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Managerial Skills and Performance of Saccos in Uganda

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ABSTRACT: This systematic review study examines the relationship between managerial skills and Savings and Credit Cooperative Societies (SACCOs) performance in Uganda, drawing on extensive literature. SACCOs are crucial for financial inclusion and economic development in Uganda, but their performance varies widely due to differences in managerial competence. The performance of SACCOs in Uganda often suffers due to inadequate managerial skills, affecting their financial sustainability and service delivery. Despite their importance, many SACCOs face governance, risk management, and strategic planning challenges. The study revealed a strong positive correlation between managerial competence and SACCO performance. SACCOs with well-trained and competent managers demonstrated better financial performance, higher member satisfaction, and improved operational efficiency. Key managerial skills include strategic planning, financial management, risk management, and leadership. The study is grounded in management theories that emphasize the importance of human capital in organizational performance. The findings align with existing literature, such as Sseremba (2022) and Namara et al. (2023), highlighting the critical role of managerial competence in enhancing SACCO performance. The study underscores the need for targeted training and development programs for SACCO managers to improve their skills and capabilities. Effective managerial skills are essential for the success and sustainability of SACCOs in Uganda. Enhancing these skills can lead to better governance, increased financial performance, and greater member trust. The study recommends implementing comprehensive training programs for SACCO managers, regular performance audits, and establishing clear governance structures to ensure accountability and transparency.

KEYWORDS: Managerial: skills: SACCO: Performance: Uganda

INTRODUCTION

International Background

Savings and Credit Cooperative Societies (SACCOs) have long been recognized as essential financial institutions worldwide, particularly in promoting financial inclusion, enhancing local economies, and supporting community development. These cooperatives operate under principles of mutual aid, solidarity, and shared responsibility, aiming to provide financial services such as savings accounts, loans, and insurance to members, often in rural or underserved areas. In various parts of the world, SACCOs have contributed significantly to improving access to financial resources, reducing poverty, and empowering marginalized groups (J.K. Sseremba, 2022). The performance of these institutions is heavily influenced by the managerial competence of their leadership, particularly in areas such as financial management, strategic planning, and customer service.

Globally, the success of SACCOs is linked to several factors, including governance practices, financial management, and the ability to navigate market challenges (A. Moses et al., 2022). In countries like India, Kenya, and the Philippines, SACCOs have been integral to local economies, providing affordable financial services to members who may not have access to formal banking systems. Similarly, the role of managerial competence in SACCO performance has gained significant attention, with studies showing that effective leadership and decision-making can substantially enhance financial outcomes and operational efficiency (R. Ankunda, 2016).

Regional Background

In East Africa, SACCOs are particularly prominent in countries like Kenya, Uganda, and Tanzania. These societies have played a critical role in fostering financial inclusion and providing access to credit for small-scale farmers, women, and low-income individuals. Uganda, in particular, has seen rapid growth in SACCOs, especially in rural and peri-urban areas. The establishment of SACCOs in Uganda dates back to the early 1990s, following government reforms to enhance rural financial inclusion. Over time, these cooperatives have evolved, with increasing attention given to managerial competence, governance, and regulatory frameworks to ensure sustainability and growth.

The East African region's focus on cooperative financial institutions has been driven by the recognition that microfinance alone may not meet the diverse financial needs of local populations. The role of managerial skills in SACCOs has been emphasized across various studies in the region, with findings suggesting that the ability to adapt to changing economic conditions and effectively manage financial risks is crucial for improving SACCO performance (B. Namara et al., 2023). Furthermore, SACCOs in the region face unique challenges, including issues related to financial literacy, credit risk management, and compliance with regulatory standards, all of which are closely tied to the managerial skills within these organizations (B. Musiita et al., 2023).

Ugandan Background

In Uganda, SACCOs have become increasingly important, particularly in urban areas like Kampala, where they provide a viable alternative to formal banking institutions. These cooperatives are not only a source of financial services but also play a key role in empowering members by offering affordable loans, savings plans, and investment opportunities. SACCOs in Uganda, such as Walimu SACCO in Kampala, have emerged as models of financial inclusion and community development. The performance of these SACCOs is heavily influenced by the managerial competence of their leaders, including their ability to strategize, manage finances, and engage effectively with members.

The Ugandan government has supported the growth of SACCOs through various policies and programs aimed at strengthening the financial sector. However, studies indicate that while SACCOs in Uganda have expanded, there is a need for enhanced managerial skills to address challenges such as low financial literacy among members, inadequate governance structures, and poor risk management practices (L. Natukunda, 2019). In the case of Walimu SACCO, research has shown that the performance of the cooperative is closely linked to the leadership's ability to provide strategic direction, monitor financial health, and maintain transparency in operations (J.K. Sseremba, 2022).

Research on SACCOs in Uganda, such as that by Turyasingura and Moses (2023), highlights the need for improved managerial skills, particularly in areas such as strategic planning, financial management, and member engagement, as these are critical to achieving sustainability and growth. Moreover, the influence of global cooperative principles on leadership effectiveness has been noted as a key factor in enhancing SACCO performance in Kampala and beyond (M. Tukamuhebwa et al., 2022).

