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# Success Factors of Saving and Credit Cooperative Society: A Qualitative Case Study on Awach Saving and Credit Cooperative Society LTD

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### ABSTRACT

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The degree to which countries invest in the SACCOS sector and the successful management of their operations is a key factor in the demand for development and the level of achievement registered in socio-economy, politics, and other indicators. The main purpose of this study is to investigate the major factors that contributed to the success of Awach Savings and Credit Cooperative Society LTD. The study used explanatory designs and a qualitative research approach. The study used primary data. Primary data was collected through interviews and observations. The qualitative data analysis method was used to achieve the objectives. The result revealed that Awach SACCOS is successful in terms of membership growth, employment creation, asset growth, capital growth, share capital growth, saving mobilization, loan disbursement, and overall profitability. Several factors contribute to the success of Awach SACCOS. Results of the study revealed that strategic thinking, attitude towards professionalism, member satisfaction, capacity-building activities, women empowerment, communication, product diversity, employee motivation, ethical and committed employees, leadership quality and commitment, good relationships with government organs, membership in the International Cooperative Alliance (ICA), use of technology (Core Banking), qualified and committed committee or board, absence of political interference, and inclusiveness are the major factors for Awach's success.

Sustainable development is the aspiration for countries regardless of their current development status. More specifically, developing nations dream of being out of poverty and creating an environment that does not jeopardize its citizens' living standards. To realize these development agenda and enhance the welfare of its citizens, various kinds of cooperatives such as saving and credit cooperatives, producers' cooperatives, consumers' cooperatives, and other professional cooperatives were created.

Different authors and institutions defined cooperatives in a different manner and there is no one best way to define it. Cooperatives are autonomous associations where individuals unite voluntarily to fulfill common economic, social, and cultural needs through democratically controlled enterprises guided by seven distinct principles (Sifa & Hossein, 2023). Endalkachew (2019) also defines the cooperative as a group of individuals of limited means who voluntarily unite to achieve common predetermined objectives. The cooperatives' goals are pursued through the democratically agreed organization and contribution to attaining the needed capital base. Cooperatives are characterized by open and voluntary associations, a democratic structure where each member has one vote, and an equitable distribution of economic results based on operational volume (Vodenicharov, 2020). They are also characterized by being autonomous associations of individuals who voluntarily come together to meet common economic, social, and cultural needs (Okem, 2016). Altman (2009) indicated that cooperatives have evolved significantly over the last 200 years and are of increasing importance to economies throughout the world.

Specifically, Saving And Credit Cooperatives (SACCOS) are indeed considered businesses, as they provide financial services to members, support micro-entrepreneurs, and contribute to sustainable finance (Espinosa, 2017; Rahmianti, 2022). Saving and credit cooperatives have a short history in the Ethiopian context. According to Emanu (2009), modern forms of cooperatives were first introduced in Ethiopia in 1960. Aredo (1993) also said that cooperatives in Ethiopia have recent origins. The oldest ones were established in the late 1960s, and they grew very slowly until 1978. One reason behind such slow growth was the political and social instability that followed the 1974 uprising. The new cooperative movement in Ethiopia was started by reforms made to the socio-political system. During the socialist government (the Derg regime), cooperatives were formed to assist in the implementation of the Government's policy of collective ownership of properties. Under this system, cooperatives were forced to operate in line with socialist principles, which meant that production and marketing of produce were undertaken through collective mechanisms. Membership in a cooperative was also compulsory, which contravened the basic cooperative principle of voluntary participation (Emanu, 2009). According to Rubiga (2022), in Ethiopia, there are more than 21,000 SACCOS in total, which is sizable in number. Awach Saving and Credit Cooperative Society (LTD) was established as part of a cooperative business in March 2007 by its founder and CEO, Mr. Zerihun Sheleme, with 41 founding members.

The contributions of SACCOS described above did not occur by chance. Rather, it emanates from developing resilience to internal and external environments that could affect their performance. While internal strengths and external opportunities contribute to success, SACCOS confronts significant obstacles that result from both internal weaknesses and external threats. In a similar vein, Awach 'SACCOS' avenues (the impetus, trajectory, success, and prospects) have been passing through the aforementioned cooperative business

environment, albeit they have not yet been thoroughly examined, documented, and shared. Therefore, the objective of this study is to investigate the avenues of Awach SACCOS LTD. Despite the fact that Awach SACCOS has made a significant contribution to the welfare of low-income people and the nation as a whole, little has been said about it and how it has registered this tremendous success. Therefore, the rationale of this study is to investigate the factors that contribute to the success of Awach SACCOS.

## Method

### Study Design

This study was designed based on an interpretive paradigm using a phenomenological research approach. This research design helps to exhaustively identify the factors that contributed to the success of Awach SACCOS through a detail exploration of individual's experience of life. This was done in Awach, which is considered one of the most successful businesses in Ethiopia in the form of a saving and credit cooperative society. In order to gather comprehensive information about the phenomena, the method involves entering the individual's experience, describing its structure, and capturing its primary themes and meanings. Consequently, comprehensive data was collected on the factors affecting the success of Awach SACCOS.

### Participants

The participants were selected because of their life experience in Awach SACCOS, which helps to get deeper data to achieve the predetermined objectives. The study used a purposive sampling strategy to select founders, executives, board members, and other stakeholders (like the Ethiopian Cooperative Commission) to investigate the context of Awach SACCOS. The respondents were selected based on inclusion criteria such as experience in Awach, relevance of knowledge, which was checked through a document review of the education profile of respondents, and participation in national, continental, and international cooperative confederations and alliances. The sample size was determined by saturation point. A total of 10 participants were interviewed. The characteristics of the participants are described in [Table 1](#).

