

The Role of SACCOS in Enhancing Financial Security for Government Employees: A Case of SACCOS Operating in Morogoro Municipality

Rebeka Mwangata¹; Dr. Raphael Habi²

¹Jordan University College a Constituent College of St. Augustine University of Tanzania P. O. Box 1878, Morogoro, Tanzania - East Africa

Publication Date: 2025/10/16

Abstract: This study investigates the role of Savings and Credit Cooperative Societies (SACCOS) in enhancing financial security among government employees in Morogoro Municipality, Tanzania. Guided by Maslow's Hierarchy of Needs, the study employed a mixed-methods design, combining questionnaires from 112 government employees with semi-structured interviews and document reviews from three selected SACCOS. Findings indicate that SACCOS improve financial security by fostering disciplined savings, enhancing financial planning, providing reliable emergency support, and promoting a sense of safety among members. However, challenges such as limited access, operational inefficiencies, and low financial literacy reduce some employees' benefits. The study recommends enhancing financial literacy programs, improving transparency and access, encouraging consistent savings, strengthening member engagement, and collaborating with government departments.

Keywords: SACCOS, Financial Security, Government Employees, Savings.

How to Cite: Rebeka Mwangata; Dr. Raphael Habi (2025) The Role of SACCOS in Enhancing Financial Security for Government Employees: A Case of SACCOS Operating in Morogoro Municipality. *International Journal of Innovative Science and Research Technology*, 10(9), 3011-3015. <https://doi.org/10.38124/ijisrt/25sep1328>

I. INTRODUCTION

Savings and Credit Cooperative Societies (SACCOS) play a pivotal role in promoting financial inclusion by providing accessible financial and banking services to diverse groups, including government employees, many of whom are often underserved by conventional banks due to economic constraints (Mburu, 2020). As financial cooperatives, SACCOS offer an inclusive platform for saving, borrowing, and accessing financial guidance. For government employees who may not meet the stringent requirements of formal banks, these institutions provide a reliable avenue to achieve financial stability and address immediate financial needs (Chambo, 2018).

SACCOS primarily serve three key functions: facilitating savings, extending loans, and offering both financial and non-financial advice to members. They encourage secure savings, enable access to affordable credit, and guide members in managing microloans effectively (Mburu, 2023). In many cases, SACCOS also benefit from financial support provided by government and private organizations, which strengthens their lending capacity and widens outreach (Mwanga, 2021). The loans accessed are often directed toward income-generating activities such as small businesses, agriculture, small-scale manufacturing, and

service sectors, while others are used for meeting essential non-economic needs such as education and healthcare (Churk, 2017). Through these services, government employees are empowered to improve their economic well-being and enhance resilience against financial shocks.

The financial security of government employees is central to their productivity, job satisfaction, and contribution to national socio-economic development (Damane & Ho, 2024). Participation in SACCOS provides these employees with an alternative means of financial independence, enabling them to supplement their income and improve their quality of life. However, despite the existence and operations of SACCOS in Morogoro Municipality, many government employees continue to face financial instability, limited access to affordable credit, and low savings culture. According to the Tanzania Cooperative Development Commission (TCDC, 2022), more than 60% of government employees rely on informal or high-interest financial sources to meet emergency and personal needs. This situation raises concerns about whether SACCOS are effectively fulfilling their intended role in enhancing financial welfare.

Scholarly evidence by Mwakajumilo (2011) suggests that ineffective cooperative financial services can trap salaried employees in debt cycles and poor financial

planning. Similarly, governance challenges and limited operational capacity have been identified as barriers that restrict the ability of some SACCOS in Tanzania to meet members' financial needs effectively (Msuya & Kipsha, 2017). Although several studies have broadly examined the performance of SACCOS in Tanzania, little attention has been given to their specific contribution to the welfare of government employees at the municipal level. This gap underscores the need for a focused inquiry into the role of SACCOS in enhancing financial security among public sector workers in Morogoro Municipality. Therefore, this study seeks to investigate the role of SACCOS in enhancing the financial security of government employees within Morogoro Municipality.

