study. The attributes such as Age, Gender, education level, marital status and even other professional qualifications have been analysed.

4.1.1 Sex of Respondents

The sex of the respondents was analyzed so as to check the composition of the respondents based on their sex. This was necessary in order to check if both categories of the respondents were given equal chances. Table 4.1 below present the summary of the gender of the respondents

Table 4.1 Sex of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>76</td>
<td>63.0</td>
<td>63.00</td>
</tr>
<tr>
<td>Female</td>
<td>44</td>
<td>37.0</td>
<td>100.00</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100.0</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Field data (2014)

Almost both genders were given the chance to give their views on the study since neither of the two limited to the access of their respective SACCOS services. The
analysis shows that 76 (63.0%) respondents were males and the rest of respondents (n=44, 37.0%) were females. The respondent’s gender was important in this study because it provides a clear understanding of the type of respondents involved. This has direct impact on the result and the findings of the study. However, only selected characteristics were examined even if the data analysis shows that males outweighs females but this does not mean that males were more cooperative than females since the pattern of the distribution of the questionnaires was not given.

4.1.2 Age of respondents

The age of the respondents was analyzed so as to check the composition of the respondents based on their age. Table 4.2 below presents the summary of the age of the respondents.

<table>
<thead>
<tr>
<th>Age of respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 to 50 years</td>
<td>108</td>
<td>90.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>12</td>
<td>10.0</td>
<td>100.00</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100.0</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Field Data analysis (2014)

Table 4.2 above reveals that most of the respondents (n=108, 90.0%) under this group were those aged between 18 to 49yrs old, and the rest of the respondents which constituted only 12 (10.0%) respondents from the same group were aged above 50 yrs. So in general the analysis shows almost all the respondents attained the age of maturity which gave much confidence on the data obtained. The maturity age was important in this study in order to get a true satisfaction level of the respondents regarding service quality of their co-operatives with specific emphasis on credit and savings services satisfaction.
4.1.3 Education Level

The study intended to understand the education level of the respondents which was used as a sample profile in the study. The summary of education level of the respondents is presented in table 4.3 below.

Table 4.3 Education Level of Respondents

<table>
<thead>
<tr>
<th>Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Secondary</td>
<td>57</td>
<td>48</td>
</tr>
<tr>
<td>College/University</td>
<td>42</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field Data (2014)*

Table 4.3 above indicates that at least 57 (48%) respondents had secondary level education, 42 (35%) respondents had some college or university education, and 21 (18%) respondents had primary school leavers. These indicated that at least all respondents under study were knowledgeable enough to understand the questions asked and provide their answers based on what they know. This also means that most of the respondents were educated people with some knowledge of loan services provided by their respective SACCOS. According to Sauriner and Coenders (2002) the level of education can shape the level of satisfaction and hence the attitude toward service of the customer in a co-operative union. They further added that, highly and lowly educated customers of a co-operative union can perceive the same service given in the very same way differently.

4.2 Research Findings by study objectives

This study was guided by three specific objectives namely; to examine the extent to which “operational factors” affect customer satisfaction on loan offered, extent to which “usability factors” affect customer satisfaction on loan offered and extent to
which “staffs approaches” to customers influence customer satisfaction at THEIR RESPECTIVE SACCOS. The following subsections explain the results obtained following the analysis of the collected data.

### 4.2.1 Operational Factors Affecting Customer Satisfaction on Loan Offered

This study aimed at identifying any operational factor that affects customer satisfaction on loan service offered by their respective SACCOS. During the study, customers were asked on their levels of satisfaction on loan condition imposed during and after loan applications, loan processing, documentation and interest rates and the results are as shown below in the respective subheadings.

#### i. Loan Conditions

The respondents were asked to state their levels of satisfaction on loan conditions as provided by their respective SACCOS. Table 4.3 below presents the summary of the respondents’ responses.