**Table 1**

*Characteristics of Participants*

Participant	Gender	Age	Education	Experience	Participation in cooperative
P1	M	45	Masters	20 years	Founder and National and Africa confederation
P2	M	60	Masters	42 years	Representative of International SACCOS alliance
P3	F	45	Masters	22 years	Awach Member
P4	M	62	Masters	45 years	Awach Member
P5	M	67	Masters	47 years	Awach Member
P6	F	38	Masters	15 years	Awach Member
P7	M	48	PhD	32 years	Member of African confederation
P8	M	44	PhD	18 years	Awach Member
P9	M	40	Masters	17 years	Awach Member
P10	F	37	BA	12 years	Awach Member

### Ethical Considerations

The data collection process started after receiving ethical approval from the Post-Graduate and Research Coordinating Office of the College of Business and Economics of Jimma

University. The prospective participants were supplied with information about the research, including the study's goals, methodology, risks, and expectations. The transcribed participant and interview data were retained in a password-protected computer file. Anonymity ensured that no participants could be related to the stories they narrated, and the folders being used were kept secure. This helps the study to reduce the potential risks that participants might face. Only the researchers themselves had access to the study's data.

### **Data collection**

The study data was collected from August to December 2023. Semi-structured interview guidelines were utilized to investigate the participants' experiences and perspectives. Every in-depth interview took between thirty and sixty minutes on average. Data saturation was proven when no new topics arose from the investigation (Mason, 2010). After collecting the interviews on audio, the first and second researchers transcribed them verbatim. In-depth interviews were conducted with 10 participants to assess their experiences and perspectives on Awach SACCOS.

### **Data Analysis**

The data were meticulously analyzed and interpreted using Diekelmann's hermeneutic phenomenological method (Diekelmann, 1992), aiming to extract profound meaning from participants' experiences through an iterative hermeneutic cycle. This approach involved a continuous examination of the research team's insights, ensuring that findings were grounded in thoughtful interpretation. Diekelmann's seven-step framework guided the process: initially, all interviews were comprehensively reviewed to grasp the essence of the phenomenon. Subsequently, both explicit and implicit meanings were extracted, followed by a collaborative analysis of encoded messages to illuminate participants' narratives. Discrepancies in interpretation were addressed by revisiting transcripts and engaging with participant feedback, leading to the identification of key themes through comparative analysis. The results were systematically categorized and discussed, culminating in a cohesive presentation of the final findings as key themes (Creswell & Poth, 2016; Diekelmann, 1992).

### **Rigor and Trustworthiness**

To ensure the trustworthiness of this study, we employed the criteria of credibility, dependability, confirmability, and transferability (Polit & Beck, 2017). We enhanced the reliability of our findings through triangulation and member checks. Our manuscript thoroughly describes our investigative approach and the techniques used for data collection and analysis. To validate the data, we shared interview transcripts with all participants for their feedback, and everyone confirmed their accuracy, which was crucial for establishing credibility and allowing participants to reflect on their experiences (Mays & Pope, 2020). We maintained dependability by having a qualitative research expert audit our research processes. Confirmability was achieved by debriefing the results with the entire research team to mitigate bias in theme development and analysis, with unanimous agreement on the findings. Lastly, we tested transferability by summarizing our findings and providing a narrative explanation of the interviews, assisting readers in understanding and potentially applying our outcomes in other contexts.

## Results and Discussion

The following section summarizes the factors that resulted in the success of Awach saving and credit cooperatives. The thematic analysis of the interview results revealed the following sixteen basic factors that contributed to the success of Awach saving and credit cooperative. Each theme is discussed as follows.

### Strategic Thinking

The information gathered showed that Awach SACCOS's strategic thinking is one of its success factors.

Awach crafted a clear vision and mission and communicated them to its stakeholders so that they owned them and worked towards achieving the vision and mission. Furthermore, Awach prepared a strategic plan and conducted periodic performance appraisals based on the plan. The board chair supported this fact, stating that:

*“In 2030 G.C., our vision is to see the cooperative that meets international standards.”*

Awach has a vision that enables it to become an international standard savings and credit cooperative. When they set such a vision, their performance standards were developed at the international level, which is why they surpassed local savings and credit cooperatives. The founder stated the contribution of strategic thinking to Awach's success, saying that:

*Awach proceeded with a vision, mission, and goals in hand. Because of the technology-assisted operation and the resultant accessibility to a large number of individuals, we were able to mobilize significant number of members. He also asserted that we assess our goals and vision at every level of development in order to modify performance to fit the circumstances. Awach's regulations and strategic plan won't even last for three years. We constantly adjust and revamp our strategies and keep them updated.*

The board chair of Awach SACCOS also confirmed that there is a practice of preparing a strategic plan, appraising performance as per the strategic plan, and revising the plan based on the achievements, stating that:

*... Since I joined 10 years ago, we have prepared two strategic plans; five-year plan for 10 years. Therefore, as a management body, we crafted strategic plans and then cascaded yearly plans based on the strategic plan. As an approach, we used that, but our performance exceeded our plan for five years in just three years, even though the plan was overstretched. We performed beyond what was planned until now. Therefore, we will discuss our plan and revise it accordingly.*

Another senior employee interviewed also supported the idea of other interviewees indicating that there is a trend in preparing strategic plans and communicating those plans to each and every employee and other stakeholders to own them, stating that:

*Yes, we have a strategy that is operational until 2025/2026, which we have prepared for five years. We operate based on this strategy, and other documents are also developed based on this strategy.*

This finding is supported by a study conducted by Nguta (2009), who noted that strategic thinking is a crucial factor for the success of Savings and Credit Cooperatives (SACCOS). It

enables SACCOS to anticipate future challenges and opportunities, develop effective plans to achieve its goals, and make sound decisions in a dynamic environment. A study by Otitolaiye (2019) in Nigeria found that SACCOS, with a strong strategic orientation, exhibited better financial performance.

Research by Thatia (2019) in Kenya explored the impact of strategic management practices, including strategic thinking, on member satisfaction in SACCOS. The findings suggest that SACCOS, with a strategic focus, is better equipped to understand and cater to members' needs, leading to higher satisfaction levels. Similarly, a study by Onsase et al. (2017) in Kenya investigated the influence of strategic management practices on the performance of microfinance institutions, including SACCOS. They reported that strategic planning, a facet of strategic thinking, is associated with improved operational efficiency in these institutions. This can be attributed to factors like better resource allocation, streamlined processes, and a focus on continuous improvement.