In conclusion, while SACCOs in Uganda have shown potential to drive financial inclusion and economic development, the relationship between managerial competence and their overall performance remains crucial. As Uganda continues to experience growth in SACCOs, the need for skilled management to navigate the complex challenges of financial services provision will be key to ensuring their long-term success.

PROBLEM STATEMENT

In the context of Savings and Credit Cooperative Societies (SACCOs) in Uganda, the role of managerial skills is crucial for determining the overall performance of these organizations. SACCOs are intended to empower their members by providing accessible financial services, particularly to underserved populations. When managerial competence is at its peak, SACCOs demonstrate improved financial performance, better member satisfaction, and enhanced organizational sustainability. In this ideal scenario, effective leadership ensures efficient resource allocation, strong governance, sound financial management practices, and strategic decision-making, all of which contribute to a cooperative's growth and success.

However, despite the potential for SACCOs to thrive, there is growing concern over the gap between the ideal and the current performance of SACCOs in Uganda. Recent studies reveal that many SACCOs, including well-established ones like Walimu SACCO in Kampala, face challenges that stem directly from deficiencies in managerial skills. For example, poor financial management, weak governance structures, and inadequate risk management practices have been identified as key factors that hinder the performance of these organizations (J.K. Sseremba, 2022). Similarly, studies by L. Natukunda (2019) and B. Musiita et al. (2023) highlight that SACCOs in Uganda struggle with issues such as low financial literacy among members, ineffective leadership, and a lack of strategic planning.

This study is prompted by the recognition that while SACCOs in Uganda have the potential for significant positive impact, managerial incompetence in key areas like financial oversight, customer relationship management, and risk mitigation is impeding their effectiveness. The contrast between the ideal situation—where competent management drives growth and success—and the current reality, where many SACCOs face operational inefficiencies, is significant. This research will explore the critical role that managerial skills play in SACCO performance and identify ways to bridge the gap between theory and practice in Uganda’s SACCO sector.

Significance of the Study

The study on the relationship between managerial skills and the performance of Savings and Credit Cooperative Societies (SACCOs) in Uganda is significant due to the growing role SACCOs play in the country's economic development, particularly in rural and underserved areas. SACCOs are essential in enhancing financial inclusion, providing affordable credit, and fostering economic empowerment for millions of Ugandans. With approximately 1,300 SACCOs operating in Uganda, these institutions collectively serve a large segment of the population, particularly individuals and businesses that may not have access to traditional banking services. However, the ability of SACCOs to meet their objectives depends significantly on the competence of their management teams. Therefore, understanding how managerial skills impact the performance of SACCOs in Uganda is crucial for ensuring their sustainability and effectiveness.

Managerial skills in SACCOs directly influence their performance in various ways. Effective management enhances decision-making, improves resource allocation, and fosters organizational growth. In SACCOs, strong managerial skills ensure that the cooperative's financial resources are well-managed, credit risk is minimized, and the organization remains financially viable. Additionally, skilled managers foster a culture of transparency, accountability, and member satisfaction. When management teams possess high levels of competence, they are more capable of developing strategies that align with the long-term goals of the SACCO and its members. As highlighted by previous studies such as those of Sseremba (2022) and Ankunda (2016), the composition of SACCO management, including leadership, decision-making processes, and financial management practices, is integral to the overall success of these institutions.

Despite the importance of managerial competence, many SACCOs in Uganda struggle with inadequate leadership and management skills, which severely affect their performance. Studies like those of Namara et al. (2023) and Natukunda (2019) show that poor financial management practices, weak governance structures, inadequate risk management, and lack of strategic planning are prevalent challenges faced by SACCOs. These deficiencies often result in low profitability, high loan default rates, and limited service offerings, which ultimately hinder the growth and stability of SACCOs. In some extreme cases, mismanagement has led to the closure of SACCOs, causing negative economic repercussions for members who rely on these institutions for their financial needs.

The significance of this study lies in its potential to provide valuable insights into how managerial skills and competence affect SACCO performance in Uganda. By examining key areas such as financial management, risk management, governance, and strategic planning, this study will help to identify the specific managerial skills that need improvement. It will also shed light on how these skills can be applied to enhance the efficiency and performance of SACCOs. Understanding these dynamics is essential for SACCO leaders and policymakers who seek to improve the operational performance and financial sustainability of these cooperatives. The study will contribute to the development of evidence-based strategies to address the managerial skill gaps that exist within SACCOs and to develop targeted training programs aimed at strengthening these skills.

Furthermore, the findings of this study are expected to have far-reaching implications for policy and regulatory frameworks governing SACCOs in Uganda. SACCOs are governed by both national regulations and internal policies, and effective management is central to ensuring compliance with these regulations. By identifying the key managerial competencies that contribute to the success of SACCOs, this study will inform policymakers about the necessary training and support mechanisms needed to improve managerial practices within the sector. The study can guide policymakers in formulating policies that foster good governance, accountability, and transparency within SACCOs, which are vital for their long-term success.