<table>
<thead>
<tr>
<th>Loan Conditions</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Satisfied</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Neutral</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>97</td>
<td>81</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source:* Field Data

The findings of this study as shown in table 4.4 above indicate that customers are not satisfied with the loan conditions as imposed by their SACCOS. This is revealed by 97
(81%) respondents who were very dissatisfied, 13 (11%) respondents said were dissatisfied while only 7 (6%) respondents reported that they are satisfied, 2 (2%) were very satisfied and 1 (1%) of respondents were neutral. These results imply that loan conditions are one of the factors affecting customers’ satisfaction on the loan offered by various SACCOS. Customers are not satisfied with the loan conditions which seem to affect their intention to take loan or when they decide to apply for customers they get hardships in meeting the stated conditions. The findings of the study signify that with unfriendly conditions on loan offered, customers either fail to access loan or access them in a very difficult way and as a result their service expectation and hence satisfaction will be low.

ii. Loan Processing

The loan processing has been also a factor towards customer satisfaction on the loan offered by their SACCOS. Respondents were asked on how satisfactory the loan are processing process at their respective SACCOS. The summary of the findings are presented in table 4.5 below.

Table 4.5 Loan processing

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Satisfied</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>84</td>
<td>70</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Data

It was noted that 70 percent of respondents were dissatisfied with the way the loan is processed at the SACCOS, 16 percent of respondents were very dissatisfied, 8 percent of respondents were satisfied, 4 percent of respondents were very satisfied, and 3
percent of respondents were neutral. It was found that the processing is so slow compared to the needs and apart from that, the loan processing demands a lot of requirements at which customers were unhappy of them as it tends to complicate their business schedule and consume much of customers’ resources including time.

### iii. Documentation

This study further intended to examine how documentation of loan services provided by various SACCOS in Tanzania related to customer satisfaction on loan service at their respective SACCOS. Respondents were asked to indicate the level of satisfaction on the whole documentation process when applied for loan at their respective SACCOS. The results are presented in table 4.6 below.

**Table 4.6: Documentation**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>34</td>
<td>28</td>
</tr>
<tr>
<td>Satisfied</td>
<td>64</td>
<td>53</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source:** Field Data

In the case of documentation for the loan access in studied SACCOS, it was found that customers have some satisfaction on the documentation process. It was found that 64 (53%) respondents were satisfied with the type and nature of documents demanded by the SACCOS for loan request, while 34 (28%) respondents were very satisfied, 10 (8%) respondents were dissatisfied, 7 (6%) respondents were very dissatisfied, and 5 respondents (4%) were neutral. SACCOS normally like any other financial institution do request key information from the customers via different documents in order to have proper loan proposal evaluation and assessment. For this case, customers said
that nearly all information is important and were easily available from customers as requested by the SACCOS.

iv. Interest rates

Kenny et al. (1996) compared their findings with studies conducted in other countries in order to determine whether SACCOS need to follow new policies for attracting customers, in the relatively new free market economy of Tanzania. They concluded that the most important selection factors for a SACCOS’ choice by customers were: reputation, price (increased interest rate on savings and reduced interest rates on credits) as well as any other services offered. In this study, the SACCOS’ customers do not differ from customers of the SACCOS’ in other countries and this is shown by satisfaction level of SACCOS’ customers on the interest rates charged by the SACCOS for loan offered.

Table 4.7: Interest Rates

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Satisfied</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>93</td>
<td>78</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Data

It was found in the study that 93 (78%) respondents were dissatisfied with the loan interest rates, 15 percent of respondents were very dissatisfied, 5 percent of respondents were satisfied, 1 percent of respondents were very dissatisfied, and 2 percent of respondents were neutral. The results imply that most customers are not happy with the level of interest rates as charged by the SACCOS. It was stated that, the interest rates charged on credits are higher as expected by most customers. Due to high interest rates on credits offered, the liability becomes higher which then affect the
usage of credits as investment or operating capital. The customers of the SACCOS held that, the interested rates charged erode the amount of profits expected from the production activities because much of it will be going back to the SACCOS. A lower interest rate decreases the cost of credits, hence increases the demand for SACCOS credits. Important research papers in this respect are the papers of Calza et al. (2003) and Nieto (2007). The financial position of the borrower plays an important role and this is related to the country’s GDP. This indicates that in times of a financial crisis, it is natural for credits demand to be low and the probability of a SACCOS accepting the application of a customer for credits to be minimal.