### **Attitude towards Professionalism**

The other contributing factor to Awach's success is the leadership attitude towards the professionalism of the leaders and employees. Awach management believes that activities have to be managed professionally, and Awach attracts professional management and employees as much as possible. *Awach* makes use of many professional people. The founder, in his interview, stressed the commitment to professionalism, saying:

*Awach not only has financial wealth, but it also has a lot of human capital. The human capital of Awach is more important than its financial capital. We changed human capital into financial capital. We brought the money. For instance, we are doing this research because you are members of Awach. It is not for the sake of payment that you are doing this. I can tell for sure, you, the interviewer yourself are a wealth to Awach. There are many doctors and financial workers.*

*Whenever I want to attract individuals to Awach, I usually see the wealth of knowledge that these individuals have. As you remember, I was your student. I saw you teaching me and nominated you to join Awach. It was because I thought that you would be an asset to Awach. The same is true for another interviewer. I forced you to join Awach. It was because I knew by then that one day, in the future, you would do this task. I used the same technique for our board chair to bring him into the leadership position. Other doctor who works at Kotebe University, he has many research duties. He is responsible for coordinating the members. I brought him to Awach, and he is now on the committee for checking and balance.*

According to a member of the Ethiopian Cooperative Commission's management team, Awach succeeded, whereas many others failed because it drew in a large number of seasoned professionals who worked for the commission and developed experience in cooperative settings. This is what his interview looks like:

*... When our workers retire, they join Awach. This could be one of the reasons for Awach's success. Professionals who have know-how about cooperatives were working in various organizations in different positions, including*

*chairman, auditors, and inspectors. These experienced individuals have both theoretical and practical knowledge and know the factors that contribute to the failure or success of SACCOS.*

Prior studies supported the above findings related to values toward professionalism as a determinant of SACCOS's success. Kamau (2015) found that the success of Savings and Credit Cooperatives (SACCOS) hinges on a multitude of factors, with values toward professionalism playing a pivotal role. A crucial aspect of SAACOS success is a positive attitude towards professionalism (Shahmandi & Hosseini, 2014). A study by Ndirangu and Njenga (2018) investigated the factors influencing SACCOS' financial sustainability in Kenya, and the study found a strong correlation between professionalism, characterized by ethical conduct, competence, and a commitment to continuous learning, and SACCOS' financial stability. This suggests that organizations prioritizing professional conduct foster sound financial practices within the organization, leading to better financial health.

### **Member Satisfaction**

Members' satisfaction is indicated as another secret to Awach's success. The interview with one of the management members revealed that the members are satisfied with the service Awach employees are providing. The interviewee indicates the issue as follows:

*Primarily, we see why our members come to our cooperative. They need service. Starting from the beginning, we hire and assign employees to the right positions after we give them training. We welcome members with a smile and respect. We openly tell them the aim of the cooperative. We keep our promises and give them the credit they want. We create a good relationship. Members are the reason for Awach's growth. The first members invite others, and this tradition continues in the institution. We have never paid the media to advertise Awach.*

The other interviewee also indicated that Awach is not incurring significant advertising costs as the service that they provide sells itself, and one member invites the other as a result of his or her satisfaction with the service being provided. Here is what the interviewee stated:

*We treat our first member in good condition. When the member comes for the first time, we greet him standing, respecting, embracing, and greeting him or her. I was doing it like this. I do not talk to a guest sitting on my chair. I usually stand up and go to the guests' chairs and talk to them as friends. After that, one individual can bring ten other people. These ten people also bring another ten people each. It is in this way that Awach has been growing. Therefore, the first thing we usually do is handling members appropriately. We say, "members first."*

One of the board members also indicated that workers satisfy members, as Awach provides various incentives to its workers. We strongly believe that workers' satisfaction precedes members' satisfaction. Here is what he posited:

*... It is good that you observed the serving mentality of our workers. But we evaluate ourselves as if we are just far behind in satisfying our customers, and we always do more to satisfy them. We have good workers who strive to satisfy*

*members. They are young and trainable. We also strive to satisfy our employees so that they commit themselves to the satisfaction of our members.*

These findings are supported by a study conducted by Beyene and Abebe (2013), who found that the active and consistent participation of members had a positive impact on the sustainability of cooperative societies. Similarly, Kavulya et al. (2018) argued that the customer-focus strategy has a positive and significant effect on the performance of SACCOS in Kenya.

### **Capacity-Building Activities**

Employee capacity building is cited as another factor that contributed to Awach's success. It is the process of building linkages between employees and the visions, mission, and goals of the cooperatives through enhancing employees' abilities to deliver services in an efficient, effective, and sustainable way.

One of the senior employees of Awach indicated that capacity-building activities boost employees' competence and enable them to serve professionally, stating that:

*Capacity-building trainings are being provided to employees continuously. Such trainings enhance employees' competence and increase their commitment to Awach SACCOS, which results in member satisfaction and overall organizational success.*

The founder and CEO of Awach indicated the fact that there is a trend of capacity-building training starting from the first-day employees join Awach and the commitment of leadership to such activities, stating that:

*... I believe that the actions of a country's government shape the behavior of its citizens. Leaders play a crucial role in shaping the behavior of their followers. This logic also applies to cooperatives. If there is a thief worker, I believe that there is a thief leader. For an employee, the difference comes from the first induction. When employees first joined Awach, we trained them on why Awach was established. We also explain to them its mission and vision. We tell them that we are servants. This institution is a public property. I tell them that this cooperative does not belong to me. I am a servant. The owners are the members of the cooperative. They are owners and customers. When you serve, you serve the owners. You are giving service to a person who is coming to his or her home (Awach). The first employees who worked with me shared my understanding, and at the same time, the newcomers would share the same understanding with senior employees.*

Evidence also showed that there is a strong association between capacity-building activities and cooperative performance. A study by Nwankwo et al. (2017) indicated that capacity building has a strong effect on the performance of the cooperative.