Another significant aspect of this study is its potential to contribute to the academic literature on SACCOs in Uganda and the broader cooperative sector. While numerous studies have addressed the financial performance and operational challenges of SACCOs, few have delved deeply into the specific relationship between managerial skills and SACCO performance. This study will fill this gap and offer a comprehensive analysis of how managerial competence influences SACCO's success. It will provide a foundational reference for future research on SACCO management and performance, both in Uganda and in similar contexts within sub-Saharan Africa.

For SACCO members, this study is particularly valuable because it has the potential to directly enhance the quality of services they receive. When SACCOs are well-managed, members benefit from lower interest rates, better loan accessibility, and improved customer service. Moreover, competent management ensures that SACCOs remain financially viable, safeguarding members' savings and investments.

In conclusion, the significance of this study lies in its ability to improve the managerial capacity of SACCOs in Uganda, which in turn will lead to better financial performance, greater member satisfaction, and the overall sustainability of these institutions. By focusing on the link between managerial skills and SACCO performance, this research will contribute to the development of more efficient, accountable, and successful SACCOs, which are vital for fostering financial inclusion and economic development in Uganda.

Managerial Skills and Performance of Saccos in Uganda

Research Objectives

The primary objective of this study is to evaluate the role of managerial skills in influencing the performance of SACCOs in Uganda. Specifically, the review will:

- Identify key managerial skills that influence SACCO's performance.
- Investigate the relationship between managerial competence and financial outcomes such as profitability, liquidity, and loan portfolio quality.

Inclusion Criteria

- Studies that focus on the relationship between managerial skills and the performance of SACCOs in Uganda.
- Peer-reviewed journal articles, dissertations, and conference papers published in the last 10 years (2015–2025).
- Studies that specifically examine managerial competencies such as leadership, financial management, strategic planning, and decision-making.
- Research that assesses SACCO performance in terms of financial and operational metrics, including profitability, loan portfolio quality, liquidity management, and organizational growth.

METHODOLOGY

This study employed a systematic review methodology to examine the relationship between managerial skills and the performance of Savings and Credit Cooperative Societies (SACCOs) in Uganda. A systematic review is appropriate for synthesizing evidence from multiple studies to provide a comprehensive understanding of the impact of managerial competence on SACCO performance. The review was analyzed relevant literature published in peer-reviewed journals, dissertations, and other academic sources. The following outlines the methodology that will guide this systematic review.

Search Strategy

The systematic review involved a comprehensive search of relevant academic databases to identify studies that meet the inclusion criteria. Key databases to be searched will include:

Google Scholar, **PubMed, ProQuest**, **JSTOR**, **Scopus**, **Academia.edu**

Data Extraction

Data was extracted from each eligible study using a structured data extraction form. Key information to be extracted will include:

- **Study details**: Author(s), publication year, and study design.
- **Managerial skills examined**: Specific skills and competencies assessed, such as leadership, financial management, strategic planning, risk management, and decision-making.
- **Performance outcomes**: Metrics used to measure SACCO performance, including profitability, liquidity, loan portfolio quality, and organizational growth.
- **Contextual factors**: Any external or internal factors (such as economic conditions, regulatory environment, or SACCO size) that influence the relationship between managerial skills and performance.
- **Findings**: Summary of the study’s main findings regarding the impact of managerial skills on SACCO performance.

Data Synthesis

The data was synthesized using a thematic analysis approach. This will involve identifying recurring themes and patterns across the studies regarding the types of managerial skills that most significantly impact SACCO's performance. A comparative analysis will be conducted to assess the consistency of findings across different SACCOs, regions, and research designs.

Quality Assessment

The quality of the included studies will be assessed using the **Critical Appraisal Skills Programme (CASP)** checklist for quantitative and qualitative studies. This tool evaluated the methodological rigor of each study, including aspects such as sampling methods, data collection procedures, and the validity of the conclusions drawn. Only studies with sufficient methodological quality will be included in the final synthesis.

Limitations of the Methodology

While the systematic review methodology provides a comprehensive approach to synthesizing evidence, it has some limitations. First, there may be publication bias, as studies with positive findings are more likely to be published. Second, the inclusion of studies only from Uganda may limit the generalizability of findings to other contexts. Lastly, the lack of standardization in measuring SACCO performance across studies could lead to challenges in comparing findings.

Ethical Considerations

Since this study is a systematic review of secondary data, no primary data collection will occur. Thus, ethical considerations primarily revolve around ensuring proper citation of sources and avoiding plagiarism. The study will follow ethical guidelines for research transparency and integrity.

Conclusion

This methodology provides a structured approach to systematically review the literature on the impact of managerial skills on the performance of SACCOs in Uganda. By synthesizing existing research, this study aims to provide a clearer understanding of how managerial competencies influence SACCO performance, identify gaps in the current body of knowledge, and suggest areas for future research. Through this process, the study will contribute valuable insights for both practitioners and policymakers seeking to enhance SACCO operations in Uganda.

LITERATURE REVIEW

Managerial Skills Required for Performance of SACCOs in Uganda

Managerial skills are crucial for the success and sustainability of Savings and Credit Cooperative Societies (SACCOs) in Uganda. SACCOs serve as vital financial institutions in Uganda, particularly in rural areas, by providing affordable credit, and financial services, and fostering economic empowerment. However, the performance of these institutions is highly dependent on the competence of their management teams. This literature review examines key studies to identify the skills required by managers for SACCOs to achieve optimal performance.