4.2.2 Usability Factors Affecting Customer Satisfaction on Loan Offered

This study also aimed at identifying usability factors affecting customer satisfaction on loan service offered by their respective SACCOS’. Customers and management of the selected SACCOS in Dar es Salaam were asked about loan management skills, timely availability of loan, and sufficiency of loan. The results of each category are shown in the following subsections.

i. Loan management skills and Service Quality

Service quality factors and loan management skills seem to affect very much the decision to take out a loan in a given SACCOS. In particular, services quality affects a citizen’s decision to make savings and/or take out credits. This result is in agreement with the classical theory of Parasuraman et al. (1988), who point out the importance of service quality in developing customer loyalty through customer satisfaction.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>46</td>
<td>38</td>
</tr>
<tr>
<td>Moderate</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Low</td>
<td>62</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data
Most of the customers lack loan management skills as it was noted by 52 percent of respondents who said they have low loan management skills, compared to 38 percent of respondents who had high loan management skills and 10 percent of respondents said they have moderate loan management skills. With this trend the findings shows that customers are not satisfied on the loan accessed because of their inability to manage it and actually because of low support from the SACCOS on training the proper usage of the loan which has deteriorated its service quality. Due to this situation the loan usage becomes poor and as a result leads to the poor productivity. The management of loan is very important because it brings the benefits of loan into business and therefore a SACCOS may increase its service quality scores by educating its customers on proper management and usage of loan.

**ii. Timely Availability of Loan**

This study assessed the respondents’ response on how satisfied they are on timely availability of applied loan. The results are presented in table 4.9 below

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Satisfied</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>99</td>
<td>83</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field Data*

The study found that 99 (83%) respondents were very dissatisfied with timely loan availability and 6 (5%) respondents were dissatisfied. 7 (6%) respondents were
satisfied, 3 (3%) of respondents were very satisfied and 5 (4%) respondents were neutral on the timely availability of loan. These findings imply that while most of the respondents need their requested loan on time, the real situation is quite different whereby loan can be received after a couple of months from the exact date of need. This is caused by processing delays in a SACCOS. Thus, customers are dissatisfied with this situation because it does not help to boost their business/Savings as intended rather they increase liabilities once the activity for financing has expired. In relations to that the money are directed into other activities which were not probably planed for. The whole scenario then may affect the business performance and even loan repayment.

iii. Sufficiency of credits

Respondents were asked about the sufficiency of credits they get once applied for credits at their respective SACCOS. Their responses are presented in table 4.10.

Table 4.10: Sufficiency of credits

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Satisfied</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>92</td>
<td>77</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field data, 2014

The findings show that 92 (77%) respondents were very dissatisfied with the sufficiency of credits as provided by their respective SACCOS, 11 (9%) respondents
were dissatisfied, 10 (8%) respondents were very satisfied, 4 (3%) respondents. The other factors where the customers are dissatisfied are the insufficiency of credits provided. It was noted that most of the time credits received is not exactly as per the application, however, the SACCOS may provide credits in accordance to the internal decisions mostly at a reduced amount of credits which is insufficient to the intended financing activity.

4.2.3 Staff Approach Influencing Customer Satisfaction on Loan facilities Offered

This was the last objective of this study and it aimed at examining how staff approach to customers influence their level (customers) of satisfaction specifically on provision of loan facilities. The staff approaches studies involved the staff’s assessment criteria of loan application, loan processing speed, staff’s customer relationship as well as ease of obtaining loan. The results for each approach are shown in the following subsection.

i. Assessment Criteria

Respondents were asked if they are satisfied with the loan application assessment criteria at their respective SACCOS. The results are presented in table 4.11 below.
### Table 4.11: Assessment Criteria

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Satisfied</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Neutral</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>64</td>
<td>53</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data

The staff approach in the process of application and processing loan of customers especially in the area of assessment criteria is the factor towards the customer satisfaction on loan offered. The findings of the study shows that 64 (53%) respondents were very dissatisfied with the assessment criteria while 25 (21%) respondents were dissatisfied, 13 (11%) respondents were satisfied, 8 (7%) respondents were very satisfied and 10 (8%) respondents were neutral.