### **Women Empowerment**

According to the International Labour Organization (2009) report, inequalities persist between women and men in terms of access to and control over social, political, and economic resources and opportunities for participation. The report further indicated that in employment,



women are found more often than men in informal and precarious work, with particularly pronounced imbalances in some sectors. Karthikeyan and Adugna (2023) also posited that women in Ethiopia face multifaceted problems, and their ability to contribute optimally to economic development was either suppressed or not recognized as a result of cultural and chauvinistic tendencies. Therefore, the empowerment of women is vital for meaningful involvement in the development process and for them to benefit equally from the results as their male counterparts.

In light of this fact, Awach SACCOS provides significant attention to women's empowerment, which is confirmed by the interviews conducted with stakeholders and the document analyzed. In the first place, the founder's crystal stand, as far as the capacity of women is concerned, helped the empowerment practice in Awach SACCOS. He witnessed that his hard work and commitment were inherited from his mother, saying that:

*I am a product of my mother. I was raised by a strong woman. My first school was with my mother. She taught me to be honest, a hard worker, and the whole-life principle. I did not have any special abilities, but these facts made me who I am today. My education later shaped the childhood behaviors inherited from my mother.*

The founder further claimed that it is only when we work on women that we bring real change.

*Women are honest, responsible, and committed to work with. In Awach, one can find women being promoted and holding critical positions such as deputy directorate, CEO assistant, communication office, and the majority of managerial positions at branch levels. One of the factors contributing to Awach's success is empowering women. Therefore, we should bring more women into leadership positions to be successful in the future too. Unless we involve women, it will be impossible to bring about the required development. Investing in women's empowerment is not politics, but it is true and genuine. It shouldn't be for the sake of giving some positions to women in an organization; that is the practice in some sectors. It has to be real empowerment, and I saw the result of women's empowerment in my life and witnessed the same in Awach. When we take responsibility and empower women, we begin to observe their positive impact, especially in the financial sector.*

Other interviewees from the board also witnessed that women's empowerment contributed to the success of Awach SACCOS. The interview result indicated that Awach empowered not only management or employee women but also women members. The result further revealed that the increase in female members benefited Awach SACCOS, as women are loyal to loan repayment and make saving deposits.

The interviewee further rationalizes that:

*We reviewed the rate of return or repayment of loans, and we reached the conclusion that women are better at loan repayment than men because they see it from many perspectives. Women relate the debt not only to themselves but to the family as a whole, manage the money properly, and pay the loan on time.*

The interview with one of the management members also indicated that women are good at discharging office responsibilities compared to men, and Awach SACCOS enjoyed this quality of women, which further contributed to its success. The interviewee stated that:

*When women get some positions, they strive to do things better by being loyal. Women have no distinct desire for a position, but when they get it, they do things right. There are many female employees at Awach SACCOS. Women serve customers with smiley and attractive faces. When members arrive to get services, women provide a different kind of reception, service, and care as well. This special quality of women contributed to Awach's success.*

However, women should not be in some positions because of their sex. They should fit the position they are provided with and discharge their roles in an effective and efficient manner.

One of the women management members interviewed also indicated that:

*Mr. Zerihun tries us at different positions, and if we fail to deliver the expected results, he has no tolerance. He doesn't treat females, especially because of our sex. He gives us the chance, but if things go wrong, he replaces them with someone else. Here in Awach, many women grow, and many of the positions are held by women, which has made big contributions to Awach's success.*

An interview with a board member also confirmed that women have inherent qualities that make them preferential to certain positions, like loan officers. The interviewee indicated that:

*We assign women to some important activities, like loan disbursement. We select workers based on criteria, and those who would be assigned as loan officers are those who have good behavior and have no intention of bribery or other kinds of misconduct. Most of the loan officers are women who are assigned to the position because they have the required integrity. Females most of the time assume responsibility; they don't get involved in corruption or other kinds of acts, and they are responsible. On the other side, a loan requires analytical capability and follow-up after it is approved and disbursed.*

The above findings of this study are supported by the study of Kevela and Magali (2022), which revealed that SACCOS had a significant influence on economic and social-cultural empowerment but less on the political empowerment of the female-headed household. As clearly discussed in the above section, Awach is creating employment opportunities mainly for women, who hold various positions at all levels of the management hierarchy. Thus, Awach's success is attributed to the empowerment of women. Other studies also argued consistent with the findings on women's empowerment by SACCOS (e.g., Baru & Matovu, 2023; Mfuko, 2022; Shanko, 2016).

### **Effective Communication**

Effective communication is a crucial and significant element in an organization, and it is necessary to create collaboration within the work environment, which affects organizational performance (Musheke & Phirr, 2021). In this regard, one of the major factors contributing to Awach's success is its clear communication of pertinent information to all its members. An interview with management members indicated that Awach has its own communication department and is providing pertinent information on a timely basis. The interviewed management member assured this fact, saying:

*There is a half-day members' awareness-creating program yearly at the branch level to let them know about their cooperative, saving and credit services being provided, saving procedures, and other pertinent information.*

The founder also indicated that Awach SACCOS is using different communication channels to reach its employees, members, and other stakeholders with pertinent information. He added that there is also a communication department to facilitate the flow of information. He described this fact as follows:

*From the perspective of communication, Awach has its own communication department. It has websites and uses apps such as Telegram, WhatsApp, and YouTube. We also have a data center. Members can use this data system to present their complaints and opinions. We also use it to send texts to all members. It also has a call center. Furthermore, Awach has its own research department. It was only last year that Ambo University conducted the first research on Awach. We frequently invite university students to conduct research about Awach. We sometimes want to see member satisfaction using research, and we conduct research too.*

According to Ndegwa (2024), one of the most important things that SACCOS should do to succeed is to focus on the elaborate flow of information. The author posited that SACCOS leaders should ask themselves to what extent members have access to daily information about their SACCOS. Information related to saving, investment, loan eligibility, credit performance, and others has to be made accessible to all members of the SACCOS.