Managerial Competence and Performance of SACCOs in Uganda

Sseremba (2022) explored the role of managerial competence in the performance of SACCOs, focusing on Walimu Sacco in Kampala. The study revealed that effective management is essential for SACCOs to achieve profitability, minimize risks, and enhance member satisfaction. Managers with strong leadership and decision-making skills were shown to significantly improve the financial performance of SACCOs. Sseremba emphasizes that managerial competence in areas such as strategic planning, risk management, and financial stewardship is pivotal for SACCO success. The study also highlighted the importance of a sound governance structure, which is vital for ensuring that SACCOs remain financially viable and responsive to the needs of their members.

Management Composition and Financial Performance of SACCOs

Ankunda (2016) examined the relationship between the composition of management and the financial performance of SACCOs. The study found that SACCOs with managers possessing diverse skills, including financial management, human resource management, and strategic planning, performed better financially. The research also pointed out that managers' ability to make sound financial decisions, manage liquidity, and assess credit risk were key factors influencing the success of SACCOs. Managers who demonstrated a combination of technical expertise and leadership ability were more effective at improving operational efficiency, which ultimately led to higher profitability and sustainable growth.

Managerial Skills and Financial Performance: A Case Study of UNATU SACCO

In their study, Namara et al. (2023) assessed the relationship between managerial skills and the performance of SACCOs, focusing on UNATU SACCO. They identified several managerial skills crucial for SACCO success, including financial literacy, risk management, communication, and leadership skills. The study revealed that managers with strong financial literacy were better able to manage assets and liabilities, resulting in better financial performance. Additionally, effective communication between managers and members was found to enhance member satisfaction, trust, and retention, contributing to the overall success of the SACCO. The study also stressed the importance of leadership skills in motivating staff and setting clear organizational goals.

Voluntary Leadership and SACCO Performance

Cohen (2019) explored the role of voluntary leadership in SACCO performance in Wakiso District, Uganda. The study emphasized that leadership skills, particularly in voluntary settings where leaders are not financially compensated, are vital for SACCOs. The research found that volunteer leaders with strong interpersonal and motivational skills could inspire commitment and drive within SACCOs, leading to higher performance. Effective voluntary leadership in SACCOs was associated with better risk management practices, strategic financial planning, and improved member engagement. This study highlights the importance of leadership in motivating SACCO staff and members toward achieving shared goals.

Managerial Skills and Performance of Saccos in Uganda

The Influence of Global Cooperative Principles on Leadership Effectiveness

Tukamuhebwa et al. (2022) examined the influence of global cooperative principles on leadership effectiveness in SACCOs in Kampala. The study found that leadership effectiveness in SACCOs could be enhanced by managers who adhered to cooperative principles such as democratic control, transparency, and member participation. Managers who embraced these principles were able to foster a collaborative and transparent environment, which contributed to higher levels of trust and satisfaction among SACCO members. The study highlighted that leadership effectiveness is not just about financial management, but also about creating an inclusive and accountable management culture within the SACCO.

Credit Risk Management and Financial Performance

Natukunda (2019) focused on credit risk management and its impact on SACCO performance in Uganda, specifically in Bushenyi. The study revealed that effective credit risk management is one of the most critical managerial skills for SACCO managers. Managers who were proficient in assessing and managing credit risk helped to reduce loan defaults and improve the financial health of the SACCO. Credit risk management involves skills such as financial analysis, debt recovery, and the ability to set appropriate lending criteria. These skills are particularly crucial in Uganda, where SACCOs often serve low-income members with limited credit histories.

Strategic Management and Organizational Performance

Agaba et al. (2023) examined the effect of strategic management on organizational performance in SACCOs, using the case of Lyamujungu Sacco in Kabale District. The study found that strategic management skills, including long-term planning, market analysis, and competitor awareness, were essential for SACCO success. Managers who demonstrated a clear understanding of the SACCO's strengths, weaknesses, opportunities, and threats (SWOT analysis) were more likely to develop strategies that resulted in improved financial performance. The ability to adapt to changing market conditions and member needs was identified as a key skill for SACCO managers seeking to maintain competitiveness and sustainability.

Indicators of SACCO Performance in Uganda

The performance of Savings and Credit Cooperative Societies (SACCOs) in Uganda is a critical aspect of their sustainability and impact on community development. Several factors contribute to SACCO performance, including financial management, governance structures, strategic planning, and managerial competence. This literature review examines various indicators used to measure the performance of SACCOs in Uganda, drawing on studies that assess both financial and non-financial aspects of performance.

Financial Performance Indicators

A major body of research on SACCO performance in Uganda focuses on financial performance indicators. Sseremba (2022) conducted a study on Walimu SACCO in Kampala and highlighted key financial metrics such as return on assets (ROA), loan delinquency rates, and liquidity ratios. These indicators are critical in assessing SACCO's ability to manage its financial resources, ensure profitability, and remain solvent. SACCOs with lower loan default rates and higher ROA demonstrate effective management and a sound financial base. These indicators were also emphasized by Ankunda (2016), who found a strong correlation between effective financial management and superior financial performance in SACCOs.

