

NATIONAL UNIVERSITY OF LESOTHO



**THE SOCIO-ECONOMIC CONTRIBUTION OF CREDIT UNIONS TO DEVELOPMENT IN
LESOTHO: THE CASE OF TSOAING SAVING CREDIT UNION ASSOCIATION IN MASERU
DISTRICT**

DISSERTATION SUBMITTED

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DECLARATION

I declare that this dissertation is my original work and has not been submitted to any university.

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DEDICATION

This dissertation is for my late father, Tanki Molefinyane, my mother Makananelo Molefinyane, my daughter Ithabeleng Lebitsa and my husband Khotso Lebitsa for their support through trying times of my studies. Thank you for your support when I needed you.

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ABSTRACT

Credit unions have played a significant role in promoting financial inclusion, fostering community development, and empowering individuals to achieve their financial goals. Against this background, this study is to investigate the contribution of Tsoaing Saving Credit Union Association to socio economic lives of the beneficiaries in Tsoeneng Ha Mokhele community. The study adopted a mixed methods approach for the purpose of gathering both qualitative and quantitative data. The study has adopted case study research design and data was collected using closed-ended questionnaires and interviews. The findings show that Tsoaing Saving Credit union Association contributed to social development through capacity building training and offering educational loans. Furthermore, Tsoaing Saving Credit Union Association contributed to employment creation and access to financial services. Moreover, it contributed to income generation projects through poultry, small shop, piggery and farming. The study concludes that Tsoaing Saving Credit Union Association played an important role in improving the socio-economic development in Tsoeneng Ha Mokhele community. The study recommends that in order to improve socio economic development in Tsoaing Saving Credit Union Association should provide frequent and regular trainings on business management to their members. This could help members for good management of their loans and reducing loan defaulters.

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ACRONYMS

ACCOSCA	African Confederation of Cooperatives Saving and Credit Associations
CDCUs	Credit Development Credit Unions
CUIC	Credit Union Institute of Canada
IGAs	Income Generating Activities
GDP	Gross Domestic Product
IGAs	Income Generating Activities
IMF	International Monetary Fund
LCCUL	Lesotho Cooperative Credit Union League
LECUSA	Lesotho Credit Union Scheme for Agriculture
MF	Micro Finance
NGOs	Non-Governmental Organization
NUL	National University of Lesotho
RUSACCOs	Rural Saving and Credit Cooperative Organization
SACCO	Saving and Credit Co-operative
SILC	Saving and Internal Lending Community
USACCO	Umwaliwu Saving and Credit Cooperative Organization
VSLAs	Village Saving and Loans Association
WOCCU	World Council of Credit Unions

CHAPTER ONE: INTRODUCTION

1.1 Introduction

Both rural and urban communities benefit significantly from credit unions' contributions to economic growth and development (Mallya, 2020). A problem with credit union growth is that its contribution socio economic development is still low due to widespread criticism of the savings process and the size of loans extended to the beneficiaries. This research investigates the contribution of saving credit union on socio economic, which is to determine livelihood improvement of beneficiaries. It also focuses on Tsoaing Saving Credit Union Association in Tsoeneng Ha Mokhele Rothe. This chapter includes background of the study, statement of problem, and justification of the problem, objectives, research questions, limitations of the study.

1.2 Background of the problem

Saving and Credit Co-operative (SACCO) is a type co-operative whole objective is to pool saving for the beneficiaries and in turn provide them with credit facilities. Therefore, more than 140 years have passed since the beginning of the Credit Union. Currently, credit unions are active in more than 86 nations (Mbabazi and Uwingenzi, 2018). Credit Unions are small, non- banking financial cooperatives whose beneficiaries control and manage them by pooling their savings. Beneficiaries receive loans with fair interest rates. They also offer financial services than loans (Mbabazi and Uwingenzi, 2018). Community Development Credit Unions (CDCUs) in Black areas in the United States offer products at lower rates and, when available, offer greater dividends or interest rate, allowing beneficiaries or clients to save money and accumulate assets (Cuevas, 2000). In order to provide personalized services, assists beneficiaries in avoiding loans they cannot afford, and

provide them with the knowledge they need to make wise financial decisions and protect their assets, CDCUs work closely with their member (Cuevas, 2000).

Moreover, credit unions mobilize substantial amounts of savings to support economic growth throughout the community. They still contribute significantly to financial sector growth, growth; therefore their macroeconomic importance has significantly expanded. By offering cheap terms and conditions for access to loans to finance a variety of programmes, credit unions have improved the social and economic position of many members, allowing them to move from the underprivileged class to the home owner class (Adalbertus, 2018).

In the United Kingdom, a credit Union called the Friendly Societies Act was enacted in 1819, with the goal of enhancing the standard of living for common people by encouraging the growth of cooperatives and mutual societies (Cough and McGregor, 2007). This made it possible to combine small, routine individual payments for the benefit of the benefit of the group as a whole, achieving the same economies of scale required to offer group insurance and banking products. Mutual societies' historic role as intermediaries was to encourage thrift among the working classes and thereby open access to low-cost loans (Cough and McGreogor, 2007).

Moreover, by leveraging huge amounts of savings, credit unions support economic growth. Through loans, these savings serve as a stimulant for both domestic investment and consumption, thereby boosting economic activity. Credit unions increase the amount of financial transactions and permit- larger savings accumulation, which boosts economic efficiency by lowering borrowing and credit costs. Credit unions do not add to the amount of global debt because they do not rely on foreign capital; instead, loan funds are domestically obtained from their beneficiaries. Credit unions do not rely on foreign capital; instead, loan funds are domestically obtained from their

beneficiaries. Credit unions do not rely on government subsidies, so they do not use precious resources from the national budget (Getachew, 2022).

In order to create sustainable and profitable SACCOs in Africa, the African Confederation of Cooperatives Saving and Credit Associations (ACCOSCA) was established in Kenya in 1968. Savings and credit cooperatives and credit unions have recently come under increased consideration in developing nations as a mechanism for long-term poverty alleviation (Johnathan, 2018). Many of the first cooperatives for savings and credit were established in English-speaking nations, especially in Ghana in 1955, Uganda in 1964, and Nigeria between 1951 and 1953. SACCOs first appeared in Tanzania in 1954, Kenya in 1964, and Liberia in 1965.

Ghana was the first to run a credit union on the African continent, according to the World Council of Credit Unions (WOCCU). At the moment, 34 nations in African Credit Unions are supervised by the African Confederation Saving and Credit Associations (ACCOSCA), which has its headquarters in Nairobi, Kenya (Maina, 2020).

There are reasons why different nations have adopted the idea of credit unions: first and foremost, credit unions promote thrift by assisting beneficiaries in regularly saving money and creating a fund or money pool for their own use and the benefit of their dependents. Credit unions hold that instilling the habit of consistent saving is essential for an individual or group to grow holistically. Credit Unions help consumers becomes more responsible by promoting prudential financial management, which help them control their expenditures (Getachew, 2020; Melania and Justin, 2015).

The second benefit is that establishes a source of credit for beneficiaries at a fair and acceptable interest rate. A credit union's ability to administer lending facilities to beneficiaries at the lowest

and barest minimum rate of interest is improved when beneficiaries pool their financial resources in the shortest amount of time. This allows for a cheaper and more competitive rate of interest to be paid on lending facilities because the funds are internally generated from the various beneficiary payments (Getachew, 2020). Moreover, credit unions also work to improve the wellbeing of the communities in which they are active. As a result, everyone in a society can flourish holistically (Getachew, 2020).

Credit unions were created to address a basic human need: a way to save and borrow money without incurring unnecessary risks or giving the lender too much authority. The use of credit unions as a mechanism for long term poverty reduction has grown (Sarfo, 2018).

In Lesotho, promoters from the St. Pius X College (now National University of Lesotho) Extension Department founded the country's first credit unions in 1961. By 1968, leaders in the movement collaborated with the Department of Cooperatives and the University Extension Department to form the Lesotho Cooperative Credit Union League as a result of the fast growth of credit unions. The League was established to help affiliates, as well as to advance and broaden the movement throughout the nation (Letete, 2013). Moreover, along with its many with its many successes, LCCUL has also had setbacks and issues. Even though movement savings and loans have increased, the economy has somewhat slowed that growth. There are currently 52 communities served by credit unions, but there are many more places that require cooperative financial services. The LECUSA program's quick expansion overtaxed the available staff at the credit union and League levels, which diminished any success it may have had (Letete, 2013). Recently, the National University of Lesotho (NUL) innovation hub launched the Phuthalichaba savings and credit cooperative in 2019. Its objective is increase the export base and create jobs in order to support GDP development (Senoko, 2022). In addition, Tjapela expressed his hopes that

Phuthalichaba would encourage a savings culture in Lesotho and that, in five years, it would have evolved into a development bank that had invested in and helped at least five businesses grow into significant players in their respective industries, creating jobs and boosting the nation's economy significantly (Senoko, 2022).

Despite the adoption of credit unions by Lesotho, Particularly in rural regions, to raise the socioeconomic status of members and improve living standards, information regarding credit unions is scarce and difficult to come by Lesotho because when researching is old data. As a result, the study will add to the knowledge of the socioeconomic impact of unions to Lesotho's growth.