Studies so far have also noted that effective communication via various channels helps SACCOS enhance their performance. For example, Ndegwa (2024) indicated that one of the most important things SACCOS should do to succeed is to focus on the elaborate flow of information. Similarly, Ondoro et al. (2021) and Wachira et al. (2014) noted that improved ICT policy implementation yielded better performance in SACCOS. Mugo et al. (2018) revealed that social media communication usage, knowledge sharing, information search, and social media advertising are positively and significantly related to the performance of SACCOS. In another way, Waithira (2015) found that communication via email has an effect on the performance of SACCOS in Kenya. Moreover, from a broader view, Arinaitwe and Ntirandekura (2022) noted a significant positive correlation between organizational communication and organizational performance at Abateganda Ntungamo Growers Cooperative Society Ltd.

## **Product Diversity**

Product diversity is one of the measurements of the operational performance of Awach SACCOS. It is indicated as one of the factors that resulted in its success.

According to an interview with one of the top management members, the increased amount of loans and diversified products for members is one of the factors in Awach's success. The respondent indicated that:

*Until 2018, the loan amount was limited to 100,000 Birr, and members were forced to find other alternatives to finance their needs. By taking the mismatch between loan demand and supply into account, Awach changed its bylaws in 2019 and started increasing the loan ceiling, prepared different books for*

*saving, and provided different loan alternatives to its members. We also categorized products into different categories, and this made Awach a comfortable place to finance the needs of lower-income groups, especially the young. The diversified product, therefore, contributed to Awach's success.*

Another interview with a management member also indicated that the diversification of products that Awach provides is one factor for its success. The response reads as follows:

*Prior to 2014, there was restrictive regulation related to loans. The regulation forced members to save 40% of the car price and save for at least a year to get a loan. Starting in 2015, the amendment to the loan regulation focused on raising the amount of the loan, reducing the saving amount and duration from one year to half a year, and clearly stating the collateral needed to get the loan. This made members clearly aware of the purpose of saving and the product types available. The availability of such alternatives made the members get better services, which further contributed to the success of Awach.*

This fact is supported by the study conducted by Okoth (2016), which indicated that product diversity has a significant effect on the performance of SACCOS. In a similar fashion, Njoka (2016) found that the diversification strategies adopted over the years had positively affected the performance of the SACCOS. Mwania's (2020) diversification strategies have a significant effect on the financial performance of deposit-taking savings and credit cooperative societies in Nairobi County, Kenya.

### **Employee Motivation**

Employees are said to be the biggest assets of any organization. Employee motivation is one of the critical success factors for companies because motivated employees direct their efforts toward achieving organizational goals. In the same token, the motivation of its employees is cited as one of the success factors for Awach SACCOS.

The founder and CEO of Awach SACCOS also supported this fact, saying that:

*As a leader, I believe that a staff member who is not satisfied will not bring any positive outcome. We always strive to create happy, healthy, and wealthy families. Therefore, without creating happy, healthy, and wealthy workers, we cannot create happy, healthy, and wealthy members. As much as possible, we keep the satisfaction of our staff at the highest level. For instance, during my leadership time, I have never unnecessarily intervened in staff's day-to-day affairs at work. As much as possible, we try to create a good work environment. I do not think that it is the staff's salary alone that makes them stay with us, but the respect we give to one another.*

He further indicated that Awach SACCOS used both financial and non-financial schemes to motivate its employees.

*As much as possible, we tried to change the lives of our workers as Awach grew. We pay an attractive salary. Because I have experience in NGO work, I pay good incentives for workers. We provide small amount of credit and provide health insurance to our workers. We also provide our staff with house allowances and provisions. We also have bonus gifts when we make more than*

*100% profit. We give them a two- or three-month salary as a bonus. Our salary increment takes into consideration the inflation in the country. Therefore, others say that Awach is an attraction center. Formerly, no one wanted to join us. But now, we have a good reputation and power and pay a good salary.*

Another management member also confirmed that staff prefers to stay at Awach because of the good salary they earn; otherwise, they could leave and join another institution. Here is a direct quote from her interview:

*“The staff prefers to stay in Awach for the sake of the attractive salary paid to them. This is because they may not find a similar amount of income in other institutions if they leave Awach.”*

One of the board members also witnessed that Awach has its own payment system and other mechanisms to satisfy and motivate its employees. He stated this as:

*Though the federal cooperative commission has stipulated the manner in which cooperatives should benefit their staffs, we convinced the commission that Awach can't follow the guidelines. We told the commission that we have the freedom to treat our staff in a way that motivates them. For instance, we provide a reasonable interest rate, bonus, and salary increment, provide them with training, and cover their income tax expenses. Moreover, Awach provides loans that are paid over 20 to 25 years. Employees, especially female employees, have differential treatment when compared to other members. The overall motivational strategies boosted employee satisfaction and commitment, which resulted in the overall success of Awach SACCOS.*

In support of this fact, Felicien and Irechukwu (2021) posited that the motivation of employees is important for the success of saving and credit cooperatives. The authors further witnessed that employees are the best sources of offering good services to customers, and managers who realize the relevance of employees in their companies compete fairly in the present global business economy. Likewise, research from Nigeria examining employee motivation and job performance across various organizations, including SACCOS, indicated a strong positive correlation between both monetary and non-monetary incentives and employee performance (Tršková, 2016). This proposes that a combination of competitive salaries, bonuses, and opportunities for growth can be effective motivators.

### **Ethical and Committed Employees**

In any circumstance, the productivity of cooperatives is determined by employees' commitment and strong ethics. One of the management members of Awach witnessed this, saying that:

*The other factor contributing to the success of Awach is that our employees serve sincerely to make them free from corruption. Mr. Zerihun has built his own culture related to corruption, such as: don't bribe, don't embezzle, and the like, which are good words. If persons against this are found, the necessary measures will be taken, and this helped to build trust among members. This can be taken as one success factor for the success of Awach. If Awach had not done this in this regard, it may not have been successful at this level.*

Accordingly, the interview conducted with the stakeholders indicated that the availability of ethical and committed employees is one of the success factors for Awach SACCOS.