#### ii. Processing Speed

Loan processing speed were sought by this study to affect the customer satisfaction on loan services. In this study respondents were asked to show their level of satisfaction on the speed at which their loan applications are processed based on the time taken to get a loan from application date. Their responses are summarized in table 4.12 below.
The findings of the study revealed that 78 (65%) respondents were dissatisfied with the speed of loan processing, 30 (25%) respondents were very dissatisfied, 6 (5%) respondents were satisfied, 2 (2%) of respondents were very dissatisfied and 4 (3%) respondents were neutral. These findings imply that the most of the customers are dissatisfied with the way processing speed is done. The resulting impact of low processing speed is the untimely provision of loan. It is because of this trend the customers cannot enjoy the accessed loan as it affects the usage of loan especially when needed for operations issues.

iii. Customer Relationship

A good customer relationship is likely to influence a positive attitude toward a service or product offered to the SACCOS customer. A friendly relationship between the seller and the customer lead to a satisfied customer (Bitner, 1994). The respondents were asked if they are satisfied with the way they are served/customer relation. The findings are presented in table 4.13 below.
Table 4.13: Customer Relationship

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Satisfied</td>
<td>87</td>
<td>73</td>
</tr>
<tr>
<td>Neutral</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data

The customer relationship was found to be good in which 73 percent of respondents were satisfied with customer relationship, 14 percent of respondents were very satisfied, 6 percent of respondents were neutral, 4 percent of respondents were dissatisfied, and 3 percent of respondents were very dissatisfied. The findings of the study indicate the availability of the better relationship from the staff. This signifies the approach of staff in terms of relationship is friendly and therefore satisfactory. With the satisfactory customer relationship the SACCOS would be able to understand and support the customers effectively and efficiently.

**iv. Ease of Obtaining Loan**

Respondents were asked if it is easy to obtain loan when required from their respective SACCOS. This was aimed to identify if there are many strings attached to loan applications which make a customer perceive difficult to get the loan service. The responses from the respondents are present in table 4.14 below.
Table 4.14: Easy of Obtaining Loans

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Satisfied</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Neutral</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>81</td>
<td>68</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data

It was found in the study there are difficulties in obtaining loan from the SACCOS as perceived by the respondents when ranking the satisfaction levels. 81 (68%) respondents were dissatisfied and 4 (3%) respondents were very dissatisfied, whereas 16 (13%) respondents were satisfied, 12 (10%) respondents were very satisfied, and 7 (6%) respondents were neutral. The results show that the process of getting credits from the SACCOS is not easy. The staff approach makes difficulties in terms of the processing and documentation demands. All these are not simplified to ensure easy access to loan; instead, they are exposed steadily to prone customers who wish to get loan.

v. **Efficiency of Handling Problems**

Respondents were asked if they are satisfied with the efficacy of handling problems at their respective SACCOS. Their responses are presented in table 4.15 below.
Table 4.15: Efficacy of Handling Problems

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>Satisfied</td>
<td>79</td>
<td>66</td>
</tr>
<tr>
<td>Neutral</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data

The study found that there is better problem solving from among the staff during loan application. 66 percent of respondents reported that they were satisfied with the efficacy of handling problems, 18 percent of respondents were very satisfied, 7 percent were dissatisfied, 4 percent of respondents were very dissatisfied and 5 percent of respondents were neutral. The good tendency of handling problems of customers makes them satisfied and comfort with their respective SACCOS, therefore, attracting more customers to join and transact with their respective SACCOS services. The staff approach has been positive in which most of the customers have been satisfied in this case.