In addition to these financial ratios, Etoromat (2022) and Natukunda (2019) examined the impact of credit risk management on SACCO performance. Both studies concluded that SACCOs that implement robust credit risk management practices, including accurate loan screening and effective recovery systems, tend to exhibit stronger financial performance. Performance measures such as the non-performing loan (NPL) ratio and loan recovery rate were used to quantify the effectiveness of these management practices.

Managerial Competence and Performance

Several studies have underscored the importance of managerial competence as a determinant of SACCO performance. Namara et al. (2023) identified key managerial skills such as financial management, strategic planning, and human resource management as essential to the financial health of SACCOs. Their research found that SACCOs with managers who had the necessary competencies were better equipped to handle financial challenges, make informed decisions, and implement effective strategies. Objective performance measures used to evaluate the influence of managerial competence included asset growth, profitability, and loan portfolio quality.

Cohen (2019) examined the role of leadership skills in SACCO performance and found that leadership qualities such as decision-making, communication, and problem-solving directly impacted financial outcomes. SACCOs led by managers with strong leadership skills were able to build resilient organizations capable of navigating economic challenges and delivering consistent value to their members. Similarly, Tukamuhebwa et al. (2022) highlighted the importance of voluntary leadership, which promotes shared responsibility and enhances the effectiveness of managerial decision-making in SACCOs.

Non-Financial Performance Indicators

While financial performance indicators are essential, non-financial performance measures also play a significant role in assessing SACCO success. Karamagi (2014) studied the provision of financial services in Express SACCO and found that member satisfaction, service quality, and community impact were critical non-financial indicators of SACCO performance. SACCOs that focused on improving service delivery and meeting member needs were more likely to experience growth in membership and overall success. Agaba et al. (2023) examined the influence of strategic management on SACCO performance and found that SACCOs with well-defined strategies for service delivery, member engagement, and expansion performed better. Key non-financial indicators included member retention, member satisfaction, and the successful implementation of strategic initiatives. The study demonstrated that SACCOs with clear long-term goals and a commitment to enhancing member value were more sustainable and impactful.

Cash Management and Liquidity

Effective cash management practices are crucial for SACCO performance. Kakaire (2019) studied the impact of cash management practices on SACCO performance in Mayuge District and found that SACCOs with strong cash management practices, such as maintaining adequate liquidity and managing cash flows efficiently, performed better financially. Liquidity management was a key indicator used to assess SACCO performance, with higher liquidity ratios being indicative of a SACCO's ability to meet member withdrawal demands and manage operational costs.

Strategic Management and Long-Term Performance

The role of strategic management in SACCO performance is highlighted by Musiita et al. (2023), who found that SACCOs with effective strategic planning and implementation achieved higher performance in terms of membership growth, profitability, and market share. Agaba et al. (2023) also emphasized the importance of strategic implementation in driving organizational performance. SACCOs with well-executed strategies demonstrated improvements in asset growth, member acquisition, and service diversification. Performance indicators in this context included strategic objectives achievement, market penetration, and member engagement metrics.

THEORETICAL REVIEW

Managerial Skills and Performance of SACCOs in Uganda

The study of managerial skills and their impact on the performance of Savings and Credit Cooperative Societies (SACCOs) in Uganda can be guided by several theoretical frameworks that help explain the link between managerial competence and organizational success. This review will first explore the *Human Capital Theory* and its application to SACCO performance, followed by an evaluation of the *Contingency Theory* as a complementary framework. The gaps identified within the Human Capital Theory will justify the selection of the Contingency Theory, as it better addresses the unique dynamics in SACCO environments.

Human Capital Theory and Managerial Competence

Human Capital Theory, developed by economists such as Gary Becker, asserts that an individual's skills, knowledge, and experience are valuable assets that contribute to the productivity and success of an organization. In the context of SACCOs, this theory suggests that the performance of a SACCO is directly linked to the competencies of its managers. Sseremba (2022) and Cohen (2019) underscore the importance of managerial competence in determining the financial health and operational efficiency of SACCOs. According to these studies, SACCOs with managers possessing higher levels of education, training, and experience are more likely to perform well, as these attributes help managers make better decisions, manage risks effectively, and implement efficient financial management practices.

Sseremba (2022) specifically links managerial competence with SACCO performance through indicators such as loan portfolio quality and profitability, highlighting that competent managers are more adept at managing assets, improving liquidity, and reducing non-performing loans. This view is supported by Namara et al. (2023), who emphasize that managerial skills such as financial planning, strategic decision-making, and leadership directly affect SACCOs' ability to grow and provide value to their members.

While the Human Capital Theory provides valuable insights into the importance of managerial competence, it has notable limitations. First, it primarily focuses on the individual's knowledge and skills, without fully accounting for the organizational context in which the manager operates. Additionally, it tends to overlook the role of external factors—such as the broader socio-economic environment and organizational culture—that can influence managerial effectiveness.

