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Influence of Savings and Credit Co-operative Societies in Enhancing Debt Management Literacy among Members in Moshi Municipality, Tanzania

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Abstract

The study explored how Savings and Credit Cooperative Societies (SACCOs) enhance debt management literacy among members in Moshi Municipality, guided by Financial Socialization Theory. Using a convergent design under a mixed methods approach, the target population included nine SACCOs, 13,053 clients, and 20 employees. A sample of 3 SACCOs, 100 customers, and 5 managers was selected through simple random, stratified random, and purposive sampling techniques. Data were collected via questionnaires for customers and interviews for staff members. Validity was ensured by presenting the instruments to research experts, and a pilot test involving 35 participants assessed reliability, with Cronbach's alpha calculated at 0.95, indicating high reliability. The findings revealed that SACCO members generally acknowledge the organizations' role in promoting debt management skills. However, perspectives varied on the effectiveness of the training provided. The study recommended that SACCOs empower members to manage their cash flow better, offering practical knowledge and skills for debt and cash flow management. In conclusion, it emphasized the importance of SACCOs in equipping members with the necessary tools to improve their financial literacy and debt management capabilities.

Keywords: Savings and Credit Co-Operative Societies, Debt Management, Debt Awareness, Debt Consolidation

1. Introduction

Debt is a common way for individuals and companies to fund large purchases. Household debt can be broadly classified into two categories: secured debt and unsecured debt. Secured debt is a type of loan when the loan is backed by an asset. The creditor has the right to seize the asset if the borrower is unable to pay back the loan. Mortgages are the most evident type of secured lending. In the UK, the vast majority of total household debt is attributed to mortgages (Alok et al., 2022). Lending to persons that aren't backed by an asset is known as unsecured debt. This category includes loans from payday lenders, credit card companies, personal lenders, and student lenders (Agnew et al., 2022). There is a two-way relationship between debt and health: debt problems can lead to deteriorations in mental and physical health, and health problems can be a trigger for increasing debt. 20% of people in problem debt in Great Britain report ‘bad’ or ‘very bad’ health, compared with 7% of those not in problem debt (Sparkes et al., 2023).

By leveraging a small amount of capital into a much bigger sum, debt enables a corporation to grow faster than it otherwise might. However, debt can be dangerous for both lenders and borrowers. With enough credit cards in their wallets, consumers can easily accumulate an unmanageable amount of debt, especially if they lose their jobs or face another serious setback (Fir, 2022). SACCOS are voluntary associations whereby members regularly pool their savings together and subsequently may obtain loans which they may use for different purposes (Kelvin. (2019). SACCOS assists members in obtaining quick loans to establish a business. According to Moyo and Gasva (2022), SACCOS ensure that their members have a consistent source of income. Financial access, community attitudes toward SACCOS, and the sustainability of SACCOS and poverty alleviation all have a strong positive correlation.

In 1955, a Ghanaian Roman Catholic priest brought the idea to the continent of Africa. Irishman Father John McNulty studied in Canada, where he was taught the value of cooperative social structures and retirement fund investments (Firang, 2022). According to Statistics, as of 2019, the number of credit unions in Africa and Asia was markedly higher than in other regions of the world, accounting for almost 90% of the total number of credit unions worldwide (Léon & Zins, 2020). Ferreri and Vidal (2022) stated that cooperatives are commonplace financial actors with the capacity to help meet the significant demand for affordable housing needs throughout the region. The work of foreign missionaries played a major role in the first real experience with savings and credit cooperatives in Sub-Saharan Africa.

SACCOs allow members to borrow money based on their requirements and assist them in developing a culture of investing and saving. A SACCO group lends money to its members using the group's total savings. In Kenya, inter-Sacco lending is a significant source of funding for numerous SACCOs. Section 33 of the Sacco Societies Act No 14 of 2008 allows SACCOS to extend loans to one another for member loans or to address temporary liquidity shortfalls, subject to subject conditions (Muriithi et al., 2022). Debt management is a way to get debt under control through financial planning and budgeting. The goal of a debt management plan is to use these strategies to help you lower your current debt and move toward eliminating it. Jelagat et al. (2023) indicated that there was a positive and significant effect of loan debt management on the performance of SACCOs in Nandi County.

In Tanzania, the SACCOS started to grow in the 1960s (Magashi et al., 2023). The main goal of starting a Saccos is to fight poverty by teaching its members who are, by comparison, the poorest ways to maximize the resources of their merger. Tanzanian cooperatives are governed under the Cooperative Societies Act No. 6 of 2013 (Chapter 112 of the Tanzanian Laws). SACCOs accumulate savings and provide loans or invest in financial securities and/or real estate. SACCOS's loans are easily accessible to its members as compared to bank loans(Towo, 2023). The SACCOS model is all about savings and credit. SACCOS offer members loans at affordable and stable rates. The process of issuing loans to members had a positive influence on the performance of the SACCOS Non-performing loans are considered bad debts because the chances of recovering the defaulted loan repayments are minimal (Msuya et al., 2023).