Customer satisfaction is increasingly recognized as a key variable in models of consumer behavior and takes a central position in marketing decisions (Kotler, 1999). The recognition of the importance of customer satisfaction is not a new phenomenon. Currently, it is widely accepted that customer satisfaction leads to success in the market. Three factors may help to show this wide acceptance from the findings of this study: Firstly, presently there are a high number of researchers who have explored the nature and effect of customer satisfaction and those who have linked customer satisfaction to business performance and found that a satisfied customer mean a performing business. (Anderson *et al*, 1994). Second, many companies routinely measure customer satisfaction and use such measurements in developing, monitoring and evaluating product or services offerings as well as for evaluating, motivating and
compensating employees. This is to say that, the SACCOS struggles to improve their operational factors which are likely to influence a positive customers’ attitude toward a service offered by the SACCOS. Third, theoretical and empirical analyses indicate that customer satisfaction has a strong impact and the profitability of the SACCOS (Fornell 1992). Reichheld and Sasser (1990), note that customer satisfaction leads to loyalty, which in turn leads to more profit in the long run. In this study, a loyal customer is a satisfied customer of which this satisfaction is affected by usability factors and staff approaches to the service offered by their respective SACCOS is improving in the market due to the good image the SACCOS has created by making sure its customers are satisfied. Most of the variables observed as measures of the three factors as discussed above are found to be satisfactory by most of the respondents.

Parasuraman et al. (1985) argued that loan service quality satisfaction in meeting customer satisfaction in savings and credit industry involves not only the outcome but also the delivery process. The authors described loan service quality satisfaction as a form of attitude that results from the comparison of consumer expectations with the service performance delivered. Furthermore, loan service quality satisfaction relates to satisfaction but the two constructs are not the same (Cronin and Taylor, 1992; Parasuraman et al., 1987). Several researchers on customer satisfaction in the savings and credit industry have identified important factors deriving customer satisfaction (Colgate, 1997, 1999; Cohn et al., 2006, Gan et al., 2006). For example, Anderson and Sullivan (1993) conducted a study in Sweden and found that the level of SACCOS customers’ satisfaction increased with the level of perceived loan service quality satisfaction. Anderson and Sullivan’s (1993) findings are consistent with Cronin and Taylor’s (1992) views that loan service quality satisfaction leads to customer satisfaction in a given financial institution. Colgate (1999) suggests that an increased level of customer satisfaction and loyalty are positively linked to a firm’s financial return. It follows therefore that satisfied customers are likely to recommend their SACCOS to their friends and relatives. The author suggests the overall customer
service, close relationships, and competitive fees and charges are the top three drivers of customers’ satisfaction in a given financial cooperation.
CHAPTER FIVE
STUDY SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, conclusion and recommendations. Thus all activities of the study are seen from this chapter in a summarized form.

5.1 Summary

The purpose of this study was to examine factors affecting customers’ satisfaction on loan services in Tanzanian SACCOS’. The following were specific objectives: to examine the extent at which operational factors affect customer satisfaction on loan offered, to examine the extent to which usability factors affect customer satisfaction on loan offered, and to examine the extent to which staff approach influence customer satisfaction.

The study methodology involved the following. The study was descriptive in nature. A case study design applied to undertake and conduct this study. The study used primary data and secondary data. The primary data were obtained from the questionnaires and personal interviews. The secondary data were obtained from the documents reviews. The unity of this study was made up by customers of the selected SACCOS available in Dar es Salaam. A study involved 120 respondents as a sample size of the study. The sampling technique used was purposive non probability sampling technique. The purposive technique was applied to the customers in order to access only data from the customers who get loans from their respective SACCOS. Data collected from the field research was analyzed qualitatively and quantitatively.

The following were the findings as per objectives of this study;

In the case of operational factors affecting customer satisfaction on loan offered the following were revealed. Loan Conditions: the findings of the study show that customers are not satisfied with the loan conditions as exposed by their respective SACCOS’. This is accordance of 81 percent of respondents who were very
dissatisfied. Loan processing: It was noted that 70 percent of respondents were dissatisfied with the way the loan is processed at their SACCOS. Documentation: it was found that 53 percent for respondents were satisfied with the type and nature of documents demanded by the SACCOS for loan request. Interest rates: it was found in the study 78 percent of respondents were dissatisfied with the loan interest rates.