CONCLUSION

In conclusion, while Human Capital Theory provides valuable insights into the importance of managerial skills, its limitations in addressing contextual factors necessitate the adoption of the Contingency Theory. The latter theory offers a more holistic understanding by considering how the organizational environment and external factors influence the effectiveness of managerial skills. Together, these theories provide a robust framework for understanding the managerial competencies required for successful SACCO performance in Uganda. The integration of both theories enables a comprehensive analysis that not only emphasizes the role of managerial competence but also highlights the need for contextual adaptation in SACCO management. This theoretical review sets the stage for further exploration of managerial practices and their impact on SACCO performance in the Ugandan context.

FINDINGS

The performance of Savings and Credit Cooperative Societies (SACCOs) in Uganda is strongly influenced by the managerial competencies of their leaders. SACCOs play a crucial role in Uganda's financial system, particularly in rural and underserved areas, by providing essential financial services. However, the ability of SACCOs to achieve sustainable growth and enhance their financial health is contingent upon the skills and capabilities of their management teams. This review synthesizes findings from several key studies that explore the managerial skills required for SACCOs to thrive.

Managerial Competence and Performance of SACCOs

Sseremba (2022) focused on the relationship between managerial competence and SACCO performance, particularly in Walimu SACCO in Kampala. The study emphasized that effective management, particularly in the areas of leadership, strategic planning, financial stewardship, and risk management, is pivotal for the success of SACCOs. Managers who possess strong leadership and decision-making abilities were shown to enhance the financial performance of SACCOs, driving profitability, reducing risks, and improving member satisfaction. Additionally, a solid governance structure was highlighted as crucial for maintaining financial viability and meeting the needs of SACCO members. This underscores the importance of leadership skills in achieving both financial success and member engagement.

Management Composition and Financial Performance

Ankunda (2016) examined the impact of management composition on SACCO performance, noting that SACCOs with managers possessing a diverse skill set—ranging from financial management and strategic planning to human resource management—tend to perform better financially. Key skills identified included the ability to manage liquidity, make sound financial decisions, and assess credit risk. Managers who combine technical expertise with leadership skills were more effective at optimizing operational efficiency, leading to higher profitability and sustainable growth for SACCOs. The study supports the notion that a well-rounded management team is essential for the successful operation of SACCOs.

Managerial Skills and Financial Performance

Namara et al. (2023) explored the role of managerial skills in SACCO performance through a case study of UNATU SACCO. The study identified several key managerial skills that were found to be critical for SACCO success, including financial literacy, risk management, communication, and leadership skills. Managers with strong financial literacy were able to manage assets and liabilities effectively, resulting in improved financial performance. Additionally, effective communication between managers and members enhanced trust, member satisfaction, and retention. The study also emphasized that leadership skills were critical for motivating staff and ensuring the alignment of organizational goals with member needs.

Strategic Management and Organizational Performance

Agaba et al. (2023) examined the role of strategic management in SACCO performance, with a focus on Lyamujungu SACCO in Kabale District. The study found that strategic management skills, including long-term planning, market analysis, and competitive awareness, were essential for the success of SACCOs. Managers who could identify the strengths, weaknesses, opportunities, and threats (SWOT) of their SACCOs were better able to develop strategies that resulted in improved financial performance. The ability to adapt to changing market conditions and member needs was identified as a crucial skill for SACCO managers aiming for sustainable growth.

CONCLUSION

The findings from the reviewed studies consistently highlight that a combination of technical and interpersonal managerial skills is essential for the effective performance of SACCOs in Uganda. Key managerial skills identified include financial literacy, leadership, strategic planning, risk management, communication, and adherence to cooperative principles. SACCO managers who possess these competencies are better positioned to enhance the financial performance, member satisfaction, and sustainability of their organizations. The review underscores the need for SACCO management teams to invest in building diverse skill sets to navigate the challenges of the financial sector and support the economic empowerment of their members.

Findings on Indicators of SACCO Performance in Uganda

The performance of Savings and Credit Cooperative Societies (SACCOs) in Uganda is an essential factor for their long-term sustainability and their role in fostering community development. Performance is influenced by various factors, including financial management, governance structures, managerial competence, and strategic planning. This systematic review identifies key performance indicators (both financial and non-financial) derived from several studies that assess SACCO's performance in Uganda.

Financial Performance Indicators

Several studies highlight financial performance as a key measure of SACCO's success. Sseremba (2022), in his study of Walimu SACCO in Kampala, emphasized financial metrics such as Return on Assets (ROA), loan delinquency rates, and liquidity ratios. These indicators are essential for evaluating SACCOs' ability to manage financial resources, achieve profitability, and ensure solvency. SACCOs with lower loan default rates and higher ROA reflect effective financial management and a stable financial base. Ankunda (2016) found a strong correlation between financial management practices and superior performance, reinforcing the importance of these financial indicators.

Furthermore, studies by Etoromat (2022) and Natukunda (2019) examined the impact of credit risk management on SACCO performance. Both studies concluded that SACCOs implementing robust credit risk management practices—such as accurate loan screening and effective recovery systems—tend to exhibit stronger financial performance. Key performance indicators (KPIs) such as the non-performing loan (NPL) ratio and loan recovery rate were critical in assessing the effectiveness of these practices.