II. THEORETICAL FRAMEWORK

This study was guided by Maslow's Hierarchy of Needs, formulated by Abraham Maslow in 1943. Maslow's Hierarchy of Needs is a motivational theory that organizes human needs into a structured pyramid, progressing from basic physiological requirements to the pursuit of self-actualization (Maslow, 1943). According to this theory, individuals are first driven to satisfy fundamental needs, such as safety, shelter, and financial security, before attending to higher-level needs like social belonging, esteem, and personal growth. The underlying principle is that meeting foundational needs enables individuals to focus on higher-order aspirations and realize their full potential within society (Maslow, 1943).

The theory's intuitive nature makes it widely applicable, resonating with everyday human experiences where lower-level needs must be fulfilled before higher ambitions can be effectively pursued (McLeod, 2020). It has been successfully employed across multiple disciplines, including organizational management and education, to improve motivation and productivity (Gambrel & Cianci, 2003). Nevertheless, the framework has limitations, such as its strict hierarchical assumption; individuals may pursue higher-level goals even when basic needs are unmet, for example, creative professionals prioritizing innovation despite financial insecurity (Wahba & Bridwell, 1976). Cultural variations also challenge its universal applicability, as collectivist societies may emphasize social needs over individual self-fulfillment (Hofstede, 1984). Despite these constraints, Maslow's model continues to provide valuable insights into human motivation.

In the context of this study, Maslow's theory offers a useful lens to understand the role of SACCOS in enhancing financial security among government employees. By

providing access to affordable loans and financial support, SACCOS help members meet essential safety and security needs, which form the foundation for pursuing higher-level psychological and social goals. The cooperative nature of SACCOS further cultivates a sense of belonging and community among members, reinforcing both social and emotional well-being. This theoretical framework thus highlights how SACCOS contribute not only to financial stability but also to the overall welfare of government employees, addressing multiple levels of human needs (Maslow, 1943).

III. METHODOLOGY

This study employed a mixed-methods approach to examine the role of SACCOS in enhancing financial security for government employees in Morogoro Municipality. Quantitative data were collected through structured questionnaires administered to government employees from three selected SACCOS. Qualitative data were obtained via semi-structured interviews with SACCOS representatives and document reviews of annual reports and municipal records, providing deeper insights into organizational practices and challenges. A descriptive research design was adopted to observe and document the current state of SACCOS' contributions without manipulating variables, enabling a comprehensive understanding of their impact on employee welfare.

The study targeted 1,676 government employees affiliated with the three SACCOS, with a sample of 112 respondents selected using a combination of simple random and purposive sampling to ensure both representativeness and detailed information from key informants. Quantitative data were analyzed using descriptive statistics, while qualitative data were subjected to thematic analysis to identify patterns and key themes. Measures to ensure validity and reliability included pilot testing questionnaires, standardized interview protocols, and triangulation of data sources. Ethical considerations such as informed consent, confidentiality, data integrity, and minimizing potential harm were strictly observed, ensuring the research was conducted responsibly and credibly.

IV. FINDINGS AND DISCUSSION

This section presents an analysis of how savings through SACCOS contribute to the financial security of government employees who are members of SACCOS in Morogoro Municipality. Findings are presented in Table 1.

Table 1 Roles of SACCOS Savings in Enhancing Financial Security

Statements	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree	
	f	%	f	%	f	%	f	%	f	%
SACCOS savings help me feel more financially secure.	32	29.6	48	44.4	8	7.4	13	12.0	7	6.5
I trust my SACCOS savings to help in emergencies.	30	27.8	45	41.7	7	6.5	16	14.8	10	9.3
SACCOS savings make it easier to save money.	35	32.4	42	38.9	9	8.3	14	13.0	8	7.4
I feel safer knowing I have SACCOS savings.	33	30.6	43	39.8	10	9.3	13	12.0	9	8.3

Saving with SACCOS has improved my financial planning.	36	33.3	40	37.0	8	7.4	15	13.9	9	8.3
SACCOS savings provide a good financial backup.	34	31.5	44	40.7	7	6.5	13	12.0	10	9.3

Source: Field Data (2025)

➤ *SACCOS Savings Help Members Feel More Financially Secure*

The findings show that 29.6% of government employees strongly agreed and 44.4% agreed that SACCOS savings help them feel more financially secure, making a combined 74%. This indicates a high level of confidence among members in the role of SACCOS in enhancing their financial security. Additionally, 7.4% were undecided, suggesting a small group may be uncertain or may not yet have experienced situations where their savings were tested. Meanwhile, 12% disagreed and 6.5% strongly disagreed, representing 18.5% who do not perceive SACCOS savings as contributing meaningfully to their sense of security. This variation in responses may reflect differing levels of engagement, financial literacy, or satisfaction with the services provided by individual SACCOS.