The role of Savings and Credit Cooperative Societies (SACCOs) in enhancing debt management literacy has been well-documented across various regions. Studies by Kelvin (2019) and Seudib and Amadu (2020) highlight how SACCOs not only provide members with access to loans but also contribute to financial education, helping members improve their savings and debt management skills (Magali, 2023). Research in Kenya by Gotifridi and Magali (2021) demonstrated a significant positive effect of effective debt management on SACCO performance. Meanwhile, in Tanzania, SACCOs have grown since the 1960s and continue to play a vital role in poverty alleviation by teaching financial strategies to their members (Gotifridi & Magali, 2021). Despite the benefits, issues such as non-performing loans and liquidity challenges remain. These studies underscore the importance of financial literacy programs within SACCOs to mitigate loan defaults and enhance long-term financial stability.

2. Statement of the Problem

Cooperative societies for savings and credit are essential providers of financial services to their members, facilitating the availability of credit and promoting saving. The ability to manage debt well, make wise financial decisions, and comprehend loan conditions, interest rates, and payback schedules are all considered aspects of debt management literacy. However, it remains unclear how savings and credit cooperative societies influence debt management literacy among their members. This can impact financial statements such as decreased profitability and cash flow. Also, it can cause anxiety and stress which can further detract from overall wellbeing. Mzingula (2020) showed that there was a 70% default rate in Mshikamano VICOBA which is high. Borrower determinants of repaying a loan in Mshikamano VICOBA include gender, business and amount of loan.

According to Magali (2023) and Msuya et al. (2023), there are factors affecting debt collection in financial institutions which are: high interest rates, strict means and techniques, diversion of funds, poor collateral, poor handling of debts when one of the customers moves, and lack of cooperation between financial institutions, and inadequate auditing standard. Magashi et al. (2023) and Towo (2023) indicated that borrowers with a default history are affected negatively by the denial of subsequent loan opportunities, bad image of the loan group loss of properties pledged as collateral and bad relationship with financial institution officers. Moyo and Gasva (2022); Gotifridi and Magali (2021) revealed that many entrepreneurs started their businesses using their savings and they also disclosed information regarding their business when applying for a loan. Training has helped entrepreneurs grow their business and sales and it has also helped them understand the terms and conditions required before applying for a loan.

SACCOs enable their members to obtain emergency cash and enable them to obtain advances from their accumulated reserve monies for various uses. A big factor in increasing the adaptability of SMEs operating in Tanzania is competent debtors' management. A mutual agreement between a borrower and a lender that specifies the conditions of an exceptional obligation is called duty administration. This study was conducted to examine how savings and credit cooperative societies promote the skills of members in enhancing debt management literacy among members in Moshi Municipality.

3. Research Objective

To determine the extent to which savings and credit co-operative societies enhance debt management literacy among members in Moshi Municipality

4. Research Question

To what extent do savings and credit cooperative societies enhance debt management literacy among members in Moshi Municipality?

5. Theoretical Framework

This study was directed by the financial socialization theory developed by G. Gudmunson and Sharon M. Danes (2011). This theory focuses on how individuals acquire financial knowledge, attitudes, and behaviours through the process of socialization. Savings and Credit cooperative societies can serve as a financial socialization platform where members interact with others who have knowledge and experience in debt management. Financial socialization theory is essential to understand the financial behaviour of young adults Suyanto et al. (2020) demonstrated that financial socialization has a positive effect on financial knowledge and financial behaviour. Conversely, financial experience has a negative effect on financial knowledge but a positive effect on financial behaviour. Through discussion, experience sharing and educational initiatives within the cooperative, members can develop and improve their knowledge of debt management. Financial socialization theory suggests that the relationships between individuals influence the financial information they receive which leads to better financial education for them.

Moreover, the theory suggests teaching children and young adults about budgeting, saving, and the potential consequences of excessive debt. Also, children need to demonstrate responsible financial behaviour by paying bills on time, avoiding unnecessary debt, and demonstrating the importance of saving. Furthermore, children need to participate in financial education programs offered by schools, community organizations, or financial institutions. By actively participating in such programs, individuals can improve their knowledge and skills in debt management. Therefore, financial socialization theory emphasizes the importance of learning ways to manage debt through social interaction. By engaging in open communication, seeking support and education and proactively managing debt, individuals can effectively apply the principles of financial socialization theory to improve their debt management skills.

6. Empirical Studies

This part is about the review of empirical studies. Empirical studies are *the collection and analysis of primary data based on direct observation or experiences in the* 'field' related to the extent to which savings and credit cooperative societies enhance debt management literacy among members.

Metto (2020) examined the relationship between Member Financial Literacy (MFL) and LR in SACCOS. The study adopted a cross-sectional research design whereby 384 members and 147 SACCOS were drawn using simple random sampling techniques. A survey, in-depth interview and Focus Group Discussions were data collection methods. Results revealed that MFL in SACCOS were low. The MFL were on budgeting, savings, debt management, and bookkeeping. Other indicators of MFL were financial capability, awareness and goal. Attitudes, beliefs and perceived power shape financial behavior increasing the chances of member Loan Repayment. The study recommended the SACCOS board members and managers provide education on MFL in SACCOS before disbursing any loan and after to improve loan repayment.