Governance and Accountability

Governance plays a significant role in the performance of SACCOs. Turyasingura and Moses (2023) investigated corporate governance in SACCOs in Rubanda District and found that SACCOs with strong governance structures—including accountability, transparency, and ethical leadership—tended to perform better. Effective governance indicators include the presence of a well-functioning board, adherence to cooperative principles, and clear accountability mechanisms. SACCOs with good governance practices were able to build trust among members, reduce operational inefficiencies, and improve profitability and member retention.

The importance of governance in SACCO performance is reflected in the literature, where studies show that SACCOs that prioritize accountability and ethical leadership not only ensure better operational performance but also establish a foundation for long-term sustainability.

Managerial Competence and Performance

Managerial competence is consistently highlighted as a critical determinant of SACCO performance. Namara et al. (2023) identified key managerial skills, including financial management, strategic planning, and human resource management, as essential to SACCO financial health. Their study found that SACCOs with competent managers were better positioned to handle financial challenges, make informed decisions, and implement effective strategies. Objective performance measures used to evaluate managerial competence included asset growth, profitability, and loan portfolio quality.

Cohen (2019) further emphasized the importance of leadership skills, such as decision-making, communication, and problem-solving, in impacting SACCO performance. Effective leadership, according to Cohen, directly influenced financial outcomes by fostering resilient organizations capable of navigating economic challenges. Tukamuhebwa et al. (2022) added that voluntary leadership, which promotes shared responsibility, also plays a crucial role in enhancing decision-making and organizational performance within SACCOs.

Non-Financial Performance Indicators

In addition to financial performance indicators, non-financial measures of SACCO success are critical. Karamagi (2014) explored the role of service quality, member satisfaction, and community impact in SACCO performance. The study concluded that SACCOs focusing on improving service delivery and meeting member needs were more likely to experience membership growth and long-term success. Non-financial indicators such as member retention and satisfaction are vital in assessing the sustainability and broader impact of SACCOs in the community.

Agaba et al. (2023) also found that SACCOs with well-defined strategies for service delivery, member engagement, and expansion performed better. Key non-financial performance measures included member retention, member satisfaction, and the successful implementation of strategic initiatives. SACCOs that had clear long-term goals and prioritized enhancing member value were more sustainable and impactful, contributing to community development.

Cash Management and Liquidity

Cash management is another vital area impacting SACCO's performance. Kakaire (2019) studied cash management practices in SACCOs in Mayuge District and found that SACCOs with effective cash management practices, such as maintaining adequate liquidity and managing cash flows efficiently, performed better financially. Liquidity ratios, which measure a SACCO's ability to meet withdrawal demands and manage operational costs, were found to be key performance indicators. SACCOs that maintained strong liquidity were more resilient in times of financial pressure, thus enhancing their overall performance.

Strategic Management and Long-Term Performance

Strategic management is crucial in shaping SACCO's performance over the long term. Musiita et al. (2023) found that SACCOs with effective strategic planning and implementation achieved higher performance in terms of membership growth, profitability, and market share. Strategic objectives, market penetration, and member engagement were used as key performance indicators in this context. Agaba et al. (2023) also emphasized that SACCOs with well-executed strategies demonstrated improvements in asset growth, member acquisition, and service diversification. The study concluded that SACCOs that effectively executed their strategies were better positioned for long-term growth and sustainability.

CONCLUSION

The reviewed studies collectively highlight a wide range of performance indicators—both financial and non-financial—that contribute to the success and sustainability of SACCOs in Uganda. Key financial performance indicators include ROA, loan delinquency rates, and liquidity ratios, while non-financial indicators such as member satisfaction, service quality, and governance also play a significant role. Managerial competence, including financial literacy, leadership skills, and strategic planning, is essential for enhancing SACCO's performance. Additionally, strong governance structures and effective cash management practices are vital for ensuring the long-term viability of SACCOs. Finally, strategic management is a crucial determinant of long-term success, as SACCOs with clear, well-executed strategies are better positioned to achieve sustainable growth and community impact.

DISCUSSION OF FINDINGS

The effective management of Savings and Credit Cooperative Societies (SACCOs) in Uganda is fundamental to their performance, growth, and sustainability. These cooperatives play an essential role in enhancing financial inclusion, particularly in underserved rural areas. However, the success of SACCOs is largely determined by the managerial skills of their leaders, as evidenced by various studies. This discussion synthesizes key findings from the literature regarding the crucial managerial competencies required for SACCOs to thrive.

The Role of Leadership and Decision-Making in SACCO Performance

Effective leadership is central to the success of SACCOs. Sseremba (2022) highlighted the importance of strong leadership, emphasizing that SACCO managers with excellent decision-making abilities significantly enhance the financial performance of their organizations. Leadership competencies such as vision-setting, motivating staff, and making informed decisions are critical for SACCOs to stay resilient in the face of economic challenges. Managers who excel in these areas are better positioned to drive profitability, reduce operational risks, and foster a supportive work environment that boosts member satisfaction. As the success of SACCOs often relies on trust and relationship-building, the ability to lead by example and engage with members effectively is key to ensuring their long-term success.