1.3 Statement of the problem

Microfinance or credit union in Lesotho involves around the challenges faced by microfinance institutions (MFIs) in providing effective financial services to underserved population (Makhetha, 2017). There has been researches on credit union and agricultural development and on microfinance in women empowerment in Lesotho (Mzenda, 2015; Nkhabu, 2018). . However, not much has been studied on the socio economic contribution of credit unions to development in Lesotho.

Therefore, the study seeks to investigate the contribution of Tsoaing Saving Credit Union Association on the improvement to community socioeconomic development. Credit Unions have a big influence on how Lesotho's rural and urban areas develop socially and economically. The problem is that Tsoaing Saving Credit Union Association beneficiaries' socioeconomic standing is still poor due to widespread disapproval of the savings process and the size of loans made to beneficiaries. Beneficiaries may not be able to improve their socioeconomic development through the establishment of modest income-generating activities if they cannot obtain appropriate credit

and continue to receive small loans, among other challenges. To better understand how Tsoaing Saving Credit Union Association has successfully and favourably changed the socioeconomic lives of its beneficiaries through the execution of its planned and unplanned financial and non-financial operations, the study will investigate how the contribution of credit unions to socio economic lives of the beneficiaries.

1.4 Justification of the problem

The study of Tsoaing Saving Credit Union Association will play an important role in improving the socio-economic development of credit unions and how they can be sustained in Maseru district and in Lesotho at large. The study's findings will also be crucial to the management teams at Tsoaing Saving Credit Union Association in helping them understand the difficulties that their members encounter and, consequently, know where improvements can be made. The study can provide valuable insights into the role and the impact of credit unions in the socio-economic development of Lesotho. It can help policymakers understand the specific challenges faced by credit unions and identify areas where government policies can be improved to support their growth and effectiveness. The study can inform the formulation of policies that promote financial inclusion, cooperative development and sustainable economic growth. In addition, since credit unions have great potential for social economic development, the government will benefit from understanding areas for improvement in policy and strategy formulation through the ministry of trade and industry, cooperatives, and marketing. The government will also profit from understanding the difficulties that credit union beneficiaries face so that they can develop plans to improve credit union governance. Additionally, development organisations working in rural financing will get knowledge of how to engage with members and gain trust in credit union investments by being aware of the advantages associated with such investments.

1.5 Objectives

- To assess the contribution of Tsoaing Saving Credit Union Association to social development of Tsoeneng Ha Mokhele community.
- To examine economic benefits derived by Tsoeneng Ha Mokhele community from Tsoaing Saving Credit Union Association.
- To investigate the contribution of Tsoaing Saving Credit Union Association to income generation projects in Tsoeneng Ha Mokhele community.

1.6 Research questions

- What is the contribution of Tsoaing Saving Credit Union Association to social development of Tsoeneng Ha Mokhele community?
- What is the economic benefits derived by Tsoeneng Ha Mokhele community from Tsoaing Saving Credit Union Association?
- How does Tsoaing Saving Credit Union Association contribute to income generation projects in Tsoeneng Ha Mokhele community?

1.7 Theoretical framework

The researcher used livelihood approach as a theoretical framework because it helps to understand the economic strategies of beneficiaries in their cooperative and to identify people's activities in improving and sustaining their socio economic status. Robert Chambers and Gordon Conway developed the sustainable livelihood method in the middle of 1980s to evaluate various settings of vulnerability and improve the effectiveness of development cooperation. A technique for examining and improving the lives of those who live in poverty and disadvantage is the sustainable

livelihood. It is a participative strategy built on the understanding that everyone has skills and resources that may be developed to assist them improve their life (Morse and McNamara, 2013).

The livelihood activities begin with the concept of livelihood and progress through the forms of capitals, structures and processes which shape peoples options. It analysis the concept of vulnerability of tribal people are exposed to different kinds of risks, shocks and stresses (Ellis, 2000). This affects the livelihood of the tribes in the forest. The livelihood framework is based on assets, mediating process, and mediating process are the various intervening factors that impact either positively or negatively on the livelihoods whilst activities ‘are the different things people do to sustain themselves (Francis, 2000). The livelihood approach is related to the study in the sense that credit unions improve people’s livelihoods and contributing to socio-economic development. Through providing financial inclusion, empowering individuals, fostering social capital, supporting local economic development and mitigating risks. Credit unions can have a positive impact on the well-being of their members and communities.

1.8 Definition of key terms

Socio- economic

It involves social as well as economic factors that are education, employment, income, family social support and community safety while socio economic status is the position of an individual. Or group on the socio economic scale which is determined by a combination of social and economic factors such as income, kind of education, type and prestige of occupation, place of residence and parts of society. Socio economic status often reveals inequality in access to resources as well as related to privilege, power and control (Hellmich, 2015; Russell et al. 2016). In the other hand the term “socioeconomic” is used to describe how different social classes and financial conditions affect various groups of people.

Socio economic development

It is the process of social and economic development in a society. The ultimate goal of social development is to create long- lasting improvements in people’s quality of life for themselves, their families, their communities, and society as a whole. It entails a consistent rise in a population’s economic standard of living, typically achieved by raising its stocks of both human and physical capital and advancing its technologies (Szimari, 2015;Miladinov, 2020). On the other hand, the process of social and economic development in a society is known as socio economic development. In order to achieve the highest level of human development feasible, it seeks to sustain the nation’s and its citizens’ social and material well-being. It was quantified using parameters like GDP, life expectancy, literacy, and employment rate.

Credit union

It is a cooperative financial institutions that owned and controlled by its members. Its beneficiaries are served by operating it with the intention of encouraging thrift, fair credit terms, and general financial services (Grant, 2021). On the other hand credit union is a beneficiaries-owned financial cooperative that established, run, and splits earnings with owners by its beneficiaries.

1.9 Limitations

The study was limited because some respondents had been bias when responding to some questions regarding loans. In addition some respondents who were interviewed were literate so the researcher had to read and explained questions to them. Again some respondents were not available during data collection and the researcher had to come back again the following day to collect data from them.

1.10 Research structure

The first chapter is the general introduction contains the following: introduction, background of the study, statement of the problem, objectives, research questions and justification of the study and structure of the study. The second includes literature review which comprises the review of the related literature. Third chapter will be methodology which includes the methods and techniques that will be used to carry out this study. Fourth chapter is known as data presentation, analysis and discussion. This chapter aims to analyse and interpret the data that will be collected from the field and findings in relation to the objectives of study. The final chapter will include conclusion, and recommendations. The conclusion will be based on the study findings. Recommendations will then put forward and areas for further research will be suggested for the future researchers basing on what the researcher will not be able to cover.

1.11 Chapter Summary

The background of the study, the research topic, a list of the research objectives, and an explanation of the study's significance are all given in this chapter, which also introduces the thesis. The literature relating to the history of and significant economic transformation brought about by credit extension is the subject of the following chapter.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of relevant literature related to the study. Any literature review's primary goal is to learn what research has already been conducted on the topic under consideration. The chapter is structured as follows, overview of credit unions and development credit union and poverty reduction and on credit union and community development.

2.2 Credit union and development: An Overview

Credit unions contribute to growth through their activities, whether directly or indirectly. Empirical data from research carried out over the years reveals that credit unions have helped many people escape poverty and given many others access to work possibilities (Kwizera, 2017). Credit unions have more difficult roles to play in advancing the development of the nations within Asia and Africa (Kwizera, 2017). Other studies in the globe revealed that credit unions contribute to social development through provision of educational loans. Apart of from contributing to social development, credit unions also contribute to economic growth. This is evidenced by the study of Britain which that through leveraging huge amounts of savings, credit unions support economic growth in British (Ahmadu and Hughes, 2018). The scholar argued that these savings serve as a stimulant for both domestic investment and consumption and increase the amount of financial transactions and permit larger savings accumulation, which boosts economic efficiency by lowering borrowing and credit costs. In Africa, credit unions contribute to economic development through borrowing and increase of income and employment creation. A study of Kenya and Nigeria revealed the role of credit union in increasing future incomes through borrowing. In Kenya, credit union services allow households to participate in ventures that are likely to result in higher future income, hence raising household income and members' standards of living (Mallya,

2020) and credit union play a crucial role in facilitating borrowing among their members (Maina, 2020). In Nigeria, credit union provides loans to its members and promotes borrowing. Moreover, the study by Okafor, (2016) in Nigeria emphasised that women and men participating in sponsored activities had much more income both in terms of source and amount, owed much more assets, and were more frequently gainfully employed than non-participants.

Regarding employment creation, credit unions created jobs in Rwanda, Ethiopia and Nigeria. In Rwanda credit unions have decreased unemployment because credit unions are required to hire employees (Ntuite, 2020). The scholar also stated that small and medium-sized investors use the borrowed money for investments, which eventually results in the creation of jobs. Similarly, for Ethiopia, credit unions have created jobs for over 23,000 people (Getachew, 2022). In Nigeria, credit unions play a vital role in employment creation (Okafor, 2016).