SACCOS encounter considerable obstacles in maintaining a distinct governance framework from their administration. Workshops and seminars can be arranged to offer interactive learning opportunities and practical instruction. It can be helpful to invite financial experts, and trainers, or to collaborate with financial institutions that prioritize financial literacy. Significant and continuous limitations may be imposed by the price of education and teacher shortages.

Mulugeta and Mohammed (2022) examined factors affecting financial performance: A Case of Microfinance Institutions in Ethiopia. The study selected 17 microfinance institutions which are operating in the period 2011 to 2018. The fixed effect model was used after running a Hausman test. The internal variables like the age of microfinance institutions were shown to be significant variables with positive relationship variables such as capital-to-asset ratio and debt-to-equity ratio were found to be statistically negatively significant. However, operational efficiency, portfolio quality and size of microfinance institutions were found to have insignificant effects on Return on Asset (ROA). The study concluded that the management of the microfinance institutions may develop a sound mobilizing savings campaign strategy in order to collect adequate savings from depositors and mostly operate on membership contribution to enhance MFI's capital for ensuring unexpected losses and also MFI managers should develop the efficiency of operations from year to year.

The study might not have considered or accounted for other relevant factors that could influence ROA. There may be external or internal variables that were not included in the analysis but could significantly impact financial performance. The sample size of the MFIs studied may not have been large enough or diverse enough to capture the full spectrum of the microfinance sector. The findings might be specific to the sample and may not generalize well to the broader industry.

Eton et al. (2020) examined the contributions of cooperative and saving societies in poverty reduction in the Lango and Kigezi sub-regions. The study adopted a comparative and cross-sectional survey design. A target population of 1900 with 320 participants constituted the study sample. The findings established that low-income households had inadequate access to cheap and affordable credit. The available credits offered by SACCOS were not cheap, it offered credit at 10% per month, which translated into 120% per annum. The study reveals that microcredits create long-term indebtedness among the rural poor, and yet households are not competent in managing their finances. The saving culture in the Kigezi sub-region is associated with political motivations and support from politicians. The issue of microcredits and their impact on the rural poor is a complex and debated topic. While microcredit has been hailed as a tool for poverty reduction and empowering the financially disadvantaged, long-term debt reduces the ability to spend money each month in the short term even while those with modest incomes have access to a variety of financing choices.

Based on the study's findings, microcredit institutions charge relatively high interest rates to cover the costs of administering small loans to individuals in remote areas. This can contribute to a cycle of debt if borrowers struggle to repay the loans. Many individuals in rural areas may have limited financial literacy. They may not fully understand the terms and conditions of the loans, including interest rates and repayment schedules. Rural households are often vulnerable to external shocks such as crop failures, natural disasters, or health crises

Katula and Kiriinya (2018) investigated loan repayment and financial performance of SACCOS in Embu County, Kenya. The study employed a descriptive research design and targeted a total population of 250 respondents selected from 10 SACCOS operating in Embu County, Kenya. Primary data was collected using questionnaires through the drop-and-pick pick-pick-pick-later method. Secondary data was gathered by a review of existing materials that included financial statements and related empirical studies. Data revealed that there was a statistically significant relationship between independent variables (loan appraisal, loan interest rates, loan follow-up procedures and customer characteristics) and dependent variables (financial performance of deposit-taking Savings and Credit Co-operative Societies in Embu County, Kenya). The study recommended that SACCOS not only focus on non-performing loans but also seek to understand and review loan policies to encourage repayment within the stipulated timeframe.

Non-performing loans (NPLs) can significantly impact the financial health of a SACCO (Savings and Credit Cooperative Organization) and its ability to serve its members effectively. To minimize NPLs and promote timely loan repayment, SACCOS should focus on both addressing existing NPLs and reviewing and improving their loan policies. Loan repayment ignores the cash flows after the repayment period. Although high interest rates will raise interest income, they will also reduce loan demand, which will crowd out the increased interest income.

Kirumbi (2019) investigated the impact of financial literacy on the performance of small and medium enterprises in Morogoro municipal. A descriptive research design was used and the researcher made use of both primary and secondary data to provide answers to the research questions. Data was gathered by issuing questionnaires and conducting interviews with a sample population of 120 respondents who own or manage businesses. Non-probability sampling was used to purposely and conveniently select respondents to collect data. Results showed that the majority of respondents had adequate financial knowledge as indicated by a majority of respondents who successfully answered questions on various concepts and terminologies associated with financial literacy; these included risk and return, time value of money, inflation and diversification. It was concluded that efficient financial behaviour, the likes of savings, retirement planning, debt management, budgeting and recordkeeping play a major role in SMEs performance. It was recommended that the government as well as other institutions dealing with financial matters should provide education and training on proper finance that aim at encouraging the use of financial knowledge in the decision-making for businesses. Such efforts should have the ability to provide encouragement and motivation to business owners to have a positive approach with regard to the future of the business in terms of growth and expansion.