Awach has its own way of recruiting and cultivating committed and ethical employees and integrating them into its system.

*We make the fresh graduates give voluntary service in Awach by covering their transportation costs alone. This system helps us identify individuals who are committed to providing free services. Secondly, they learn the culture of Awach within the first three months. We believe that those who are committed to giving free service with payment of transportation costs would be important employees for Awach. Therefore, we directly hire them without any recommendation. This was the strategy we used when we were economically weaker. We used to take graduates, give them a three-month free service, and hire them.*

The interview with the CEO also confirmed that there are staff who are committed to the extent of not taking sick leaves when they get sick or those who take sick leaves for longer periods and come to their office without using their sick leaves. The interview response reads as follows:

*...When staff are sick and are asked by doctors for sick leave, they say no; they do not want sick leave due to their strong love for their work. If they need it, they know that they may stay home by asking their immediate boss. I am telling the truth. There are staff who say to their doctors, "Do not write a sick leave for me." At the same time, after they get a fifteen- or thirty-day sick leave, they come back to work in three days. For example, there is a female staff member who does not want to take or use her annual leave. I sometimes push her to use her annual leave, but she says no. She tells me that she feels good when she is in her office. Staff know that they can get their annual leave whenever they want.*

Literature also indicated that employee commitment results in better organization performance. According to Catherine et al. (2023), employee commitment plays a significant role in the relationship between leadership and organizational performance. Ethical conduct fosters trust and transparency within the SACCOS and with external stakeholders. This strengthens the SACCOS's reputation, attracting more members and potentially leading to increased deposits and loan applications (Githaiga, 2018). Similarly, strong employee commitment translates to higher levels of engagement and motivation, leading to increased productivity and efficiency (Guo, 2022). This can result in faster loan processing, improved member service, and cost savings for the SACCOS.

### **Leadership Quality and Commitment**

It is a general fact that the success or failure of any organization is related to the quality and commitment of its leadership.

The management member stated that leadership quality is one of the contributing factors to Awach's success, saying that:

*The main contributing factor to Awach's success is the availability of competent leaders who helped Awach perform better and become successful.*

*For me, I believe that our management system is a great factor that contributed to the success of Awach. We gave ourselves to Awach to succeed. We focused on the future and were determined to work hard, devoting our time and ourselves. We work with honesty and a high level of integrity. Awach has honest management and honest workers. These are our strengths that resulted in success.*

The founder of Awach also confirmed the role of leadership for Awach success, positing that:

*Leaders are the greatest factors in the success of organizations and even families. It is not many people who changed the world, but only a few who have had great influences. This success story comes due to the devotion of leaders, including me, that we determined to achieve when we began the cooperative 16 years ago based on our vision.*

Consistent with the findings of this study, previous studies (e.g., Mohamed & Bett, 2018; Ngetich & Muchemi, 2017) also noted that leadership qualities positively influenced the organizational performance of SACCOS. In addition, Njoki et al. (2022) found a strong relationship between transformational leadership and financial performance, as well as non-financial measures of SACCOS. Tukamuhebwa et al. (2022) also acknowledged that volunteer leaders' ability to reflect commitment and self-efficacy and undertake effective leadership practices correlates strongly with SACCOS' performance. A study by Kanyesigye (2018) also acknowledged the impact of leadership qualities on SACCOS' performance in Uganda. The study revealed that transformational leadership, characterized by a focus on inspiration, motivation, and intellectual stimulation, significantly enhanced SACCOS' performance.

### **Good Relationship with Government Organs**

Awach's good relationship with federal government organs such as the Federal Cooperative Commission and others contributed to its success.

One of the management members supported this fact, stating:

*We have positive and considerate leaders at different levels, including at the Federal Cooperative Commission. For instance, the previous director for the then federal cooperative agency has contributed to Awach's success. If these kinds of individuals had not supported and made political decisions, Awach would not have succeeded to the level it is now. It would have faced many challenges. The strong side of the opportunities, particularly the relationship we have with government bodies, is a big factor in our success. All we have provided and done has been getting acceptance; even our decisions are getting the chance to be seen at the national level. This made Awach the only cooperative to be registered at the national level. Getting registered at the national level helped Awach expand its operation, opening branches outside of Addis Ababa. For example, the Hawasa branch has achieved a remarkable result in increasing the number of members to 1,500 in a year, which could not be recorded by any other cooperatives, including those with more than 30 years of experience.*

Another management member also indicated that Awach's positive relationship with the government body contributed to its success, stating that:

*When we see the external factors, the Ethiopian Cooperative Commission has contributed a lot to Awach's success. The main support Awach obtained from the Commission was allowing its registration at the national level, which was a challenging task had it not been for the considerate decision of the Federal Cooperative Commission. For instance, the Addis Ababa Cooperative Promotion Agency has complained a lot about the registration of Awach at the federal level.*

Several studies have explored the connection between good relationships with government organs and the performance of Savings and Credit Cooperatives (SACCOS). For instance, a study by Muriithi et al. (2013) in Kenya found that SACCOS, with strong relationships with government agencies, gained easier access to credit facilities, grants, and technical assistance, ultimately enhancing their financial performance. Likewise, research by Asefa et al. (2016) in Ethiopia indicated that effective collaboration between SACCOS and government bodies led to the development of a more supportive regulatory environment, fostering stability and growth for SACCOS.

### **Membership in International Cooperative Alliance (ICA)**

The International Cooperative Alliance is a non-governmental cooperative organization founded in 1895 to unite, represent, and serve cooperatives worldwide.