In Southern Africa, credit unions in Swaziland have significantly contributed to promote access to financial services, although it appears that they are smaller and more occupationally oriented (Zikalala, 2016). They have been successful in offering their members a wide range of credit and saving services at competitive rates. Moreover, the study of South Africa revealed that credit unions contribute significantly to promoting access to financial services through providing affordable and accessible financial products, prioritizing financial education, and fostering community development. They also play a crucial role in addressing the financial needs of underserved populations and building a more inclusive financial system (Ludwig, 2008). For instance, credit unions provide affordable credit options to their members, including small loans, personal loans and microfinance services. They often have flexible lending criteria and consider the individual's character and payment capacity rather than relying solely on credit scores. This

enables individuals with limited access to traditional credit channels to access affordable loans for various purposes, such as education, housing or starting a small business.

It is important to note that Lesotho has cultivated a culture of community credit unions including burial societies and savings clubs, which are made up of NGOs, Savings and Credit Cooperatives, Village Savings and Loan Associations, and Rural Savings and Credit Groups (Mabote, 2017). Further, these credit unions help its members develop emotional and social resilience so they can face daily economic hardships. They also offer financial assistance. In Lesotho, credit union has positive impact on the people in the informal microfinance because it has improved their livelihoods, and given them the self- esteem and the skills to start businesses and also provides services which contribute to the well-being of the poor (Letete, 2013). Moreover, Mahlatlole and Saasa, (2019) indicated that microfinance has played a significant role in promoting development in Lesotho. Microfinance has expanded access to financial services for the banked and under banked population in Lesotho. MFIs offer a range of financial products, including microcredit, saving, insurance and remittance services, tailored to the needs of poor and marginalized (Mahlatlole and Saasa, 2019). These services enable individuals to start or expand businesses, smooth consumption and build resilience against economic shocks (Mahlatlole and Saasa, 2019). In addition, microfinance has played a crucial role in empowering women in Lesotho. Women often face greater barriers to accessing formal financial services and starting businesses. Microfinance programs specifically targeted at women have provided them with financial resources, training and support, enabling them to engage in income-generating activities, gain economic independence and have a greater say in household decision making in Lesotho (Nkhabu, 2018).

The studies reviewed in this section have shown the contribution of credit unions to economic development in borrowing, increasing of income, building houses, improving quality life, future income, standard of living and employment creation, access to financial services and women empowerment. Whilst studies have shown the contribution of credit unions to development, they did not focus on the social impact of credit union. There is a need for more research on assessing the social impact of credit unions. This study therefore intend to fill this literature gap by assessing the impact of Tsoaing Saving Credit Union Association in social development of Tsoeneng Ha Mokhele community in Lesotho.

2.3 Credit Union and Poverty Reduction

Globally, a study of Washington by Throne, (2015) revealed that credit unions play a significant role in poverty reduction by providing financial services and support to underserved communities. It is argued that some credit unions give their customers the chance to build wealth (Coles and Smith, 2019). This is also supported by Throne, (2015) who argues that the credit unions generate employment to more than 150 million people in the world and provides opportunities for the development of the people in rural and urban areas. As a result, credit unions eliminate poverty through generating wealth, which raises the income levels of the weak, build viable businesses and reduce vulnerability to external shocks. Throne, (2015) also emphasizes that through providing accessible and affordable financial services, credit unions help individuals and families build assets, manage their money and escape the cycle of poverty. Moreover, a study of Britain by Ellis and Schneiders (2017) established that credit unions typically offer loans at reasonable interest rates, especially for members with limited credit history or lower incomes. This makes it easier for individuals and small businesses in underserved communities to access affordable credit.

Furthermore, Ellis and Schneiders, (2017) also stated that credit unions often prioritize financial education and literacy programs for their members. Regarding community development initiatives, a study of Wales and Northern Ireland by Gershlick, (2018) revealed that credit unions are deeply rooted in the communities they serve and actively engage in community development initiatives.

In Africa, credit unions play major role in poverty reduction through providing financial inclusion among low-income individuals and communities. A study of Ghana revealed the role of credit union through access to financial services, financial inclusion, microfinance and small business support, financial education and capacity building and social and community development (Osei and Yeboah, 2019). In Ghana credit unions offer a range of financial services, including savings accounts, loans, and other financial products. By providing access to affordable financial services, credit unions empower individuals and communities to save money, access credit for income-generating activities, and manage their finances effectively (Agyei- Mensah and Asong, 2018). Moreover, the study by Andabati and Ondieki, (2016) in Kenya also emphasised that credit unions arrange financial inclusion through reaching out to underserved and marginalized populations, including those living in poverty. The scholars further argue that credit unions, often establish branches or mobile banking services in remote areas, making financial services more accessible to people who may not have access to traditional banking institutions.

In Southern African, credit unions in Botswana have significantly contributed to poverty reduction through financial inclusion, saving mobilization, access to affordable credit and community development (World Bank, 2018). A study of Botswana by Banda and Chitonge, (2018) revealed that credit unions have played a crucial role in fostering financial inclusion by providing access to financial services for marginalized and underserved populations. Adults from Botswana had access to an account at a financial institution, and credit unions have been in increasing this access.

Moreover, the scholars emphasised that credit unions encourage a culture of savings among their members through promoting regular savings, credit unions help individuals build financial resilience and accumulate funds for emergencies, education, and investment. Savings mobilization contributes to poverty reduction by providing a safety net and enabling individuals to pursue income generating opportunities (Nthaga, 2018). The scholar revealed that credit unions often engage in community development initiatives, focusing on poverty alleviation. Moreover, the study of Botswana by Nthaga, (2018) established that credit unions offer small scale loans to their members at reasonable interest rates. This access to affordable credit allows individuals to invest in income generating activities, start or expand small businesses, and improve their livelihoods through providing loans to individuals who may not have access to traditional banking services, credit unions contribute to poverty reduction by promoting.

In Lesotho, credit unions also play an important role in the poverty reduction through providing access to financial services and promoting economic empowerment among low income individuals and community. Credit unions in Lesotho focus on providing financial services to underserved populations, including those in poverty (Central Bank of Lesotho, 2018). Furthermore, a study of Lesotho, by Letsie and Nthae, (2019) stated that credit unions contribute to poverty reduction in Lesotho through financial inclusion, microfinance and community development. The study revealed that, many credit unions in Lesotho operate as microfinance institutions, extending small loans to micro entrepreneurs and small businesses, generate income, and lift members out of poverty. Moreover, Seboka and Nteta, (2019) indicated that credit unions in Lesotho often have a strong focus on community development. They invest in local projects and initiatives that address poverty related challenges, such as education, healthcare, and infrastructure development. By supporting community- led initiatives, credit unions contribute to the overall well-being and socio

economic development of needy areas. Furthermore, study of Lesotho by Sebola, (2017) stated that microfinance has had positive social impact on poverty reduction in Lesotho through promoting financial inclusion. It has helped individuals and communities build resilience and cope with shocks and emergencies. Moreover, MFIs have often integrated social development components into their programs such as health and education initiatives which have contributed to poverty reduction efforts (Sebola, 2017).

The study reviewed the literature on credit union and poverty reduction. Different scholars focus on access to financial services, expand business, create job opportunities, financial education, literacy programs and access affordable credit. There is a need for more research on assessing the impact of credit union on community development projects. Therefore, this study intend to fill the gap through investigating the contribution of Tsoaing Saving Credit Union Association in income generation from projects in Tsoeneng Ha Mokhele community in Lesotho.

2.4 Credit Union and Community Development

Globally, credit unions also have a social impact on the communities they serve (Ahmadu and Hughes, 2018). The scholar also revealed that credit unions help to address social issues and support initiatives that benefit British communities through supporting local charities, partnerships, sponsorships, donations and sponsoring community events, and providing loans and grants to small businesses and community development project. Furthermore, the scholar revealed that credit unions help create jobs and stimulate economic activity within the community. Moreover, a study of Asia by Kwizera (2017) stated that credit union have a significant economic impact on the communities they serve. Credit unions prioritize financial education and counseling programs to enhance the financial literacy and capabilities of their members. The scholar also revealed that these programs empower individuals and families to make informed financial

decisions, manage their money effectively, and plan for future through improving financial literacy.

In Africa, a study of Nigeria and Kenya revealed that credit unions are committed to strengthening their local communities in a variety of ways, such as, delivering financial education programmes, funding charitable causes, hosting community events and providing loans and grants for small businesses and neighborhood development plans (Maina, 2020). As a result, credit unions give back to the people around them in meaningful ways. Moreover, study of Tanzania by Mallya (2020) revealed that credit unions help develop strong and sustainable neighborhoods. Similarly, a study of Nadowli- Kaleo district in Ghana by Hardi, (2019) also specified that credit unions have the social impact on the communities that they serve through addressing social issues and supporting initiatives that benefit their community. Furthermore, Maina (2020) revealed that credit unions often invest their resources directly into the local community through initiatives such as community development projects, affordable housing programs, and support for local nonprofits. Resultantly, these investment help address community needs, foster social development, and enhance the overall quality of life for residents. Through affordable, loans credit union can sponsor in different projects in the community they serve such as small businesses and the events which occurs in the community.

In Southern African, a study of Malawi by Chidzumani and Band, (2019) revealed that credit unions contribute to community health through partnering with local healthcare organizations and supporting health and sanitation programs. Credit unions are also argued to sponsor medical camps, provide funding for medical supplies and equipment and support initiatives aimed at improving access to healthcare services especially in rural areas. In addition, in Malawi, credit unions recognize the importance of environmental conservation (Chidzumani and Band, 2019).