A SACCOS manager pointed out the following:

“Most of our members feel secure because they know that part of their income is safely stored and can be accessed when needed. This assurance alone builds financial confidence.”

Another representative emphasized,

“Savings create discipline. Our members know they are less likely to face financial shocks because they have something to fall back on.”

Supporting these findings, Kirimo et al. (2024) indicated that regular savings lead to improved financial stability, reduced dependency on borrowing, and preparedness for unforeseen expenses, all of which contribute to a heightened sense of security. Similarly, Mbagga (2013) found that SACCOS positively contributed to members' perceived life improvements, including income stability, reinforcing the idea that structured savings enhance financial confidence. These studies align with the government employees' views, demonstrating that institutionalized savings mechanisms like SACCOS play a crucial role in fostering financial assurance among members.

➤ *Trust in SACCOS Savings to Help in Emergencies*

A significant portion of government employees, 27.8% strongly agreed and 41.7% agreed, affirming that they trust their SACCOS savings to assist during emergencies. Combined, 69.5% of members rely on SACCOS as a financial safety net in times of crisis. A smaller group, 6.5%, were undecided, perhaps indicating uncertainty about accessibility or the adequacy of funds during urgent situations. However, 14.8% disagreed and 9.3% strongly disagreed, totaling 24.1% who do not rely on or trust their SACCOS savings in emergencies. This notable minority might reflect past negative experiences or perceived

limitations in withdrawal processes or emergency funding policies within some SACCOS.

This sentiment is echoed in the literature, as Kumburu and Pande (2020) revealed that SACCOS enhance members' welfare by providing steady income and emergency loan schemes, reinforcing trust in times of need. Additionally, Mallya (2020) found that SACCOS improve access to critical services, including health support, which aligns with the idea that savings act as a financial buffer during crises. These studies suggest that while most members trust their SACCOS for emergencies, addressing operational inefficiencies could further strengthen confidence among the dissenting minority.

➤ *SACCOS Savings Make it Easier to Save Money*

The majority of government employees, with 32.4% strongly agreeing and 38.9% agreeing, find that saving money is easier through SACCOS. This totals 71.3% who believe that SACCOS mechanisms simplify the saving process, possibly due to structured savings plans, payroll deductions, or consistent reminders. Around 8.3% were undecided, showing a small fraction with neutral or mixed experiences. On the other hand, 13% disagreed and 7.4% strongly disagreed, totaling 20.4% who may not find SACCOS systems effective in promoting saving discipline. These responses suggest that while most members benefit from the ease of saving, there are still challenges for some in aligning with the saving processes or obligations required.

A SACCOS representative stated the following,

“Our system allows automatic deductions from salaries. Members don't have to think twice; it's just done. That's why many say saving with us is easier.”

Kibasa (2014) supports these findings, noting that a strong savings culture within SACCOS enhances liquidity and member engagement, making savings more systematic. Furthermore, Atandi (2017) revealed that financial literacy training empowers individuals to adopt better saving habits, which may explain why structured environments like SACCOS facilitate easier savings for many. These studies highlight the importance of institutional support in cultivating disciplined saving behaviors, though tailored interventions may be necessary for members who struggle with existing systems.

➤ *Feeling of Safety from Having SACCOS Savings*

Data indicates that 30.6% strongly agreed and 39.8% agreed with the statement that having SACCOS savings makes them feel safer financially. This results in a combined 70.4% who associate their savings with a sense of protection and preparedness. A further 9.3% were undecided, indicating uncertainty, perhaps among newer members or those with limited savings. On the other side, 12% disagreed and 8.3% strongly disagreed, accounting for 20.3% who do not derive

a sense of safety from their savings. This variation may stem from differences in how members view the reliability, liquidity, or growth of their savings within SACCOS.