The Importance of a Diverse Skill Set in Management

Ankunda (2016) emphasized that SACCOs perform better when their management teams possess a wide array of skills. These skills include financial management, strategic planning, human resource management, and risk management. Managers who combine technical expertise with leadership skills are better equipped to optimize operational efficiency and make sound financial decisions. For example, strong financial management skills allow managers to assess liquidity, credit risk, and profitability, which are essential in maintaining financial health. Furthermore, a diversified management team brings various perspectives, enabling the SACCO to adapt to changing economic conditions and serve its members more effectively. This finding underlines the importance of building management teams with both specialized and generalist skills to ensure that all aspects of SACCO operations are efficiently handled.

Managerial Skills and Performance of Saccos in Uganda

Financial Literacy and Risk Management Skills

The ability to manage financial resources is another critical skill for SACCO managers. According to Namara et al. (2023), financial literacy is essential for managing the assets and liabilities of SACCOs. Managers with a solid understanding of financial principles can make informed decisions that contribute to the long-term sustainability of the organization. Moreover, risk management plays a crucial role in the financial health of SACCOs. Natukunda (2019) underscored the importance of credit risk management, noting that managers must be skilled in assessing creditworthiness, setting appropriate lending criteria, and implementing effective loan recovery systems. Without these skills, SACCOs face higher risks of loan defaults, which can undermine their financial performance and stability. Therefore, training in financial analysis and risk management is essential for SACCO managers to ensure that they can navigate complex financial environments and safeguard the interests of their members.

Communication and Interpersonal Skills

Effective communication is another indispensable managerial skill in SACCOs. Namara et al. (2023) highlighted that communication between SACCO managers and members enhances trust, satisfaction, and member retention. Managers who communicate clearly and transparently with members are more likely to gain their confidence and foster loyalty. Interpersonal skills, including the ability to motivate staff and engage with members, also contribute to the success of SACCOs. In this regard, Cohen (2019) noted that volunteer leaders—who are not compensated but lead by example—can significantly impact the performance of SACCOs if they possess strong interpersonal skills. These leaders are able to inspire commitment, foster a sense of ownership, and motivate members to participate actively in the SACCO's growth and development.

Adherence to Cooperative Principles

Adhering to global cooperative principles, such as democratic control, transparency, and member participation, is vital for SACCO managers. Tukamuhebwa et al. (2022) found that SACCOs whose leaders embrace these principles are more likely to build a collaborative and transparent environment, resulting in higher levels of trust and member satisfaction. Effective leadership within SACCOs is not only about managing finances but also about creating an inclusive, ethical, and accountable organizational culture. Managers who align with cooperative values can better engage members in decision-making processes, which enhances the sense of ownership and participation. This inclusion fosters greater member loyalty, ensuring the long-term viability of the SACCO.

Strategic Management for Long-Term Sustainability

Strategic management skills are another essential competency for SACCO managers, as highlighted by Agaba et al. (2023). The ability to develop and implement long-term strategies—such as market analysis, competitive awareness, and member engagement—can significantly enhance the performance of SACCOs. Managers who can anticipate market trends, understand member needs, and adapt their strategies accordingly are better positioned to ensure sustainable growth. The ability to navigate changing conditions and respond proactively to challenges is a hallmark of effective strategic management. This allows SACCOs to expand their member base, improve services, and remain competitive in a dynamic financial environment.

CONCLUSION

The performance and sustainability of Savings and Credit Cooperative Societies (SACCOs) in Uganda are heavily influenced by the managerial competencies of their leaders. Strong leadership, financial literacy, risk management, and strategic planning are essential skills that contribute to the long-term success of SACCOs. Managers who demonstrate these skills are better equipped to handle the complexities of financial management, foster member trust, and lead their organizations towards profitability and growth. Additionally, adherence to cooperative principles, such as transparency and member participation, plays a pivotal role in enhancing organizational culture and ensuring member loyalty. Moreover, effective communication and interpersonal skills are critical for building strong relationships with SACCO members and inspiring commitment within the organization. Overall, a combination of technical and interpersonal skills is key to SACCO success, ensuring that managers can navigate economic challenges while meeting the needs of their members.

RECOMMENDATIONS

Invest in Managerial Training and Capacity Building.

SACCOs should prioritize the continuous development of their managerial teams by investing in training programs focused on leadership, financial literacy, risk management, communication, and strategic planning. These programs should be tailored to address the specific challenges faced by SACCOs in Uganda.

Strengthen Governance Structures:
SACCOs must ensure that their governance frameworks are robust, transparent, and inclusive. This includes promoting democratic control, enhancing member participation, and ensuring ethical leadership at all levels of management.

Encourage Diversified Skill Sets:
SACCOs should aim to develop management teams with diverse skill sets, combining technical expertise in areas such as finance and risk management with strong interpersonal and leadership abilities. This will enable SACCOs to adapt to changing market conditions and effectively serve their members.

Enhance Communication and Member Engagement:
SACCO managers should focus on improving communication with members to foster trust and satisfaction. Transparent and open communication will enhance member retention and encourage active participation in the SACCO's activities.

Promote Strategic Planning:
SACCOs should invest in strategic management practices that involve long-term planning, market analysis, and member engagement. This will enable them to adapt to market dynamics and position themselves for sustainable growth and competitiveness.
By implementing these recommendations, SACCOs in Uganda can enhance their managerial competencies, improve their performance, and better serve their members, ensuring long-term sustainability and positive community impact.

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