The interview also confirmed that being a member of the International Cooperative Alliance is another factor in the success of Awach SACCOS. A management member indicated the benefit of being a member of an international cooperative alliance, saying:

*Being a member of ICA gave us the opportunity to promote ourselves and also to attend international meetings and share experiences. That's why we are inspired to transform our vision to that level. Therefore, we have used the international experience properly to enhance our success.*

Another senior management member also witnessed that being a member of ICA and having partial membership in the African Confederation of Cooperative Savings and Credit Associations benefited Awach, stating that:

*Our membership in the International Cooperative Alliance (ICA) and getting partial membership in the African Confederation of Cooperative Savings and Credit Associations (ACCOSCA) benefited Awach. As members of ACCOSCA, we have the power to vote and to be voted. Our board chair is a board member of ICA. We send different nominees for board membership in ICA. For example, we sent Mr. Osman to compete for a position sometimes. This should have been done by the Federal Cooperative Commission. Other countries' cooperative commissions at the national level are members of ICA, but we are the only primary cooperatives representing Ethiopia. If we were a federation, we would get a lot of benefits. For instance, when some fund applications are announced, it is not possible to participate as a primary cooperative. It is allowed only for a country's federation, alliance, or league. We told the*



*Federal Cooperative Commission many times to be a member of ICA, but they failed to do so. Our membership there helped us promote ourselves.*

A board chairman of Awach SACCOS also indicated that being a member of the International Cooperative Alliance has enormous advantages for Awach in sharing experiences and promoting themselves. The interview response reads:

*By the way, I am a member of the ICA Africa board and one of the directors. We have five directors. At the African level, we are an international cooperative alliance member of the network. This is the regional African network, which is part of the global network. Out of five in the network of ICA Africa, ours is ours, and I represented Awach.*

In general, it is confirmed that being a member of the International Cooperative Alliance and a partial member of the African Confederation of Savings and Credit Association (ACCOSCA) has benefited Awach by giving experience and promoting its presence at the global level.

According to Ghauri et al. (2023), the ICA provides resources like training, research, and networking opportunities, which can contribute to improved management practices and knowledge sharing. In this regard, through the ICA, SACCOS can learn from successful cooperatives worldwide and adapt best practices to their specific context (Tukamuhebwa et al., 2022). According to Shilimi (2019), ICA membership can enhance the credibility and legitimacy of SACCOS, potentially leading to better access to funding and improved public perception. Moreover, a study on SACCOS in Kenya acknowledges that ICA membership can provide access to resources and best practices, potentially impacting performance (Barus et al., 2017).

### **Use of Technology**

A CoreTec Solutions Africa report (2020) indicated that as the digital age reshapes how financial services are delivered and members' expectations continue to rise, SACCOS must embrace innovation as a strategic imperative. The report further indicated that innovation is not merely an option for SACCOS; it is a fundamental necessity to remain relevant and competitive in the modern financial landscape.

As far as technology usage is concerned, one of the success factors for Awach SACCOS is its use of modern technologies that big financial institutions such as banks are using to provide service. One of the interviewees from management supported this reality, stating that:

*If you go to other cooperatives, you can find that most of them perform manually. Awach stopped the manual system of work and became the first cooperative that began to use the T24 software system used by the Commercial Bank of Ethiopia, the Bank of Abyssinia, and the Cooperative Bank of Oromia. You cannot find any cooperative other than Awach, which uses the T24 software system. So, this is one culture that makes Awach unique. If we hadn't used it, we wouldn't have reached this level. Now, we have begun using mobile banking, and members can save money using their mobile phones at the banks of Abyssinia and Commercial Bank of Ethiopia as our system is integrated with these banks.*

The CoreTec Solutions Africa Report (2021) states that core banking solutions are the centralized systems for financial institutions that are responsible for ensuring seamless workflow within the institution. Core banking will help SACCOS offer members convenience through quick and efficient service delivery.

In line with this report, the board chair of Awach SACCOS confirmed that Awach uses core banking, which helps integrate Awach with branches. His interview reads as such:

*The major thing that we did five years ago was buying a core banking system for 10 million Birr. The core banking system that is used in banks is now used to connect the main office with branches. Members save money at banks integrated with Awach, and the money deposited at each bank appears in the main branch account. This simplifies the reconciliation of accounts at the main office and branches.*

From the analysis results, one can conclude that the use of technology is one of the success factors for Awach SACCOS.

The above findings are also supported by prior studies (e.g., Ayoro, 2018; Keah, 2014), which noted that an increase in ICT adoption leads to an increase in SACCOS financial performance in Kenya. Millan et al. (2023) also revealed that the adoption of mobile technology has a positive effect on the loan processes and procedures of DT SACCOS in Mombasa County.

### **Qualified and Committed Committee/Board**

Boards are responsible for developing strategic plans, developing policies and procedures, and overseeing the performance of organizations. Their commitment and competence add value for the organizations they lead. In support of this general fact, the interview conducted with Awach SACCOS stakeholders revealed that board commitment and competence is another factor that leads to Awach SACCOS success.

The CEO and founder of Awach SACCOS indicated that the performance of Awach has to be evaluated as a primary cooperative. Many cooperatives are being managed by committees. But it is Awach that hires an executive manager for the first time, being led by a cooperative committee, which is equivalent to a board. The interview further claimed that the professionalism of the board members contributed to its success, as decisions are made based on professionally analyzed evidence. He stated that:

*I want you and others to evaluate Awach from the perspective of cooperative. The operations of cooperatives are handled by the committee. It seems to me that Awach is the first primary cooperative that hires an executive manager and is led by a cooperative committee equivalent to a board. We have a healthy and positive relationship between the board and the management. Therefore, the professionalism and commitment of the board are one of the major success factors for Awach SACCOS.*

The interview further indicated that there is no conflict of interest between professional management and the cooperative committee or board, which is the case for many other cooperatives. One management member expressed the positive work relationship between management and the board as:

*A conflict of interest may arise between professional managers and board members as a committee. This is really a danger to the performance of any organization. But in our case, we have professionals in managerial and board positions. We understand each other. Most of our managers are experienced and have pursued a second degree in their academic careers. We understand each other and have strong team spirit.*

The interview further indicated that ethical leadership from lower levels to the board also contributed to the success of Awach, stating that:

*The other success factor is the absence of a corrupt mindset among our leaders and boards. They are servants and honest individuals who sacrifice their time for the success of the cooperative. This condition helped Awach greatly.*

In general, the analysis concluded that the availability of an ethical and committed board or management committee and Awach leadership from the bottom to the top is one of the success factors for Awach SACCOS.