A SACCOS manager reported,

“Members feel safe because they are not just saving—they are doing so in an organized institution with oversight and structure.”

Munyon et al. (2020) found that higher family income and financial security perceptions enhance overall financial confidence, which aligns with the government employees' sense of safety tied to SACCOS savings. Similarly, Meuris and Leana (2018) demonstrated that financial stability reduces stress, reinforcing the idea that institutional savings contribute to psychological security. These studies suggest that while most members feel safeguarded by their savings, improving transparency and liquidity could address concerns among the remaining skeptics.

➤ *Improved Financial Planning Through SACCOS Saving*

A majority of government employees 33.3% strongly agree and 37% agree that saving with SACCOS has improved their financial planning, resulting in a total of 70.3%. This suggests that SACCOS help structure government employees' financial behavior, potentially through budgeting support, goal setting, or long-term saving habits. Around 7.4% were undecided, which may reflect government employees who are still developing their financial management skills or who do not closely link saving to planning. Conversely, 13.9% disagreed and 8.3% strongly disagreed, totaling 22.2% who do not credit SACCOS savings with improving their planning. These members might benefit from targeted financial education or more personalized saving tools within their SACCOS.

Atandi (2017) supports this, revealing that financial literacy training enables better planning and goal-setting among savers. Additionally, Kepha (2018) found that financial literacy and structured savings significantly influence long-term planning, reinforcing the role of SACCOS in fostering financial discipline. These findings suggest that while SACCOS already aid planning for many, expanding financial education initiatives could further bridge the gap for hesitant members.

➤ *SACCOS Savings as a Good Financial Backup*

According to the government employees, 31.5% of members strongly agreed and 40.7% agreed that SACCOS savings serve as a good financial backup, totaling 72.2% who find value in the support provided by their savings. A smaller portion, 6.5%, was undecided, which could include members with minimal balances or those unsure of how to access their funds in times of need. Meanwhile, 12% disagreed and 9.3% strongly disagreed, making up 21.3% who do not view their SACCOS savings as an effective backup. These figures highlight that while most government employees recognize the role of savings as a fallback, a notable minority may feel unprepared or unsupported in times of financial difficulty,

indicating a need for improved government employees' communication or service enhancement.

One official commented,

“We always tell government employees that this is your safety cushion. Whether it's a job loss or an emergency, this fund is for you.”

Another representative remarked,

“Even when they don't use it, members feel confident knowing their backup plan is already in place with us.”

Kwai and Urassa (2015) found that SACCOS enhance members' financial resilience by providing accessible credit and savings options, validating the majority's trust in these institutions. Likewise, Mushinzimana and Faisal (2024) noted that loan services significantly improve members' socio-welfare, reinforcing the role of SACCOS as a reliable financial backup. These studies suggest that while SACCOS are largely effective, refining emergency fund accessibility and member awareness could bolster confidence among skeptics.

V. CONCLUSION

The study concludes that SACCOS play a vital role in enhancing the financial security and overall welfare of government employees in Morogoro Municipality. The majority of members reported that savings through SACCOS improve their sense of financial safety, facilitate disciplined saving, support effective financial planning, and provide a reliable financial backup during emergencies. These findings indicate that structured savings mechanisms not only strengthen economic stability but also foster psychological confidence and social well-being among members. However, a minority of respondents expressed concerns regarding accessibility, adequacy of funds, and operational challenges, highlighting areas where SACCOS could further improve their services.

RECOMMENDATIONS

Based on the findings, the study recommends that SACCOS take several measures to strengthen financial security for government employees. They should enhance financial literacy through regular training on budgeting, saving, and planning. Accessibility and transparency of savings and emergency fund policies should be improved. Member engagement should be strengthened using feedback mechanisms to address diverse needs. SACCOS should promote a consistent savings culture with incentives, awareness campaigns, and structured plans. Collaboration with government departments to facilitate payroll deductions and welfare initiatives is also important. Implementing these measures can improve financial and social well-being and support economic stability and resilience.