Financial knowledge becomes truly valuable when it is actively applied in the day-to-day operations and decision-making processes of a business. It's the practical application of financial skills that enables a business to navigate challenges, seize opportunities, and work toward long-term profitability and sustainability. It's crucial to combine this positive attitude with practical actions, such as creating a budget, saving regularly, debt skills or management and investing wisely, to turn financial goals into reality. Therefore, the current will concentrate on examining the extent to which saving and credit skills enhance debt management literacy in Moshi Municipality.

7. Research Methodology

Convergent design was employed in this study using a mixed methods methodology. The research gathered and analyzed quantitative and qualitative data independently, comparing the results to support or refute each other. Nine (9) SACCOs, 13,053 clients, and 20 employees in Moshi Municipality were the target population (COASCO, 2023). According to and Cohen at el. (2018), 10% to 30% of a population is thought to be a good representation of the population. sample size was comprised Out of 100 registered members and 5 SACCOS staff members from all the selected SACCOs. This paper used Slovin's Formula to obtain the sample size for the study. Using a 10% margin of error in the formula n= $\frac{N}{1+N(e^2)}$ is a common practice in statistical sampling because it balances precision and practicality. A 10% error margin allows researchers to obtain a sample size that is sufficiently large to yield reliable results while still being manageable in terms of resources and time. In the context of the provided equation, where n = sample size, N = population size, e = margin of error (expressed as a decimal) ensures that the sample reflects the population characteristics without requiring an impractically large sample size. This approach is particularly beneficial when dealing with large populations, such as the given 13,053, as it provides a reasonable trade-off between the accuracy of the results and the feasibility of data collection.

$$n= \frac{N}{1+N(e^2)}$$

$$n= \frac{13053}{1+13053(0.1^2)}$$

100

Three SACCOS from Moshi Municipality were selected by simple random sampling. Stratified random sampling was employed to ascertain the study participants based on their gender and the number of patrons in designated SACCOS. To determine how many SACCOS employees worked in Moshi Municipality, purposeful sampling was utilized. A questionnaire was utilized in the study to gather data from clients, and staff members were interviewed using an interview guide. A four-point Likert scale with response options of "Strongly Agree," "Agree," "Undecided," "Disagree," And "Strongly Disagree" was used for research questions 1 through 5.

The validity of the instruments was established by submitting the instruments to research experts who provided recommendations on the questionnaire's usefulness and verified that it was relevant to the research topics. A pilot study was carried out to determine the instrument’s dependability. 35 people in all were chosen to take part in the pilot study. The participants who took part in the pilot study were excluded from the actual study. Pre-testing of the questionnaires involved distributing them to colleagues and statisticians to get their feedback. Every participant understood the questions and finished the questionnaires in less than 30 minutes. There didn’t seem to be any issues when filling out the questions.

The Cronbach's alpha was calculated to assess the administered questionnaire's reliability. The instrument's dependability was assessed using Cronbach's alpha, and the result was 0.95, indicating high reliability. The study computed the means and deviations for each demographic group and compared them. Since the reliability level reached >0, 9, the researcher can conclude that the data are dependable based on the reliability result. The researcher concluded that there is a very high degree of reliability in the instrument data. The study made sure that participants understood that the data would be handled with confidentiality and that their names would be kept private at all times.

8. Findings and Discussions

8.1 SACCOS and Debt Management

The study intended to determine the extent to which savings and credit cooperative societies enhance debt management literacy skills development among members. The study employed a questionnaire where the participants were required to indicate their responses on how agreed or disagreed on the extent to which savings and credit cooperative societies enhance debt management literacy skills development among members. Key: (SD=Strongly Disagree, D=Disagree, U=Undecided, A=Agree, SA=Strongly Agree, $\bar{x}$=Mean, σ=Standard Deviation) Mean score interpretation: 1.00 – 1.89= Very low, 1.90 – 2.69= Low, 2.70 – 3.49= moderate, 3.50 – 4.29= high, 4.30 – 5.00= Very high (Source: Hashim et al, 2022)

Table 1. Responses on the SACCOS and Debt Management

Debt Management	SA		A		U		D		SD		$\overline{x}$	σ
	f	%	f	%	f	%	F	%	f	%		
It educates to control cash flows	15	15.0	46	46.0	24	24.0	5	5.0	10	10.0	3.51	1.124
It educates debt consolidation	11	11.0	28	28.0	46	46.0	12	12.0	3	3.0	3.32	.931
It educates management of payables and receivables	23	23.0	21	21.0	39	39.0	19	19.0	6	6.0	3.16	1.081
It educates to implement tactics to avoid unnecessary spending	17	17.0	29	29.0	14	14.0	26	26.0	13	13.0	3.11	1.332
It educates them to take control of their finances	7	7.0	33	33.0	24	24.0	28	28.0	7	7.0	3.05	1.091
It educates members to use efficient methods to lower debt	13	13.0	26	26.0	24	24.0	26	26.0	9	9.0	3.08	1.199
It advises on debt to members	7	7.0	30	30.0	22	22.0	27	27.0	13	13.0	2.91	1.179
It offers practical assistance	11	11.0	28	28.0	26	26.0	21	21.0	11	11.0	3.07	1.192
It helps to determine a debt reduction strategy	12	12.0	26	26.0	28	28.0	25	25.0	9	9.0	3.07	1.166
It ensures that one possesses adequate knowledge	13	13.0	22	22.0	28	28.0	24	24.0	13	13.0	2.98	1.231