The scholar also revealed that credit unions engage in tree planting campaigns, promote sustainable farming practices and support projects that focus on renewable energy, waste management and water conservation. Moreover, Chikasanda (2016) also revealed that credit unions in Malawi contribute to infrastructure development in their communities that is they invest in the construction of schools, health clinics, community centers and other public facilities that benefit their members and the whole community. Through improving infrastructure, credit unions help enhance the overall quality of life in the communities they serve. Therefore, credit unions play an important role to improve development of communities they are located in.

Sebatana, (2019) revealed that credit unions in Lesotho have positively impacted the lives of people in rural area. The study showed that credit unions in Lesotho play a vital role in community based initiatives to address social challenges and promote sustainable development. Nkhasi and Mpholo, (2018) also revealed that credit unions support projects in the communities such as education, healthcare, agriculture and infrastructure development. In addition, a study conducted by the Central Bank of Lesotho, (2019) found that microfinances in Lesotho have contributed to community development by providing financial services, promoting entrepreneurship, poverty alleviation and empowering women. These efforts carried out by microfinance institutions in Lesotho.

The literature reviewed reflect how credit union has a huge impact in the community. The studies reviewed in this section have shown the contribution of credit unions to community through the support of local charities and non-profits. It has been observed that the credit unions sponsor community events and provides loans and grants to small businesses and community development projects. They further help to improve the quality of life in their communities. There is a need for more research on assessing the economic impact of credit unions. The study, therefore, intends to

fill the gap by examining the benefits derived by the Tšoeneng, Ha Mokhele community from Tsoaing Saving Credit Union Association in Lesotho.

2.5 Chapter Summary

The reviewed literature reflects that credit unions contribute to development growth through their activities. Credit unions have helped many people escape poverty through access to work possibilities. Scholars have argued that credit unions contributed to social development through provision of educational loans and they have been successful in offering their members a wide range of saving services and competitive rates. Credit unions contributed to economic development through borrowing and increase of income and employment creation.

Reviewed studies also reviewed that credit unions play an important role in poverty reduction by providing financial services and also giving members a chance to build wealth. Moreover, scholars revealed that credit unions play a major role in poverty reduction through financial inclusion among low income individuals and communities, financial inclusion saving, mobilization and access to affordable credit.

Reviewed studies also reviewed that credit unions have impact on the community they serve through addressing social issues and support initiatives that benefit their communities' events through providing loans and grants to small businesses and community development projects. Credit unions align their goals with the needs of the community and make decisions that benefits their members and the broader community.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the study's research area and the setting where it was done. The research technique used in this study, the research design, the study population, the sampling process, the data collection methods, the data collection procedure, and data analysis are all included in the methodology for the study. The ethical consideration is also provided in the chapter.

3.2 Research approach

The study adopted a mixed methods approach for the purpose of gathering both qualitative data and quantitative data from the key informants on socio-economic contribution of credit unions to development in Lesotho. This approach was chosen due to the fact that (Creswell, 2014) states that mixed methods approach provides rich insights into the research phenomena that cannot be fully understood by using only qualitative or quantitative methods. As such, this implies that the use of mixed methods approach would enable the researcher to answer research questions with sufficient depth and breadth in this study.

In order to collect and analyses data in an acceptable amount of time less than what is needed for qualitative data, a quantitative techniques were applied. Additionally, the quantitative approach establishes and documents reality and makes an effort to characterise potential actions, attitudes, values, and traits of such things (Davis, 2014). In this study, a quantitative technique was chosen since it enabled the researcher to collect numerical data.

In contrast, a qualitative technique was utilised as the researcher was interested in learning about people's perceptions, experiences, behaviours, and understandings in everyday contexts (Creswell, 2014 and Daniel, 2016). It enabled the researcher to evaluate how Tsoaing Saving Credit Union

Association has benefited the community. Additionally, the qualitative approach was used to supplement quantitative data for better analysis and interpretation. Quantitative data were generated using questionnaires while qualitative data were collected through interviews.

3.3 Research design

In this study, the researcher used the case study research design because it typically chooses a small geographic area or a relatively small number of people as the subjects of study. This allowed the researcher to examine a specific case of Tsoaing Saving Credit Union Association. A research design is a strategy or a road map used when conducting a study (Abutabenjeh, 2018). A case study is an appropriate method when attempting to choose a case that may give the researcher as much information as possible to fully comprehend the issue (Babbie, 2021). The scholar adds that, despite a case study being primarily a qualitative study design, this approach is equally applicable to quantitative research.

3.4 Area of study

The study was conducted at Tsoeneng Ha- Mokhele in Rothe number 48 constituency which is located in the district of Maseru. Tsoeneng Ha Mokhele, in Rothe is research region, which was purposefully chosen as the credit union's host area. Tsoaing Saving Credit Union Association is the biggest credit union in Rothe. The population of Tsoeneng Ha Mokhele is 472 according to 2016 census whereas Maseru district has a population of 118,355 (Bureau of Statistics, 2016).

3.5 Study population

The participants in this study were beneficiaries, non-beneficiaries and management of Tsoaing Saving Credit Union Association. The researcher selected these participants because of their experience in credit union activities since they are well-informed and knowledgeable about the

benefits and drawbacks of such activities, allowing them to respond more effectively to the questions. Creswell, (2014) and Babbie, (2021) define the study's population as a collection of individuals or items with comparable features. They further say that it refers to the total set of people or things that researchers are interested in generalizing their findings.

3.6 Sampling procedure

The study used purposive and random sampling procedures. Purposive sampling enabled the researcher to use judgments to select cases that answered research questions and meet the objectives (Babbie, 2014). Moreover, purposive sampling was employed in this study as it allowed the researcher to focus on the best respondents' who can provide information or data relevant to the issue. Purposive sampling assists the researcher in avoiding data collection that may lead to unintended fields or directions (Davis, 2014). Beneficiaries and its management of Tsoaing Saving Credit Union Association were purposively sampled as key-informants in this study, their knowledge and understanding provided insight on the nature of the problem and gave recommendation to the challenges. The researcher utilized purposive sampling since it is beneficial in that it enables the researcher to concentrate on the ideal respondents who will provide information or data based on the socio economic contribution of credit unions. Purposive sampling was used as it is advantageous in that it helped the researcher to focus on the perfect respondents that offered information or data based on the socio economic contribution of credit unions to development. It helped the researcher to avoid gathering data that may meander into unwanted fields or directions (Davis, 2014).

David (2008) defines random sample as a technique whereby each member of the population has an equal chance of being selected as subject, the entire process of sampling is done in a single step with each subject selected independently of the other members of population. The researcher used

random sampling because it is considered as a fair way of selecting a sample from a given population since every member is given equal opportunities of being selected. Therefore, non-beneficiaries in the community where Tsoaing Saving Credit Union Association located were selected randomly because it allows everyone within a defined region to have an equal chance of being selected.

3.7 Data collection methods

A questionnaire was utilised as a data collection tool for the study. A questionnaire is a research tool made up of a list of questions used to collect data from respondents during a survey or statistical analysis. Closed-ended questionnaires were chosen because they contain survey or feedback questions that give respondents a limited number of predetermined options from which to choose, such as yes or no. It is also chosen because it was a quick way of collecting data where there is a large number of respondents that is Tsoaing Saving Credit Union Association has more beneficiaries. The questionnaires were administered to a total of twenty (20) beneficiaries of Tsoaing Saving Credit Union Association in Tsoeneng Ha Mokhele.

Data were also collected using interviews. This was where the interviewer collects data directly from the interviewees one-by-one and face to face interactions or via telephones. Face-to-face interviews allowed the beneficiaries to clarify any points that needed more clarification because there were no literacy requirements. This allowed the interviewer to probe questions in order to get more information. Unstructured interviews were used because the use of in-depth interviews was appropriate for this study since they made it easier to gather extensive and detailed data, which was thought to be less biased and more reflective of phenomena than structured interviews (Creswell, 2014). This helped the researcher develop a real sense of a person's understanding of a situation. They increased validity because it gave the interviewer the opportunity to probe for a

deeper understanding, ask for clarification and allow the interview to steer the direction of the interview (Creswell, 2014).The respondents were interviewed in this study, being one of management of Tsoaing Saving Credit Union Association, four beneficiaries of Tsoaing Saving Credit Union Association and five people which are not beneficiaries of Tsoaing Saving Credit Union Association in the community where this credit union is located.

3.8 Data collection procedure

The National University of Lesotho's department of development was consulted for authorization before doing any research. As a result, the department had prepared a letter allowing the researcher to gather data. The researcher informed the village chief where the data was obtained, and the chief will approve the letter and gave the research permission to continue gathering data from the appropriate sources. Additionally, the researcher was notify respondents that the study's primary goal is purely academic in nature. Additionally, since the majority of respondents won't be able to respond in English, questionnaires and interviews was conducted in Sesotho. The researcher was then translate the information into English. The questionnaires and interviews were take place in Ts'oeneng Ha Mokhele, the location of Tsoaing Saving Credit Union Association. Interviews and surveys lasted twenty minutes per respondent.