In the case of usability factors affecting customer satisfaction on loan offered the following were revealed. Loan management skills: most of the customers don’t have loan management skills as it was noted by 52 percent of respondents who said they have low loan management skills. Timely availability of loan: The study found that 83 percent of respondents were very dissatisfied with timely loan availability. Sufficiency of loan: the findings show that 77 percent of respondents were very dissatisfied with the sufficiency of loan as provided by their respective SACCOS’.

In the case of staff approach influencing customer satisfaction on loan offered the following were revealed. Assessment criteria: the findings of the study shows that 53 percent of respondents were very dissatisfied with the assessment criteria. Processing speed: the findings of the study revealed that 65 percent of respondents were dissatisfied with the speed of loan processing. Customer relationship: the customer relationship was found to be good in which 73 percent of respondents were satisfied with customer relationship. Ease of obtaining loan: 68 percent of respondents were dissatisfied and 3 percent of respondents were very dissatisfied. Efficacy of handling problems: 66 percent of respondents reported that they were satisfied with the efficacy of handling problems.

5.2 Conclusions

The operational factors affecting customer satisfaction on loan offered include; loan conditions, loan processing, documentation, and interest rates. The usability factors affecting customer satisfaction on loan offered include loan management skills, timely availability of loan, and sufficiency of loan. The staff approach influencing customer
satisfaction on loan offered included assessment criteria, processing speed and ease of obtaining loan.

However, the above factors can jointly be summarized as follows. Firstly are the lending interest rates. A lower interest rate decreases the cost of a loan, hence increases the demand for SACCOS loan. Important research papers in this respect are the papers of Calza et al. (2003) and Nieto (2007). The financial position of the borrower plays an important role and this is related to the country’s GDP. This indicates that in times of a financial crisis as is the case in Greece today, it is natural for loan demand to be low and the probability of a financial institution accepting the application of a customer for credits to be minimal.

Secondly, service quality factors seem to affect very much the decision to take out credits. This result is in agreement with the classical theory of Parasuraman et al. (1988), who point out the importance of service quality in developing customer loyalty through customer satisfaction.

Social factors, such as the marital status of the borrower, play an important role to receive a SACCO’s customership and its services including loan. Nevertheless, the SACCOS are enterprises that must abide by some ethical principles, one of which is relaxation whenever possible- of the lending interest rate and a more just redistribution of the wealth for the benefit of its customers.

5.3 Limitations, Recommendations and Areas for further studies

Although the present study provides insights into factors affecting SACCO’s customer’s decision to make savings and/or take credits from their respective SACCOS’, there are some limitations that are worth noticing. A major limitation is that the results of this study are based on a small sample (120 SACCOS’ customers). Moreover, the participants in answering the questionnaires were people from the larger area of Dar es Salaam who are a customer in anyone of the SACCOS in Dar es Salaam. This could be a possible factor in creating bias to the study results, because people from other regions of the country may have different views on taking a loan.
and factors that may affect their satisfaction on received loan compare to those who live in Dar es Salaam. Finally, the researchers did not include all the possible factors that might influence a customer’s decision to choose a particular SACCOS for loan service.

SACCOS’ in the country (Tanzania) should simplify the conditions for loan applications in order for the most customers to access loan. It is the SACCOS management that would support the benefit of loan to the customer through timely provision of loan. Therefore SACCOS’ should speed up loan applications processing and delivery. SACCOS’ are also supposed to provide loan which are sufficient to the intended activities as per the applicant request. This would increase productivity for both the cooperative and the customers’ sides. SACCOS should improve its loan assessment criteria in such way that should be friendly to the customers as well as beneficial to it. There is a need of providing skills and knowledge to loan applicant on the usage and management of loan so that they would use it efficiently. The customers are also required to adhere into conditions and the SACCOS’ requirements in order to increase the efficiency and effectiveness of loan application processing.