Source: Field Data (2024)

The results shown in Table 1.0 indicate that 10.0% and 5.0% disagreed on savings and credit cooperative societies educating members to control cash flows in enhancing debt management literacy skills development among members, 24.0% of the participants were undecided. In comparison, 46.0% and 15.0% of the participants agreed that savings and credit cooperative societies educate members to control cash flows in enhancing debt management literacy skills development among members. Those who are financially literate are better able to manage their finances. The value for the mean is 3.51 which is a high grade. A standard deviation of 1.124 suggests a moderate level of dispersion, indicating that the data points are moderately spread out from the mean. It implies that there is a moderate degree of variability or diversity among the data points, but they still maintain some level of proximity to the mean. Hashim et al (2022) comment that 4.30 is interpreted as very high, 3.5-4.29 indicates a high level of agreement, 2.70-3.49 is moderate, 1.90-2.69 is interpreted as a low level of agreement and 1.00-1.89 is interpreted as very low level of agreement.

This implies that the majority of the participants agreed that savings and credit cooperative societies educate members to control flows in enhancing debt management literacy skills development among members. The development of Financial Socialization theory can lead to the formulation of cooperative efforts, where these groups work together to develop a comprehensive and coordinated approach to educating individuals about handling their finances. The institutions, relationships, attitudes, and values that guide interpersonal interactions and promote social and economic advancement are referred to as social capital. Unfortunately, the study conducted by Metto (2020) on the relationship between Member Financial Literacy (MFL) and LR in SACCOS revealed that MFL in SACCOS were low. The MFL were on budgeting, savings, debt management, and bookkeeping.

Other indicators of MFL were financial capability, awareness and goal. Thus, SACCOS board members and managers to provide education on MFL in SACCOS before disbursing any loan and after to improve loan repayment. However, Mulugeta and Mohammed (2022) on factors affecting the financial performance in Ethiopia established that the management of the microfinance institutions may develop a sound mobilizing savings campaign strategy in order to collect adequate savings from depositors and mostly operate on membership contribution to enhance MFI's capital for ensuring unexpected losses and also MFI managers should develop the efficiency of operations from year to year. For more comprehensive financing plans, a cash budget is more helpful than a statement of cash flows. The researcher interviewed SACCOS's managers to get more details on the ways SACCOS help members prepare the budget. The respondents who participated had the following responses: -

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> *The clients receive assistance in realizing that a budget is an essential tool for businesses to monitor revenue and outlays. Any business that wants to succeed needs to have this. Analyzing expenses, projecting cash flow, and estimating revenue are all necessary steps in creating a budget. One of the best strategies to avoid overspending is to create a business budget. As a result, we assist clients in compiling a list of all out-of-pocket expenses related to their business operations.* (Manager, A, 6th, February, 2024)

Financial support increases the likelihood that customers will succeed. This is due to the possibility that it will improve the company's chances of growth and success. It may also aid in lowering the risks involved in launching a new company. Financial assistance is essential to the growth and survival of many industries, including small and medium-sized businesses (SMEs). Since it has a major impact on SMEs' capacity to grow and prevent early closure, it is regarded as the most crucial and essential type of support.

Manager C who responded to this question had the following responses: -

> *We help members realize that they can project future revenue, sales, and profit, plan expenses, and better prepare for emergencies by allocating resources, such as new funds, funds that have already been allocated, and policies, practices, and priorities that need to be changed. (*Manager C, 8th, February 2024)

Members can take advantage of straightforward loan terms and conditions. If members need a loan during these hard times, SACCOs offer members better interest rates than traditional banks. Customers are able to apply for low-interest loans and save money.

Manager "B" also added by responding; "*Customers are assisted in learning how to calculate fixed costs. For instance, interest costs and rent, salaries, tax rates, and insurance coverage"*. (Manager B, 15th, February, 2024)

A strange technique for showcasing the value of a product and persuading customers to finish a sale is customer education. Customers are reassured by education that SACCOs are dedicated to their success and genuinely care about their well-being. Customers are less likely to experience difficulties with failing to make debt payments when informed about debt management.

The results indicate that 3.0% and 12.0% of the participants disagreed on savings and credit co-operative societies educate members towards debt consolidation in enhancing debt management literacy skills development among members, 46.0% of the participants were undecided but 28.0% and 11.0% of the participants were agreed on it and their mean value is 3.32 and Standard Deviation 0.931. The mean value score denotes a high which means that the majority of the participants agreed that savings and credit cooperative societies educate members towards debt consolidation in enhancing debt management literacy skills development among members. This implies that while there is an overall agreement, there are differing opinions among the participants regarding the impact of these societies on debt management literacy skills development. The management of debt is impacted by financial education.