REFERENCES

- [1]. Atandi, F. G., Bwisa, H., & Sakwa, M. (2017). Improving savings mobilization of micro and small enterprises through entrepreneurial financial literacy. *International Journal of Academic Research in Business and Social Sciences*, 7(2), 386-403.
- [2]. Chambo, B. (2018). The role of cooperatives in financial inclusion in Tanzania. *Tanzania Journal of Development Studies*, 1(2), 1-18.
- [3]. Churk, J. P. (2015). Contributions of savings and credit cooperative society on improving rural livelihood in Makungu Ward, Iringa, Tanzania. *Journal of Emerging Issues in Economics, Finance & Banking*, 4(2), 23-39.
- [4]. Damane, M., & Ho, S. Y. (2024). The impact of financial inclusion on financial stability: Review of theories and international evidence. *Development Studies Research*, 11(1), 2373459.
- [5]. Gambrel, P. A., & Cianci, R. (2003). Maslow's hierarchy of needs: Does it apply in a collectivist culture? *Journal of Applied Management and Entrepreneurship*, 8(2), 143–161.
- [6]. Hofstede, G. (1984). *Culture's consequences: International differences in work-related values*. Sage Publications.
- [7]. Kirimo, E., Wekesa, E., & Akoyo, S. I. (2024). Effect of regular savings on employees' personal development: A case of Tower Tech Ltd. *International Journal of Social Sciences Management and Entrepreneurship (IJSSME)*, 8(1), 111-119.
- [8]. Kumburu, N. P., & Pande, V. (2020). Rural transformation through savings and credit cooperative societies in Moshi District, Tanzania. In *The Palgrave Handbook of Agricultural and Rural Development in Africa* (pp. 313-338).
- [9]. Kwai, M. D., & Urassa, J. K. (2015). The contribution of savings and credit cooperative societies to income poverty reduction: A case study of Mbozi District, Tanzania. *Journal of African Studies and Development*, 7(4), 99–111.
- [10]. Mallya, T. M. (2020). *The role of SACCOS in improving clients' livelihood in Moshi Rural District* (Master's thesis, The Open University of Tanzania).
- [11]. Maslow, A. H. (1943). A theory of human motivation. *Psychological Review*, 50(4), 370–396.
- [12]. Mbagga, A. P. (2013). The role of saving and credit cooperative societies (SACCOS) in poverty reduction: Evidence from Same district. (Master's dissertation, Mzumbe University).
- [13]. Mburu, A. W. (2023). *Savings and credit co-operative societies' members' livelihood outcomes in Kasarani Sub-County, Kenya* (Doctoral dissertation, Moshi Co-operative University (MoCU)).
- [14]. McLeod, S. (2020). *Maslow's hierarchy of needs*. Simply Psychology. <https://www.simplypsychology.org/maslow.html>
- [15]. Msuya, R., & Kipesha, E. F. (2017). Efficiency and sustainability of savings and credit cooperative societies in Tanzania. *Journal of Co-operative and Business Studies (JCBS)*, 5(2), 1–20.
- [16]. Mushinzimana, L., & Faisal, A. (2024). The contribution of Umwarimu SACCOS to the welfare of teachers in Rwanda: A socio-welfare study/assessment. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 8(2). <https://doi.org/10.29040/ijebar.v8i2.13125>
- [17]. Mwakajumilo, S. L. A. (2011). *The role of informal microfinance institutions in saving mobilization, investment, and poverty reduction: A case of savings and credit cooperative societies (SACCOS) in Tanzania from 1961–2008* [PhD thesis, St. Clements University].
- [18]. Mwangi, F. (2021). *Assessing the impacts of microfinance institution (VICOBA) on poverty reduction: A case study of Tembongwaza, Dar es Salaam* (Doctoral dissertation, The Open University of Tanzania).
- [19]. Tanzania Cooperative Development Commission (TCDC). (2023). *The Annual Report on Operations, Performance, and Supervision of SACCOS in TANZANIA*. Dodoma: TCDC.
- [20]. Wahba, M. A., & Bridwell, L. G. (1976). Maslow reconsidered: A review of research on the need hierarchy theory. *Organizational Behavior and Human Performance*, 15(2), 212–240.