The their respective SACCOS of Tanzania, COASCO and other key stakeholders in the their respective SACCOSing sector should initiate research programmes aimed at identifying the reasons for small rate of lending in Tanzania through MFI with specific emphasis to the growth of SACCOS in Tanzania. Customers seems not to be satisfied on loan services provided by Tanzania financial institutions and due to this, they tend to hump on general business environment. Further research is needed in areas of loan service quality and general lending environment provided by Tanzania financial institutions.
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Reichheld, Fredrick F, and W. Earl Sasser (1990), "Zero definitions; quality comes to services". Harvard Business Review, v. 68 (September/October) 105-111


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Vol. 8, July, pp. 13-46.


APPENDIX 1
QUESTIONNAIRE

Dear respondent

My name is Abdul Yusuph, an MBA student of Mzumbe University-Dar es Salaam Campus currently conducting a study on Factors Affecting Customers’ Satisfaction on Saving and Credit Facilities in the Savings and Credit Cooperative Society (SACCOS) In Tanzania. This study took Temeke and Kinondoni municipalities in Dar es Salaam as a sampling area. On accomplishment of this study, proper recommendations will be provided to all relevant authorities and regulatory bodies so as to maximize (when necessary) the customers’ satisfaction in their SACCOS in order to increase customership enrollment, number of newly formulated SACCOS for the betterment of Temeke and Kinondoni people as well as Tanzania in general.

I would like therefore to take some few minutes (About 15 Minutes) to fill this questionnaires to assist me finalize this study by providing the relevant information/answers as asked in each part.

Lastly, I would like to ensure you the high confidentiality to whatever information you’re going to provide as anything in this questionnaire will be used solely for the purpose of this study ONLY.

Thank you for your cooperation.
PART ONE
This part is intended to obtain the general information concerning you as a customer of a SACCOS to which you belong. Kindly provide any information relevant as asked in each question.

1. In which age group do you belong among the following

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25 years</td>
<td>26-35 years</td>
<td>36-50 years</td>
<td>Above 50 years</td>
</tr>
</tbody>
</table>

2. Your gender/sex? MALE/FEMALE (Cancel whichever is not applicable)

3. What is your level of education?

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary School</td>
<td>Secondary School</td>
<td>Some College Diploma/Certificate</td>
<td>University degree and above</td>
</tr>
</tbody>
</table>

4. What is your main economic activity?

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>Entrepreneur/Business</td>
</tr>
</tbody>
</table>

5. Are you a customer of any SACCOS?..... YES/NO (Cancel whichever is not applicable)

If the answer in question 5 above is NO, answer question 6-8 below if otherwise go to question 9

6. Reason (s) why are you not a customer of any SACCOS (Tick all the relevant reasons which made you not to be a customer of any SACCOS)

<table>
<thead>
<tr>
<th>Reason (s)</th>
<th>Reason (s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don’t know the meaning of SACCOS and I don’t know any.</td>
<td></td>
</tr>
<tr>
<td>I don’t qualify to join any SACCOS</td>
<td></td>
</tr>
<tr>
<td>I don’t have the money to save</td>
<td></td>
</tr>
<tr>
<td>I don’t see the meaning and importance of a SACCOS to me</td>
<td></td>
</tr>
<tr>
<td>I hate that because it is difficult to get a loan even when you are a customer</td>
<td></td>
</tr>
<tr>
<td>I don’t like the fact that most SACCOS staff are not trustworthy</td>
<td></td>
</tr>
</tbody>
</table>
It takes a very long time to get a loan

Most of my friends claim that their money are misused

No proper profit sharing as most of my friends say

I don’t like joining SACCOS because it is not well regulated by the government

Even those who are customers of the various SACCOS don’t have any economic improvement because of the high interest rate charged by their SACCOS

7. What other reasons apart from the one you ticked above made you not to be a customer of any SACCOS?
   a. .................................................................
   b. .................................................................
   c. .................................................................
   d. .................................................................

8. What do you think needs to be done in order for you to be a customer of any SACCOS which is around you? List any….
   If your answer in question 5 above is YES, kindly proceed with the following questions

9. What is the name of the SACCOS to which you’re a customer of?
   ...........................................................................................................