Customers can become proficient in money management skills such as budgeting, saving, and spending by learning how to manage their debt. Customers may benefit from social capital theory by having access to the social resources that are ingrained in the network. Financial Socialization theory has the potential to lead to collaborative efforts between different parties to develop a comprehensive and coordinated approach to educating individuals on debt consolidation. These are related to the study conducted by Eton et al. (2020) on the contributions of cooperative and saving societies in poverty reduction in the Lango and Kigezi sub-regions revealed that microcredits create long-term indebtedness among the rural poor, and yet households are not competent in managing their finances. Additionally, Katula and Kiriinya (2018) on loan repayment and financial performance of SACCOS in Kenya commented that SACCOS not only need to focus on non-performing loans but also seek to understand and review loan policies to encourage repayment within the stipulated timeframe.

There is a claim that having too much debt harms a business's ability to generate cash flow because it makes it more difficult for customers to do so. Moreover, clients who are last in line to receive payment from an insolvent company may suffer as a result of high debt levels. To get more insights, the researcher interviewed managers D and E of the SACCOS.

SACCO's manager 'E' said;

> *Customers are receiving education from the managers about the importance of paying off the largest debts first. To find any expenses they may have, they should review their budget. We require our clients to set aside money to cover the minimum amount owed on all other debts; any additional money they have should be applied to the debt with the highest interest rate to pay it off as soon as possible.* (Manager E, 19th, February, 2024).

On the other hand, managers D said;

> *We assist our members in compiling a list of all their debts, which may include bank loans, credit card debt, and any other outstanding financial obligations. Additionally, they assisted in allocating their income in accordance with the debt repayment plan. List all of your debts, such as bank loans, credit card debt, and any other outstanding financial obligations. They are also required to pay off the debt with the highest interest rate as quickly as possible. Customers can avoid debt entirely by creating a budget and making wise decisions about their borrowing and spending.* (Manager D, 22th, February, 2024)

If debt has the potential to improve a customer's net worth or greatly improve their life, then it can be deemed beneficial. If a loan keeps them on the right career path, it might be viewed as a good debt. Bad debt is the term used to describe loans made to buy consumable or quickly depreciating assets. Customers who reduce their debt have better credit scores; lower stress levels, save more money, form better financial habits, and enjoy greater financial freedom. SACCOs may design more durable and successful income-sharing programs that enable members to take charge of their financial well-being and stay debt-free by incorporating the concepts of financial socialization theory into income-sharing coaching and training.

The results presented in Table 1.0 show that 6.0% and 19.0% of the customers disagreed on savings and credit co-operative societies educate members to improve management of payables and receivables in enhancing debt management literacy skills development among members, 39.0% of them were undecided but 21.0% and 23.0% of the customers were agreed that savings and credit co-operative societies educate members to improve management of payables and receivables in enhancing debt management literacy skills development among members and 3.16 is mean value and standard deviation of 1.081 of the responses which stated as medium means that half of the scores are above and half are below in responding whether savings and credit co-operative societies educate members to improve management of payables and receivables in enhancing debt management literacy skills development among members. Based on the study's data, although most customers were either unsure or in agreement, there was a range of opinions among them regarding the influence of savings and credit cooperative societies on debt management literacy skills development with regard to managing payables and receivables.

The results imply that there are customers who are not sure about the roles of SACCOS in educating members to improve the management of payables and receivable loans. SACCOs can develop more successful and enduring initiatives that enable members to enhance their financial practices, maximize cash flow, and uphold sound payables management by incorporating the concepts of Financial Socialization Theory into their educational programs. These are supported by the study done by Kirumbi (2019) on the impact of financial literacy on the performance of small and medium enterprises in Morogoro municipal showed that the majority of respondents had adequate financial knowledge as indicated by a majority of respondents who successfully answered questions on various concepts and terminologies associated with financial literacy, these included risk and return, time value of money, inflation and diversification. According to social capital theory, mutual relationships, shared identity, norms, and trust enable a society or organization such as a nonprofit or corporation to operate as a unit in enhancing debt management literacy skills among customers.

The results illustrated in Table 1.0 indicate that 13.0% and 26.0% of the customers were disagreed on savings and credit co-operative societies educate members to implement tactics to avoid unnecessary spending in enhancing debt management literacy skills development among members, 14.0% of the customers were undecided and 29.0% and 17.0% of the customers agreed that savings and credit co-operative societies educate members to implement tactics to avoid unnecessary spending in enhancing debt management literacy skills development among members, 3.11 is a value mean and 1.332 a standard deviation which denotes a medium that half of the scores are above and half are below in responding whether savings and credit co-operative societies educate members to implement tactics to avoid unnecessary spending in enhancing debt management literacy skills development among members while a significant portion of customers were undecided or agreed, there was notable variation in opinions regarding the impact of savings and credit co-operative societies on debt management literacy skills development through tactics to avoid unnecessary spending.