3.9 Data analysis

A thematic approach was used to analyse the qualitative data. Creswell, (2014) defines thematic analysis as a method for finding patterns or themes in qualitative data. This method entailed the researcher to develop themes and analysing data in accordance with them. The interviews were transcribed first, followed by a content analysis based on the transcription. Related themes were categorized. The referred themes that the researcher used when analyzing data were: contribution of Tsoaing Saving Credit Union Association to social development of Tsoeneng Ha Mokhele

community, economic benefits derived by Tsoeneng Ha Mokhele community from Tsoaing saving credit union association and contribution of Tsoaing Saving Credit Union Association to income generation projects in Tsoeneng Ha Mokhele community. In order to analyse quantitative data in a meaningful fashion, descriptive statistics was used to help describe the data. Therefore descriptive statistics such as pie charts, graphs, percentages, and frequencies used to express various kinds of replies from the beneficiaries of the Tsoaing Saving Credit Union Association.

3.10 Ethical consideration

Every stage of the design and execution of a research project must take ethics into account (Babbie, 2021). In this study, it was crucial for the researcher to take the respondents' ethical concerns into consideration. The researcher observed several ethical principles, such as informed consent, confidentiality, and truthful disclosure of results.

3.10.1 Voluntary and Informed Consent

The researcher must manage this delicate yet important component of the study with extreme care and professionalism. One of the most important ethical considerations in conducting research, according to Akaranga and Makau (2016), is requiring participants to give informed consent and participating voluntarily and voluntarily in the study in order to avoid unwarranted lawsuits and data falsification. Akaranga and Makau (2016) assert that a researcher must fully disclose all components of the study to participants so that they can make an informed decision about whether to join in the study or not. The ability to leave the study at any moment was made clear to the participants. Respecting the rights and dignity of research subjects implies allowing them the freedom to decide whether or not to take part in the study (Akaranga and Makau, 2016).

3.10.2 Anonymity, Confidentiality and Privacy

Akaranga and Makau (2016) discuss some ethics to take into account when carrying out the study and these are privacy, confidentiality, and anonymity. Anonymity is defined as not identifying respondents' racial or ethnic origins, not using their names, and not revealing any other private information about any of them. According to Fleming (2018), confidentiality is a moral behaviour intended to safeguard the privacy of respondent's permission must be requested if any information needs to be made public. By preventing physical and psychological harm to the research subject and ensuring that the researcher does not pose any awkward questions that could deceive or even shock the respondent, this helps to improve the researcher's openness towards the research subject.

The researcher took the participant's privacy into account in this investigation. In this study, the researcher gave the participants the reassurance that their information would only be used for the study itself. The audio tapes were erased, stored in a computer file, and eventually destroyed once the study was finished. In this study, the researcher accurately presented the respondents' actual responses that were ten interviewees and twenty administered questionnaires when presenting the research findings.

3.11 Chapter Summary

The research approach that was applied to the data collecting was provided in the chapter. The discussion and justification of a number of data collection techniques shows that their usage in this study was reasonable. In this chapter, various areas of data analysis were explained. The chapter also described the ethical issues that were taken into considerations when gathering data for this study.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter deals with presentation, analysis and discussion of research findings. The data were presented, analysed and discussed following the research objectives; to assess the contribution of Tsoaing Saving Credit Union Association to social development of Tsoeneng Ha Mokhele, the second objective is to examine economic benefits derived by Tsoeneng Ha Mokhele community from Tsoaing Saving Credit Union Association and to investigate the contribution of Tsoaing Saving Credit Union Association to income generation projects in Tsoeneng Ha Mokhele community. Therefore, the chapter has the following themes on contribution of credit union to social development, economic development and income generating opportunities. The sub-themes based on social development are capacity building and training, as well as educational loans. The sub-themes of economic benefits to income generating include employment creation and access to financial services while the sub-themes of business opportunities comprise small shops, poultry, piggery and farming.

4.2 Contribution of Tsoaing Saving Credit Union Association to social development of Tsoeneng Ha Mokhele community

The section sets out to discuss how Tsoaing Saving Credit Union Association contributes to social development of Tsoeneng, Ha Mokhele community. The Credit union has contributed to social development through capacity building and training, and education loans. The following subsections discuss these in detail.

4.2.1 Capacity Building and Training

The findings of the study revealed that Tsoaing Saving Credit Union Association has contributed to social development through capacity building and training of local community. The evidence revealed that the respondents were trained on investment, budgeting, saving, financial management, marketing and business planning as shown in table 4.1.

Table 4. 1: Number of beneficiaries trained

Capacity building and training	Frequency	Percent (%)
Investment	5	25
Budgeting	4	20
Saving	3	15
Financial management	2	10
Marketing	1	5
Business planning	5	25
Total	20	100

Table 4.1 reflects the number of community members who were trained. Tsoaing Saving Credit Union Association trained 20 community members, and they were trained in investment, budgeting, saving, financial management, marketing and business planning as indicated earlier. Twenty-five percent of respondents were trained in investment, 25% in business plan, 20% in budgeting, 15% in saving, 10% in financial management, and 5% were trained in marketing.

Data indicated that for financial management, the respondents were equipped with the necessary skills on how to make wise financial decisions, and this in turn led them to increase savings, investment in their local businesses and economic growth within their community. This implies that there is an economic growth as the community members now possess knowledge and skills. The training also provided the respondents with effective marketing and business planning skills, which helped them start and grow their businesses. As a result, more jobs opportunities were

created within the community, reducing unemployment rate and improving the livelihoods of community members. Their responses on issues of training are seen in extract below.

We held several workshops where we were taught how to invest the money in the credit union, and how to pay debt successfully to completion (Interview with participant A, Tsoaing Saving Credit Union Association, 2 May 2023)

One respondent added that:

We were taught that the more you save the money, the more you can borrow (Interview with participant B, Tsoaing Saving Credit Union Association, 2 May 2023).

Another respondent added that:

We were taught about investment, budgeting, saving, financial management, marketing and also business planning (Interview with participant C, Tsoaing Saving Credit Union Association, 2 May 2023).

The findings in the study showed that Tsoaing Saving Credit Union Association also capacitate their members through the training on borrowing, investment and saving. Financial literacy programmes are frequently established and implemented by Tsoaing Saving Credit Union Association with the goal of educating the community members, particularly those who are underserved or economically disadvantaged. The association empowers people to create the future that they desire, improves their financial well-being and gives them the power to make wise decisions. Training on budgeting, saving and financial management empowered the respondents to make informed decisions about their personal finances.

As highlighted by respondents, training leads to greater financial stability and resilience within the community. This means that trained community members are less likely to fall into debt or rely on social welfare programmes, which alleviate the burden on public resources. It is also evidenced that the training also helped the community to improve the standard of living as they understand how to make sound investment choices; how to grow their wealth over time, and thus lead to an improved standard of living. As highlighted above, the training has further prepared the community members on how to manage their finances effectively; as a result, the participants are likely to contribute to local charities and support community initiatives. The study, therefore, concludes that Tsoaing Saving Credit Union Association has not only empowered the community members, but it has also given them an opportunity to become role models and mentors for others within the community who were not the part of training. One respondent was presented in this way:

The training helped me and the entire community to improve our skills and knowledge
(Interview with participant D, Tsoeneng Ha Mokhele community, 3 May 2023).

The findings on capacity building and training are in line with the study of Ghana by Attan (2015) who indicates that the effects of micro-finance (MF) on livelihoods are primarily measured in terms of the modifications made to livelihood assets, and the ways in which these assets are used to manage vulnerability. The availability of MF can help the poor to find ways to safeguard their livelihoods from shocks, and to expand and diversify their sources of income.

4.2.2 Educational Loans

This section discusses how Tsoaing Saving Credit Union Association contributes to education. The study revealed that after joining the credit union, beneficiaries have been able to receive

money to pay their school fees, as well as their children's. It is therefore, worth noting that Tsoaing Saving Credit Union Association plays an important role in promoting education because the beneficiaries take loans at lower interest rate to pay school fees/tuition fees for their children. The beneficiaries also use the loans to pay tuition fee for their education. Poor families frequently make educational investments for their children from Tsoaing Saving Credit Union Association. This means that the children of beneficiaries are more likely to attend school for a longer period of time than the children of non-beneficiaries. This assertion is given in the excerpts below.

We borrowed money from credit union to pay tuition fee for our children
(Interview with participant E, Tsoaing Saving Credit Union Association, 2 May 2023).

One respondent added that:

I borrowed money from credit union to pay tuition fee for myself (Interview with participant F, Tsoaing Saving Credit Union Association, 2 May 2023).

Moreover, these results show that the credit union plays an important role in education because the beneficiaries of Tsoaing Saving Credit Union Association are able to pay for tuition, that is, the members can send their dependents and children to school. The enhanced ability of households to gradually save money to pay the tuition and school supplies is one of the credit union's most significant contributions to education. Figure 4.1 below is the usage of educational loans received from Tsoaing Saving Credit Union Association.