10. For how long have you been a customer in your SACCOS?

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than a year</td>
<td>1-4 years</td>
<td>5-9 years</td>
<td>Over ten years</td>
</tr>
</tbody>
</table>

11. For how long do the SACCOS with which you belong existed?

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than a year</td>
<td>1-4 years</td>
<td>5-9 years</td>
<td>Over 10 years</td>
</tr>
</tbody>
</table>
12. Do you enjoy being a customer of your SACCOS?

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very much</td>
<td>Somehow/Average</td>
<td>Don’t enjoy</td>
</tr>
</tbody>
</table>

13. How often do you deposit/pay for your savings

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Others (Specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>After every 3 months</td>
<td>After every Six months</td>
<td>Yearly</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. What are the main reasons/goals motivated you to join the SACCOS with which you’re a customer? (Tick all which are applicable)

- Most of my friends/work mate joined
- I want to save so as to be able to take a loan
- Easy to get a cheap loan
- My savings are safe and easy to save
- Staffs of the SACCOS motivated me

15. Will you be willing and happy to encourage others (Your colligues) to take customership in the SACCOS with which you belong?

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very likely</td>
<td>Likely</td>
<td>Unlikely</td>
<td>Very Unlikely</td>
</tr>
</tbody>
</table>
**PART TWO**

This part is aimed at catching out on how you as a customer or customer of your SACCOS is satisfied with the general operations of the SACCOS of which you are a customer. Please rate each stated factor according to the level of your satisfaction by making a tick in the appropriate box.

<table>
<thead>
<tr>
<th>SACCOS OPERATIONAL FACTORS</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Moderately satisfied</th>
<th>Unsatisfied</th>
<th>Very unsatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>The conditions for obtaining a loan from our SACCOS are satisfactory and easy to meet them.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The processing of loans, no complication,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Documents requirement in both savings and when applying for loans/Credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of ICT facilities in general service provision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management of customer’s funds/savings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency in making savings and loan applications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service reliability; is it something you can</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART THREE

In this part, as a customer of a SACCOS to which you belong, you’re requested to indicate your level of satisfaction on the general usability factors in services provided by your SACCOS. Kindly rate the mentioned factors according to your level of satisfaction.

<table>
<thead>
<tr>
<th>SACCOS USABILITY FACTORS</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Moderately satisfied</th>
<th>Unsatisfied</th>
<th>Very unsatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving management skills….</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional, well organized</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit management skills…</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional, well organized</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of the general service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>provided</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective audit (Transaction check)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of your SACCOS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proper allocation of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

depend?

Future promise by the services provided

Time taken from loan application to disbursement of the said loan
loans, no biasness, no corrupt environments

Loan sufficiency, do you get the amount you applied, does it help in meeting your loan needs?

**PART FOUR**

This part is aimed at obtaining your levels of satisfaction on the general staff related factors who works in the SACCOS with which you’re are a customer. Please rate on how you’re satisfied by the factors listed below

<table>
<thead>
<tr>
<th>SACCOS OPERATIONAL FACTORS</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Moderately satisfied</th>
<th>Unsatisfied</th>
<th>Very unsatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment criteria of new customers, (Is it hard to join? Do anyone join if want to?)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff relationship to the customers/customers (friendly, patient, listen, very welcoming…)</td>
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<tr>
<td>Response to queries (Provide feedback as soon as possible)</td>
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<tr>
<td>Harshness when collecting late debts…..</td>
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<tr>
<td>Confidence to staff</td>
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</tbody>
</table>
(Well educated, experienced, patient enough)

<table>
<thead>
<tr>
<th>Loan portfolio experience criteria</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Moderately satisfied</th>
<th>Unsatisfied</th>
<th>Very unsatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum loan given to customers.</td>
<td>3.1</td>
<td>3.2</td>
<td>3.3</td>
<td>3.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Variety of loans to customers</td>
<td>3.6</td>
<td>3.7</td>
<td>3.8</td>
<td>3.9</td>
<td>3.10</td>
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<tr>
<td>Interest rate on loans</td>
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<td>Loan repayment period</td>
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<tr>
<td>Management of risks on loans</td>
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<tr>
<td>Independent and effective control</td>
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</table>