The integration of the Contingency Theory of Leadership into the educational program can enable its members to employ cost-cutting measures, hence augmenting the financial resilience and sustainability of the company. The findings imply that there are customers who are familiar with the education to avoid unnecessary spending assisted by SACCOs and some of them are not. Any business that wishes to increase its competitiveness, efficiency, and profitability should prioritize cutting wasteful spending. The researcher achieved information when interviewing SACCOS managers on the way debt management literacy increases the profit of members. SACCO's manager B responded as follows: -

> *Good debt benefits the business of its clients. This enables them to grow by providing funding for items like marketing, skilled labour, real estate, and equipment. However, an excessive amount of debt has been connected to a rise in loss rather than profit and can cause stress and depression. Because of this, the objective of a debt management plan is to help you reduce your current debt and work toward paying it off by using these strategies.* (Manager B, 15th, February, 2024)

Another participant said;

> *The goal of debt management is to reduce debt by budgeting and making financial plans. Profitability can vary depending on how debt is managed, or it can be negatively impacted by debt management. Helping consumers with debt issues and overseeing the debt repayment process, on the other hand, does not result in variations in company value, nor does debt management have an impact on it.* (Manager E, 19th February, 2024)

Customers with debt may find it difficult to get new credit, such as a credit card or loan, and their credit score may suffer as a result. It might keep them from obtaining approval for a new tenancy agreement or from purchasing their ideal home. For example, unmanageable debt situations can cause extreme physical and emotional stress, harm your reputation, and cause anger management problems. A debt advisor can provide clients with some breathing room so they can better manage their circumstances and determine the best course of action. Social capital theory is the network of connections that customers use to access both human and financial resources in reducing debt from SACCOs.

The results show that 7.0% and 28.0% of the customers disagreed on savings and credit cooperative societies educate members to take control of their finances in enhancing debt management literacy skills development among members, 24.0% of the customers were undecided but 33.0% and 7.0% of the customers were agreed that savings and credit co-operative societies educate members to take control of their finances. The mean value is 3.05 and the 1.091 standard deviation. This stands as a medium value which means that half of the scores are above and half are below in response to whether savings and credit cooperative societies educate members to take control of their finances in enhancing debt management literacy skills development among members and while a significant portion of customers were undecided or agreed, there was variation in opinions regarding the effectiveness of savings and credit co-operative societies in educating members to take control of their finances for enhancing debt management literacy skills development. Kamil et al (2019) found that users with more social capital, that is, better access to resources, perform better in debt literacy tests. To successfully launch a new business, entrepreneurs should raise three types of capital: financial, human, and social.

The results demonstrated in Table 1.0 show that 9.0% and 26.0% of the customers disagreed on savings and credit co-operative societies educate members to use efficient methods to lower debt, 24.0% of the customers were undecided but 26.0% and 13.0% of the customers were agreed that savings and credit co-operative societies educate members to use efficient methods to lower debt in enhancing debt management literacy skills development among members. The mean value obtained is 3.08 and 1.199 is a standard deviation. The mean value is a medium which means half of the scores are above and half are below in response to whether savings and credit cooperative societies educate members to use efficient methods to lower debt while a significant portion of customers were undecided or agreed, there was variation in their perspectives on this matter.

This indicates that there is no unanimous consensus among customers regarding the impact of these societies in promoting efficient debt reduction methods. Social capital is perceived as an informal insurance that boosts risk-taking behaviour and strengthens the bond of trust between borrowers and lenders. The findings are supported by the study done by Azmi (2023) on debt management programmes or plans and financial or credit counselling: An Analysis proved that education which includes life skills in financial management is essential for the present volatile economy. Proper financial literacy is also critical for the younger generation, for them to possess the skills and information to handle their financial affairs in the future. The Expectancy Theory acknowledges the impact of outside incentives on people's motivation to achieve their objectives. Members in the training program who successfully apply effective debt-lowering strategies may be eligible for awards and incentives, such as access to other resources, financial incentives, or recognition programs.

The results show that 13.0% and 27.0% of the customers disagreed on savings and credit co-operative societies' advice on debt among members in enhancing debt management literacy skills development among members, 22.0% of the customers were undecided whereas 30.0% and 7.0% of the customers were agreed that savings and credit co-operative societies advice on debt among members in enhancing debt management literacy skills development among members. The mean value obtained is 2.91 and the standard deviation is 1.179. This is a mean value that means half of the scores are above and half are below in responding to whether savings and credit cooperative societies advise on debt among members in enhancing debt management literacy skills development among members. The standard deviation of 1.179 indicates some variability in customer responses, highlighting the presence of differing opinions. Customers can improve their understanding of finances and make well-informed decisions with the support of financial advice because customers who don't make financial plans for the future are more likely to perish in business activities. According to Moreland (2018), advice from financial counsellors is one potential source for improving financial behaviours and well-being among clients and within their communities. Efforts by financial counsellors to provide financial advice to clients and others through service activities can improve financial decision-making in their communities including by those who can benefit the most.

The results in Table 1.0 show that 11.0% and 21.0% of the customers disagreed on savings and credit co-operative societies offer practical assistance on debt management in enhancing debt management literacy skills development among members, 26.0% of the customers were undecided but 28.0% and 11.0% of the customers were agreed that savings and credit co-operative societies offer practical assistance on debt management in enhancing debt management literacy skills development among members. The mean value is 3.07 which is a medium that means half of the scores are above and half are below in responding to whether savings and credit co-operative societies offer practical assistance on debt management. The standard deviation is 1.166. The average rating of 3.07 indicates a moderate level of agreement among customers.