Figure 4.1: The educational loans

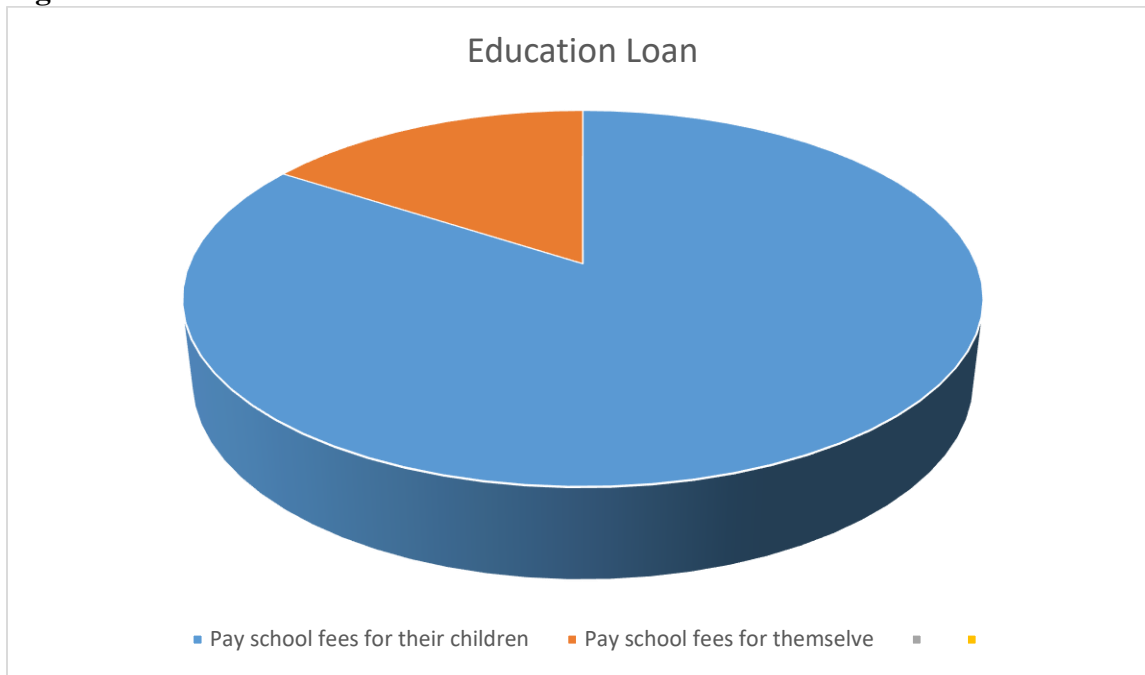


Figure 4.1 above shows that 85% of respondents managed to get educational loans for their children while 15 % of respondents managed to get the educational loans for themselves. This is because Tsoaing Saving Credit Union Association give its beneficiaries credit facilities. These findings conform to Maina’s (2020) study of Kenya which revealed that one significant indicator of credit unions such as Saving and Credit Cooperatives’ (SACCO) success is the improvement of the borrower’s and the family’s access of the borrower to education. The ability to pay tuition may enable the member to send their dependents and children to school, thus an increase in income from income-generating activities due to the interest rate that they pay in the credit union. The findings are also in line with Kwizera’s (2017) study in Kenya, which states that Kigabiro Umurenge Saving and Credit Cooperatives beneficiaries received school fees of their children and themselves after joining Umurenge Saving and Credit Cooperatives. Lambert’s results have shown that 90% equivalent to 91% of their sample had paid school fees of their children education

and themselves because the SACCO gave their beneficiaries the facilities, like credits. This is the reason why the percentage of the members without facilities were reduced from 66.3% to 5.9%.

4.3 Economic Benefits derived by Tsoeneng Ha Mokhele community from Tsoaing Saving Credit Union Association

This section presents and discusses the role played by Tsoaing Saving Credit Union Association in economic development. The union contributed to employment creation and access to financial services as discussed in the sub-sections below.

4.3.1 Employment Creation

The findings indicated that the small businesses in the community benefited from the loans and other financial services credit unions offered by Tsoaing Saving Credit Union Association. These businesses have expanded and created new jobs. The evidence also revealed that the credit union funded the community development projects, and that resulted in jobs creation. The following excerpts from respondents demonstrate the different type of jobs created by the Credit Union.

I am working at Tsoaing Saving Credit Union Association as a cashier, and I help members with financial needs, like, opening accounts, applying loans and troubleshooting any issues that may arise (Interview with participant G, Tsoeneng Ha Mokhele community, 2 May 2023).

One respondent from the community added:

I work as a loan officer at Tsoaing Saving Credit Union Association. I make lending decisions and disburse funds to approved applicants (Interview with participant H, Tsoeneng Ha Mokhele community, 3 May 2023).

Another respondent from the community added:

I work as an accounting and financial professional and I manage the financial aspects of Tsoaing Saving Credit Union Association such as accounting, financial analysis and budgeting (Interview with participant I, Tsoeneng Ha Mokhele community, 3 May 2023).

The findings revealed that Tsoaing Saving Credit Union Association plays a pivotal role in job creation. The credit unions have employees to run their operations and they also provide job opportunities by hiring the people from the community who have relevant skills to work as cashiers, loan officers, branch managers, IT professionals, customer service representatives and part-timers as displayed in table 4.2.

Table 4.2: The average percentage of job opportunities created for community members

Job creation	Frequency	Percent (%)
Cashier	2	10
Loan officer	1	5
IT professionals	3	15
Customer service representatives	5	25
Branch manager	1	5
Part-timers	8	40
Total	20	100

The data provided in table 4.2 depicts that 40% of community members works in Tsoaing Saving Credit Union Association on part-time contract. Twenty-five percent of community members works as customer service representatives; 15% works as IT professionals; 10% works as cashier; five percent works as loan officer; and five percent works as branch manager. The findings are similar to Nnyanja's (2017) in Uganda and Ntuite's (2020) in Rwanda studies, which have

indicated that credit unions play an essential role in job creation. For example, both Nnyanja and Ntuite studies have shown that the SACCOs have decreased unemployment because these co-operatives hire employees, such as, managers, loan officers, cashiers, accountants and recovery officers.

Additionally, small and medium-sized investors use the borrowed money for investments, which eventually results in the creation of jobs. Consequently, the majority of these co-operatives have successfully build their own homes and offices in various communes across the nation. By doing so, they have boosted the economy's infrastructure development sector and helped to create jobs.

4.3.2 Access to financial services

This section discusses how Tsoaing Saving Credit Union Association contributes to access to financial services by the Association beneficiaries. The respondents revealed that they have access to loans from Tsoaing Saving Credit Union Association. Those loans have helped them to improve their livelihoods like agriculture, wage based income and petty trade. This implies that Tsoaing Saving Credit Union Association has often served the underserved or under banked people who may have limited access to the traditional banking services. Tsoaing Saving Credit Union Association has stimulated economic activity within the community. This has resulted in increased access to credit, which enables the members to pursue entrepreneurial endeavors, invest in education, purchase homes or vehicles and meet other financial needs. One respondent explained:

Loans from Tsoaing Saving Credit Union Association has improved my life because I used them as capital for starting different businesses (Interview with participant J, Tsoaing Saving Credit Union Association, 2 May 2023).

Tsoaing Saving Credit Union Association also assisted their members and their businesses in the community to manage their finances more effectively. The following interview excerpts shed more light.

Credit union offers us loans at competitive interest rates compared to the traditional banks. The credit union offers the loan according to our savings in the credit union, that is, the more you save, the more you borrow (Interview with participant K, Tsoaing Saving Credit Union Association, 2 May 2023).

One respondent added that:

We formulate societies to generate money through interest in our credit union association (Interview with participant J, Tsoaing Saving Credit Union Association, 2 May 2023).

Table 4.3 below present the average amount of loan that the beneficiaries receive from Tsoaing Saving Credit Union Association. The table depict that 40% of respondents' access higher loans, followed by 25%, then 20%, and lastly, 15%.

Table 4.3: The average percentage of loan amount that the beneficiaries get from the Tsoaing Saving Credit Union Association

Average loan in Maluti currency	Frequency	Percent
M 200-M 500	3	15
M500-M1000	4	20
M1000-M2000	5	25
M2000-M3000	8	40
Total	20	100

As discussed earlier, the results show that Tsoaing Saving Credit Union Association play a significant role in supporting the lives of its beneficiaries by providing them with access to financial services, particularly loans. These loans are often provided in lower interest rate than those available from other financial institutions such as banks.

The findings on access to financial services are in line with the study of Tamale in Ghana by Hardi (2019) who indicates that the credit union such as Village Saving and Loans Association (VSLA) programme gave the communities the chance to put money aside, borrow money from the local groups to invest in businesses that would generate income, buy shares with their excess cash and contribute to the social fund that would operate as a safety net for the participants in times of need. This is where they focus on the members of the VSLA's financial status, including, their ability to save, access credit, participation in Income Generating Activities (IGAs) and investment in productive assets.

4.4 Contribution of Tsoaing Saving Credit Union Association to income generation projects in Tsoeneng Ha Mokhele community

The study established that Tsoaing Saving Credit Union Association contributes in income generating opportunities and projects. The beneficiaries from the credit union engage in different small business such as small shops, poultry, piggery and farming.

4.4.1 Small Shops

The study revealed that the benefits from the credit union led to small-scale business opportunities in Tsoeneng and Ha Mokhele community. The business opportunities include restaurants, cafe and clothing shops. Tsoaing Saving Credit Union Association provided the loans to help entrepreneurs to establish or expand their businesses. It has more flexible lending criteria and competitive interest

rates compared to traditional banks, making it easier for their businesses to access the capital they need.