The result of the analysis is also supported by prior studies like Wako (2020), which indicate a positive correlation between board effectiveness and the improved financial performance of SACCOS. According to Mlay et al. (2022), qualified and committed boards bring diverse perspectives and expertise, leading to more informed and strategic decisions. As stated by Njeru and Wanjiru (2013) qualified and committed committees and boards can contribute to more informed and strategic decision-making. This includes setting clear goals, developing sound policies, and overseeing proper risk management practices, all of which can positively impact SACCOSs' performance in the long run. Additionally, according to Addae (2010), effective committees and boards can act as a check and balance on management, reducing the risk of mismanagement and financial irregularities. This can lead to increased member confidence and trust, ultimately impacting SACCOSs' performance.

### **Absence of Political Interference**

The interview also indicated that the absence of political interference is another factor in Awach SACCOS's success. One of the management members of the Ethiopian Cooperative Commission indicated that unnecessary political intervention was the main factor for the inefficiency of cooperatives during the socialistic region, stating:

*... When Derge came into power, it associated the idea of cooperatives with socialist ideology and categorized them under the producers' union, and they failed to operate independently following cooperative basic principles. Similarly, at the beginning of coming to power, the EPRDF government again associated the idea of cooperatives with socialist ideology. As a result, the cooperative union's freedom of operation was restricted, denying them national recognition, and their national role was limited until 1994.*

In support of this reality, one of the management members indicated that political interference is a factor for the failure of cooperatives and that the absence of political interference is one of the factors for Awach SACCOS' success, stating:

*There is no political interference in Awach. Most cooperatives are damaged due to political interference. Government bodies interfere in the affairs of the*

*cooperatives. One of the principles of cooperatives is autonomy, which lets them govern themselves without external pressures. In Awach, there is no political interference that dictates what we should do, and hence, this autonomy boosts the morale of the board, management, and employees, which, in turn, results in Awach SACCOS's success.*

Therefore, from this evidence, one can conclude that unnecessary political intervention can negatively affect the operation of cooperatives, and the absence of political intervention is one of the factors for the success of Awach SACCOS.

The findings of this study are consistent with Khafagy (2016), who argued that democracy, political rights, and civil liberties promote financial cooperative development. In addition, Shilimi (2019) revealed that there is a strong and positive relationship between SACCOS performance and government regulation.

### **Inclusiveness**

Inclusiveness is one of the factors recognized for the success of Awach SACCOS, according to the data obtained from stakeholders. There is no one who is left behind because of the exclusion criteria set by Awach SACCOS. According to one of the senior management members, membership in Awach has no restrictions based on gender, religion, political, or other perspectives, stating that:

*... Awach SACCOS includes both men and women. In terms of age, anyone who is 18 or older can join. There are also members who are more than 65 or 70 years old. In terms of education, anyone can join and become a member. For instance, many of the founding members are daily laborers. We have members who have diplomas, first degrees, and generally from all educational levels up to the PhD level. Even we are diversified from a religious perspective. There are saving and credit associations that focus only on one religion, and we are not as such exclusive and include members as per their religion-based preferences. From an ethnic perspective, we plan to operate in all regions of the country and have members from all ethnic backgrounds.*

A board member also indicated that Awach members are diversified from many perspectives, saying:

*Awach is inclusive, as there are merchants, people from different professions such as engineering, artists, law, university or college instructors, finance and bank workers, small traders, self-employed people, and drivers.*

The other management member interviewed also substantiated that the only condition set to be a member of Awach SACCOS is the ability to save the minimum amount expected of a member, stating that:

*A member has to be one who has income, as saving and credit payments require continued income. Currently, though the minimum saving requirement for members is five hundred Birr, we do not exclude those who are not able to save this amount at once. We prepared a law that allows saving ten percent of his or her income, and one has to prove that he or she is free from crime and should not be a member of another cooperative union, as it could be very*

*difficult for him or her to pay loans at different organizations, and default may occur.*

This implies that Awach SACCOS is inclusive in different dimensions of diversities, which, in turn, contributed to widening the member base and enhancing performance.

Supporting the result of this study, there are studies that indicate a positive correlation between inclusiveness and SACCOS performance, particularly increasing member participation, improving deposit mobilization, enhancing loan performance, and having a stronger social impact. Inclusive practices like outreach programs and diversified membership criteria might lead to more members joining and actively using SACCOS services (Pasara et al., 2021). A wider membership base could translate to a larger pool of deposits, strengthening SACCOS' financial resources (Feather & Meme, 2019). According to Anania et al. (2015), with a diverse membership, SACCOS can cater to a broader range of loan needs, potentially leading to better repayment rates. Inclusiveness can also ensure SACCOS benefits from a wider segment of the community, promoting financial inclusion and poverty reduction (Maosa, 2020). Moreover, a study conducted on SACCOS in Kenya posited that when SACCOS are inclusive (e.g., lower membership fees, flexible loan terms), they attract a wider range of members, potentially leading to a larger member base and increased deposits, boosting financial resources (Nguta, 2021).

## **Conclusion**

It can be concluded that Awach SACCOS is a successful entity in financial and non-financial dimensions such as: membership formation, employment creation, deposit mobilization, share growth, loan disbursement, capital formation, and other perspectives. The following factors contributed to the success of Awach SACCOS: strategic thinking, leadership attitude towards professionalism, member satisfaction, capacity-building activities, women empowerment, communication, product diversity, ethical and committed employees, leadership quality and commitment, good relationships with government organ, membership in the International Cooperative Alliance (ICA), use of technology, qualified and committed committee or board, absence of political interference, inclusiveness, members and employees trust and security, and brand and image.

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