This suggests that roughly an equal number of customers agreed and disagreed with the statement. The standard deviation of 1.166 demonstrates some variation in customer responses, indicating that opinions were not completely uniform. The customer's financial situation may suffer significantly due to improper money management. Customers can make sure that their monthly debt payments are within their means by practising effective debt management. These findings disagreed with the study done by Sparkes et al. (2023) on debt management practices and loan performance of commercial banks in Kenya which found that the credit management practices that entail character, capacity, capital, conditions, and collateral were less effective in loan performance than third-party security. SACCOs may offer realistic debt management services that include the Financial Socialization Theory to assist its members in developing long-term financial habits and effectively managing their debt. In the end, this will improve the members' well-being and financial stability.

The results indicate that 9.0% and 25.0% of the customers disagreed on saving and credit co-operative society helps members to determine debt reduction strategy in enhancing debt management literacy skills development among members, 26.0% of the customers were undecided but 26.0% and 12.0% of the customers agreed that saving and credit co-operative societies helps members to determine debt reduction strategy in enhancing debt management literacy skills development among members. Effective debt reduction and management need careful preparation, self-control, and dedication. The mean value score obtained is 3.07 which is medium. This advocates that various custom groups might have distinct concerns and interests and that not every member of society will find the society's current initiatives to be equally worthwhile or successful.

This indicates that half of the scores are above and half are below in response to whether saving and credit cooperative societies help members determine debt reduction strategies in enhancing debt management literacy skills development among members. Combining Socialization with Finance The organization may empower its members to create sustainable financial habits, make wise decisions, and eventually reach their debt reduction goals by using theory to help members choose an efficient debt reduction approach.

The results presented in Table 4 show that 13.0% and 24.0% of the customers disagreed on Savings and Credit Co-Operative Societies ensuring members possess adequate knowledge on debt management, 28.0% of the participants were undecided whereas 22.0% and 13.0% of the participants were agreed that savings and credit co-operative societies ensure members possess adequate knowledge on debt management. The mean value of the response is 2.98 and 1.231 is a standard deviation. The mean score value is medium which means that half of the scores are above and half are below in response to whether savings and credit cooperative societies educate members to implement tactics to avoid unnecessary spending in enhancing debt management literacy skills development among members. The presence of a standard deviation of 1.231 indicates that there is variation and diversity in customer responses, suggesting that opinions differ among customers. This indicates that the members' general perception of the societies' efforts to ensure that members have a sufficient understanding of debt management is moderate, with half of the scores above and half below the mean.

This highlights the absence of a unanimous consensus among customers regarding the effectiveness of Savings and Credit Cooperative societies in ensuring that members possess sufficient knowledge of debt management. Learning the abilities required to launch, operate, and expand a business is the focus of business education. The members' resource utilization and management literacy are closely correlated. Agnew et al. (2022) on factors that could influence small business literacy revealed that improvement could be hindered by lack of time, money, basic financial education, the complexity of the tax system, and the SBOs' anxiety. A person's family, friends, and educational institutions are some of the socialization agents that aid in their acquisition of financial knowledge and skills, according to the Financial Socialization Theory. Building a debt reduction plan requires assessing the member's current level of financial literacy with regard to budgeting, debt management, and financial decision-making.

9. Conclusion

The study concludes that members accept the potential of savings and credit cooperative societies to impart debt management knowledge and skills. The results show that consumers have differing views on how well savings and credit cooperatives teach their members ways to better handle their payables and receivables to build their debt management literacy. Although other consumers had different opinions, a large percentage supported these societies' functions

10. Limitation of the Study

The limitations of the study on the influence of Savings and Credit Cooperative Societies (SACCOs) in enhancing debt management literacy among members in Moshi Municipality include the limited geographical scope, as the research focused only on Moshi Municipality, which may not represent the entire Tanzanian population or other regions with different economic contexts. Additionally, the sample size, though adequate for the study, may not capture the full diversity of SACCO members, leading to potential bias in the findings. The reliance on self-reported data through questionnaires and interviews also introduces the possibility of response bias, as participants may have provided socially desirable answers. Lastly, the study's focus on debt management literacy did not comprehensively address other factors influencing financial literacy, such as external economic conditions or individual financial behaviors beyond SACCO interactions.

10.1 Recommendation

It is recommended that savings and credit cooperative societies should empower their members to control their cash flows and improve debt management literacy skills. Savings and credit cooperative societies are advised to provide practical knowledge and skills for effective cash flow management and debt management. Savings and Credit cooperative societies are urged to provide their members with the practical instruction and knowledge necessary for efficient debt and cash flow management. The ability to handle their money and advance their debt management skills should be granted to members. Savings and credit cooperative societies should provide resources, such as user guides and online articles that address the challenges of managing accounts payable and receivable. Additionally, encouraging networking and collaboration among clients will pave the way for the exchange of effective debt management techniques and mutual learning.

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