Figure 4.2 below shows the percentage of business opportunities that the respondents are involved in. The beneficiaries mentioned that they started their own businesses after taking the loans from the credit union. One respondent stated:

It was hard for me to start business due to lack of capital funds f but after joining Tsoaing Saving Credit Union Association I was able to start business that is small shop (Interview with participant L, Tsoaing Saving Credit Union Association, 2 May 2023).

As indicated below, five percent of respondents had established small restaurant while five percent had established cafés. In addition, 10% of respondents had established small clothing shops as they had invested their money in other category of business activity. The results further indicated that the beneficiaries are earning an additional income that could help them to improve their well-being. As one respondent expressed:

Low interest rate loans from Tsoaing Saving Credit Union Association helped me to start business which improved my life (Interview with participant M, Tsoaing Saving Credit Union Association, 2 May 2023).

Figure 4.2: Small scale businesses that beneficiaries of Tsoaing Saving Credit Union Association



The findings above are in line with Attan’s (2015) study which revealed credit from micro-finance institution improved standard of living for women from Zabzugu District in Ghana. Attan (2015) in Ghana adds that 64.2% of these women started their enterprises with their own money, and with grit and determination, they were able to obtain the International Monetary Fund (MFI) loans for the expansion of company. They were able to steadily increase their income and support their families financially while also improving their businesses, acquiring assets, providing their families with high-quality health care, ensuring that their children received a good education and being able to pay for household expenses. These underprivileged women have improved their social and financial circumstances, enhancing their standard of living and all-around well-being.

4.4.2 Poultry project

The respondents stated that after accessing the loans from Tsoaing Saving Credit Union Association, they engaged in poultry project, that is, broilers and layers. There were 20

beneficiaries who were in poultry farming. The number of beneficiaries who have been involved in the poultry project are illustrated in table 4.4 below.

Table 4.4: The average percentage of beneficiaries who engaged in poultry project

Poultry	Frequency	Percent (%)
Broilers	15	75
Layers	5	25
Total	20	100

The data presented in table 4.4 depicts that 75% of beneficiaries were engaged in broilers while 25% engaged in layers. The evidence showed that majority of beneficiaries of Tsoaing Saving Credit Union Association at successfully in engaged in poultry farming. It is a relatively low capital business that generate a steady income for the farmers. The credit union provided loans to individuals or the groups of farmers who wanted to start a poultry farming business. This was expressed by a beneficiary who said:

I obtained enough money from Tsoaing Saving Credit Union Association to start poultry farming (Interview with participant N, Tsoaing Saving Credit Union Association, 2 May 2023).

These loans were used to purchase land, construct poultry houses, purchase birds, feed and other necessary equipment thereafter. Tsoaing Saving Credit Union Association also provided training and support to help the farmers manage their businesses effectively.

The following interview excerpts from beneficiaries sheds more light:

After getting loan from the credit union, I bought chicken broilers and raised them.

When they were mature, I sold them to the community (Interview with participant

O, Tsoaing Saving Credit Union Association, 2 May 2023).

One participant added that:

I have poultry layers, so I sell eggs to the community (Interview with participant P,

Tsoaing Saving Credit Union Association, 2 May 2023).

The findings indicated that Tsoaing Saving Credit Union Association offered savings and investment products to help the farmers to save for the future and grow their businesses. The Tsoaing Saving Credit Union Association offered savings accounts with higher interest rates to encourage the farmers to save money. They also offered the investment products that allow the farmers to earn returns on their investment.

The findings are similar to Maina's (2020) study, which focused on the benefits that the members received from SACCO. Maina's study has revealed that SACCOs had been of great help in improving the people's standards of living through the provision of loans in farming.

4.4.3 Piggery project

The respondents revealed that they invested in piggery business to improve their livelihoods. Piggery farming is another business opportunity that Tsoaing Saving Credit Union Association offered to its beneficiaries. The data presented in table 4.5 below depicts that 60% of beneficiaries engaged in selling pork while 40% are engaged in selling piglets.

Table 4.5: The average percentage of beneficiaries who are engaged in piggery project

Piggery	Frequency	Percent
----------------	------------------	----------------

Piglets	8	40
Pork meat	12	60
Total	20	100

It has been stated that the association provided the loans to its beneficiaries who wanted to start a piggery business. These loans were therefore used to purchase land, construct pig pens and buy pigs, feed pigs and other equipment. Tsoaing Saving Credit Union Association also provided training and support to assist the farmers who were engaged in piggery project to manage their project effectively. This is clearly elaborated in the following interview excerpt with one of beneficiaries:

We rear pigs, which provide our families with meat, and we also sell piglets and pork to the community (Interview with participant Q, Tsoaing Saving Credit Union Association 2 May 2023).

As community members, we buy meat and piglets from the beneficiaries of Tsoaing Saving Credit Union Association (Interview participant R, Tsoeneng Ha Mokhele community, 3 May 2023).

The findings demonstrates that Tsoaing Saving Credit Union Association offered savings and investment products to help the farmers to save for the future and grow their businesses. The respondents added that the pigs have a high reproductive rate, that is, the farmers can quickly increase their herd size and production capacity. They also said that pig farming also requires careful management to ensure that the animals are healthy and well-fed, and that their living environments are clean and comfortable. One respondent stated that:

Tsoaing Saving Credit Union Association helped us to start businesses such as piggery and save money for the future (Interview with participant S, Tsoaing Saving Credit Union Association, 2 May 2023).

The findings are similar to study by Ntuite (2020) in Rwanda who argued that loans from credit unions such as Umwalimu Saving and Credit Cooperatives enabled community members to purchase household items such as chairs, beds, mattresses, cupboards and other items that have improved their well-being.

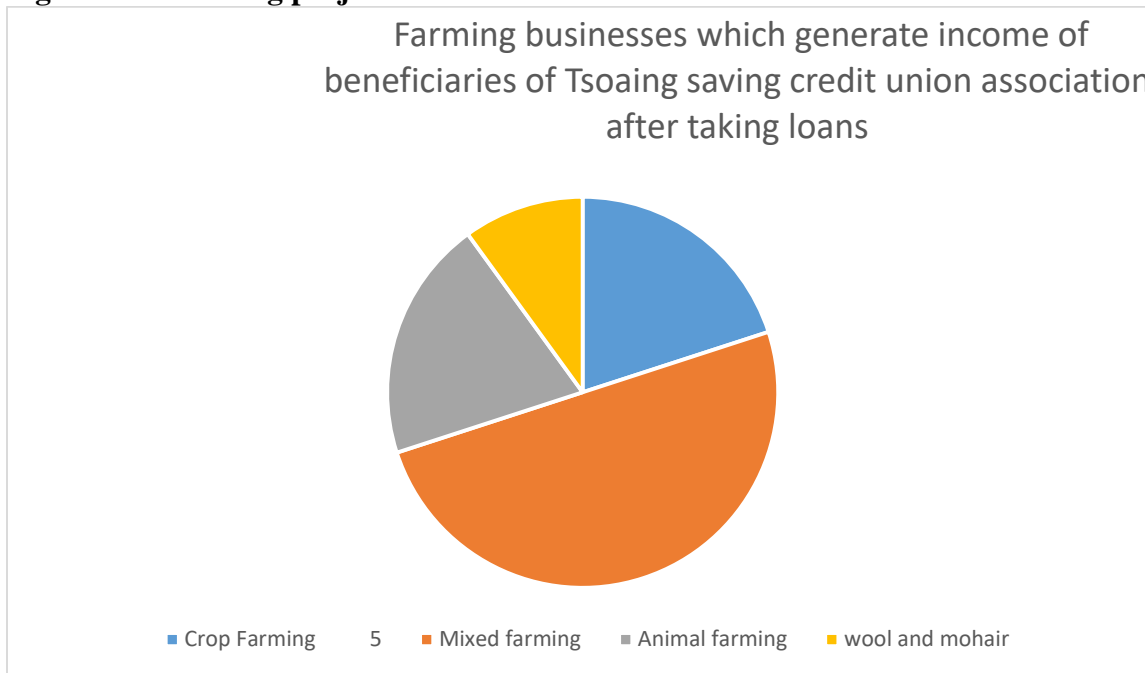
4.4.4 Farming

The study further highlighted that Tsoaing Saving Credit Union Association played a significant role in income generating because some community members invested their loans in the farming businesses. Tsoaing Saving Credit Union Association enabled its beneficiaries to generate income and improve their livelihoods. With these loans, they purchased inputs, such as seeds, fertilisers and equipment. The credit union also supported their members who were interested in farming through access to credit, technical assistance and market linkages. This information is shared by some of the participants as exemplified in the extract below:

Loans from Tsoaing Saving Credit Union Association helped us to increase our income generation through farming project (Interview with participant O, Tsoaing Saving Credit Union Association, 2 May 2023).

Figure 4.3 below illustrates the percentage of farming businesses that generate the income for beneficiaries after taking loans.

Figure 4.3: Farming projects



The data presented in figure 4.3 depict that 50% of respondents were engaged in mixed farming business; 20% were in crop farming business, 20% were in animal farming business, and 10% were engaged in wool and mohair. These activities generated income to credit union loan beneficiaries.

The findings showed that Tsoaing Saving Credit Union Association play an important role in improving farming activities through the loans, which financed both small and large scale farming. The association also provided technical assistance to their members in farming. This included training in modern farming techniques, which include soil management techniques, as well as pest and disease control. The technical assistance helped the farmers to improve the quality and quantity of their crops, leading to higher yields and better incomes. One respondent stated that:

Tsoaing Saving Credit Union Association offered workshops on modern farming that includes soil management, pest and disease control (Interview with participant T, from Tsoaing Saving Credit Union Association 2 May 2023).

The findings on farming activities engaged by the members of Tsoaing Saving Credit Union Association are confirmed by Ntuite's (2020) study of Rwanda, which has suggested that the majority, of respondents were involved in with the crop farming, mixed farming, milk supply, animal farming, like, cow, goat, chicken and other in farming business. These results imply that the most useful business activities in Huye District in Rwanda were crop and mixed farming because this district is located in rural area. This type of business generates an additional income to teachers in the district. These results even testified that the Umwalimu Saving and Credit Cooperatives (USACCO) loan improves the welfare of the teachers in Huye District.

4.5 Chapter summary

The study has revealed that Tsoaing Saving Credit Union Association contributed to social development of Tsoaing community. This was done through capacity building and educational loans. The capacity building programmes offers the financial education/training programmes. Tsoaing Saving Credit Union Association assisted their members in establishing financial stability and achieving their goals by giving them resources and information necessary to manage their money well. In addition to financial education, Tsoaing Saving Credit Union Association offered the entrepreneurs the training and support and also contributed to the job creation. The study further revealed that Tsoaing Saving Credit Union Association play a vital role to education, where beneficiaries access loans for fees payment.

The study revealed that beneficiaries of Tsoaing Saving Credit Union Association benefited from the loans offered by the credit union to develop their business and in employment creation. Tsoaing Saving Credit Union Association created job opportunities by hiring the community members with different expertise, including, cashiers, loan officers, branch managers, IT professionals and customer service representatives. The study further indicated that the benefits from the credit union have led to income generating projects in the Tšoeneng, Ha Mokhele community such as the small scale business opportunities and these include restaurants, cafés and clothing shops. The study also established that Tsoaing Saving Credit Union Association led to different projects such as poultry projects, piggery projects and farming businesses like crop farming and animal farming.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the conclusion and recommendations of the study. The conclusion is based on the major findings, which are in line with the objectives of the study while the recommendations are based on the analysis and discussion of the findings. This concluding chapter further explains the relevance of livelihood approach theory to the study. The study has investigated the contribution of Tsoaing Saving Credit Union Association to socio economic lives of its beneficiaries and the community. In an attempt to address the objectives of the study, research fieldwork was conducted through unstructured interviews and questionnaires. The data collection method allowed the researcher to understand how Tsoaing Saving Credit Union Association contributed to income generation projects in Tsoeneng Ha Mokhele community.

The livelihood approach used in this study was important to understanding the socio economic contribution of credit unions to development. The livelihood approach is a framework that focuses on the capabilities, assets, and strategies individuals and communities employ to secure their basic needs and improve their overall well-being. Therefore, livelihood approach theory has been identified as the most appropriate for this study in the sense that it highlights the ways in which Tsoaing Saving Credit Union Association contributes to the livelihoods of their beneficiaries and the community. In addition, the theory is relevant to the findings in the sense that livelihood approach recognizes the significance of saving and investment for long term economic stability. Moreover, livelihoods approach highlights the potential for entrepreneurship and self-employment as pathway for improving livelihoods. It recognizes that individuals possess human capital, including skills, knowledge, and creativity that can be harnessed to create and expand businesses.

Livelihood approach can promote economic growth, job creation and poverty reduction. In this study, Tsoaing Saving Credit Union Association encourage regular savings habits among their members, creating a pool of funds that can be used for income generation projects. By providing loans at affordable interest rates, this credit union enable members to invest in small businesses or other income generating ventures such as poultry and piggery to improve their lives. The livelihood approach seeks to improve social development and enhance economic opportunities thus relevant to the findings in that Tsoaing Saving Credit Union Association play an important role in poverty reduction through providing financial resources to marginalized and economically vulnerable populations.

5.2 Conclusion

The study concludes that Tsoaing Saving Credit Union Association has major contribution to social development of Tsoeneng Ha Mokhele community. This was done through capacity building programmers. The capacity building programmers offer trainings such as saving, budgeting, financial management, marketing, business planning and investment. These trainings equipped beneficiaries with skills and knowledge to make wise financial decisions which increase savings and investment.

The study concludes that Tsoaing Saving Credit Union Association services or activities mainly membership condition, credit or loan and saving products have positively contributed to the improvement of the socio-economic status of members. This is done by helping them to improve their standard of living. That is, it assists its beneficiaries financially with educational loans used to pay school fees or tuition fee to alleviate illiteracy among the credit union members and their children. Furthermore, the loans led to income generating projects such as piggery and poultry, and small shops.

Finally, the study concludes that Tsoaing Saving Credit Union Association creates job opportunities in the community, these includes cashiers, loan officers, IT professionals and hiring the community member with different expertise. On the whole the study concludes that Tsoaing Saving Credit Union Association has generally changed the livelihoods of its members and that of community for the better.

5.3 Recommendations

Based on the findings and analysis of data, the following recommendations were formulated for future betterment of Tsoaing Saving Credit Union Association members in Tsoeneng Ha Mokhele community.

- Capacity building and training programmes need to be enhanced to reach more members of Tsoaing Saving Credit Union Association and encourage them to attend so that they will be enlightened.
- Tsoaing Saving Credit Union Association should avoid low payments of loans through making rules and regulations that restrict on timing of payments.
- Tsoaing Saving Credit Union Association should explore opportunities to expand its market presence by targeting small retailers and supermarkets as potential outlets for beneficiaries' products because those big shops will buy in cash.
- The credit union should advertise its products through radio, television, newspapers so that they reach wide range.

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APPENDICES

APPENDIX A

QUESTIONNAIRE FOR STAFF BENEFICIARIES OF TSOAING SAVING CREDIT UNION ASSOCIATION

My name is Kananelo Celestina Molefinyane, a Masters in Development Studies student at National University of Lesotho. I am conducting a research on *'the socio economic contribution of credit unions to development in Lesotho: The case of Tsoaing Saving Credit Union Association in the Maseru district'*. You have been selected to participate in the study because of your potentiality in provision of the required research information. Your name will be held in strict confidence, and will not appear on any documents or publications. Please answer the questions as honestly and openly as possible. Kindly, I request your cooperation in order to make this exercise successful by filling all areas of the questionnaire.

Q1. Respondent's age:

18-30 []

31-40 []

41-50 []

51-60 []

Above 60 []

Q2. Respondent's gender:

A) Male []

b) Female []

Q3. Marital status:

a) Single []

b) Married []

c) Divorced []

d) Widow (er) []

e) Separated []

Q4. Did you go to school?

a) Yes []

b) No []

Q5. If your answer is —Yes!, what is your highest grade obtained?

a) Primary []

b) Secondary []

c) High school []

d) Diploma []

e) Bachelor []

f) Masters []

g) Doctorate []

h) Others, please specify []

Q7. For how long period have you been a beneficiary of the Tsoaing Saving Credit Union Association?

a) 0-3 months []

b) 4-6 months []

c) 7 months to 1 year []

d) 2 years and above []

Q8. How often do you meet Tsoaing Saving Credit Union Association?

a) Once in a month []

b) Several times []

C) Once a year []

c) Other (Specify)

Q9. Do beneficiaries have the ability to save and request the loan? Yes/ NO

If yes, please explain

Q10. What is the average of loan amount can the beneficiaries get from Tsoaing Saving Credit Union Association?

Q11. How do you use the loans that you get from the association?

Q12. Are beneficiaries able to pay back loans and interest on the stipulated due date?

APPENDIX B

INTERVIEW GUIDE FOR TSOAING SAVING CREDIT UNION ASSOCIATION REPRESENTATIVES

My name is Kananelo Molefinyane a Masters of Development Studies student National University of Lesotho. I am grateful to be with you today to conduct an interview on *'the socio economic contribution of credit unions to development in Lesotho: The case of Tsoaing Saving Credit Union Association in the Maseru district'*. You are selected to be interviewed since it is believed that you know more about the Tsoaing Saving Credit Union Association. The information you provide will be kept confidential and will be used only for academic purposes. Please, feel free to provide the necessary information.

Q1. What are the living conditions of beneficiaries of Tsoaing Saving Credit Union Association before and after joining it?

Q2. What services do Tsoaing Saving Credit Union Association offers to its beneficiaries?

Q3. What types of small income generating activities established by beneficiaries of Tsoaing Saving Credit Union Association?

Q4. What are the main contributions of Tsoaing Saving Credit Union Association to its beneficiaries'?

Q5. How do Tsoaing Saving Credit Union Association improve the wellbeing of its beneficiaries?

Q6. How do the beneficiaries repay back their loans?

Q7. What challenges does Tsoaing Saving Credit Union Association face?

