

## Might SACCOs be tribally managed successfully?

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**Abstract:** Savings and co-operative societies (SACCO) serve as an economic cushion for employees' social welfare, however members bear the brunt of huge losses caused by mismanagement despite the set out regulations and guidelines. This paper set out to investigate tribal management within the Equabo Sacco, Kisumu, Kenya. Production and sales tribe are dominant within Equabo SACCO, where production has the lion share especially in the central management committee (CMC) and it is characterized by stability and strong saving culture. Sales tribe on the other hand is highly fluidic and dynamic but does not possess critical mass therefore occupy CMC through affirmative action. One tribe that can access the information for all tribal members and play a transitory role between the extremes of other tribes and also a link between bottler management and the CMC is the administrative tribe. The tribal aspect is more reflective especially in loan guarantee, and in leadership of the CMC and supervisory committee which are chaired by production and sales tribe respectively. Intertribal correspondence tend to be loaded with skepticism which ensures effective management of the SACCO. Managerial effectiveness and strong leadership can be achieved by SACCOs exploiting tribal strengths and assigning responsibility in a complimentary manner .

**Keywords:** production tribe, sales tribe, administrative tribe, CMC, supervisor committee

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### INTRODUCTION

Though savings and co-operative societies serve as an economic cushion for employees' social welfare, their continual decline due to mismanagement negates this benefit and is worrisome. The institutions have been badly mismanaged resulting in huge losses due to vices such as fraud, corruption, nepotism, agency problems and political interference [1,2,3]. Members bear the brunt of these losses. Government response has been legislation [4] and regulation, for instance the establishment of the SACCO Societies Regulatory Authority (SASRA) [5]. Studies conducted after these regulatory changes point to compliance challenges such as non-separation of shares from deposits, high dependence on short-term external borrowing, lack of liquidity monitoring system, high investment in nonearning assets, inadequate ICT system, inadequate managerial competencies and political interference [6]. Okungu *et al.* [7] conclude that SACCOs have suffered a blow from competition because members seek other funds avenues to meet their financial obligations, consequently affecting SACCOs' annual income. Even though Ngaira [3] concludes that SASRA regulatory guidelines have positive impacts on SACCO performance, her study is executed soon after the

changes and therefore the full impact of the changes may not be readily realizable. It is evident that regulation alone is no panacea to SACCO managerial predicaments. The nature of managerial action is complex, a humanistic endeavor operating in a dynamic socio-technical boundary network. What makes some SACCOs tickle where others have failed? Might managerial cultural/tribal orientation inform these differences?

### Organizational Culture and Tribal Management

Organizational culture is the behavior of humans within an organization and the meaning that people attach to those behaviors [8]. Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits [9,10]. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling [11,12]. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders [13]. Large organizations usually have a dominant culture that is shared by the majority of the organization and subcultures represented by groups of individuals with unique values or beliefs that

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may or may not be consistent with the dominant culture [14]. Logan, King and Fischer-Wright [15] posit that the success of a company depends on its tribes, the strength of tribes is determined by its tribal culture, and a thriving corporate culture can be established by an effective tribal leader. They propose that leadership should show leaders how to employ their companies' tribes to maximize productivity and profit. Therefore, a strong case is made for harnessing the collective strengths of corporate tribes for organizational success. However, application of corporate tribes in managing SACCOs has not been documented. As a result, this article reviews management of Equabo SACCO Society Limited (Equabo SACCO<sup>1</sup>) in order to offer insights into SACCO tribal management.

### **Tribal Management at Equabo SACCO**

Pursuant to SACCO Act [4], Equabo SACCO bylaws provides for the election of a central management committee (CMC) and a supervisory committee at annual general meetings (AGM). CMC is charged with the responsibility of day-day running of the SACCO and appoints managers to act on her behalf. The supervisory committee supervises and or oversees the operations of the CMC in fulfilling its mandate in a complementary manner. Both bodies are answerable to the AGM.

There are two dominant tribes at Equabo SACCO namely production and sales tribes. The production tribe represents SACCO members employed in both production and operations departments of the parent company, Equator Bottlers Limited. The sales tribe represents SACCO members employed within the firm's sales, marketing and field distribution departments. A third tribe, administration, exists as an interface between these two dominant tribes.

The production tribe has the vast majority of SACCO membership. As a result, it easily settles leadership headaches at AGMs. Most of the nine CMC members emanate from this tribe. This tribe is characterized with stability and a strong savings culture. Her members reside within the plant's locality and exhibit a strong organizational commitment due to their specialized expertise. Turnover from this dominant group is seldom reported. This tribe is the bedrock of the SACCO fund security.

The sales tribe is highly fluidic and dynamic given the nature of sales jobs [16]. The sales tribe is not as large as the production tribe, works in the field within the plant's franchise territory and tends to be high on spending compared to saving. The sales tribe exhibits high turnover and very low organizational commitment. The sales tribe does not poses a critical mass at AGMs. Therefore a slot in the CMC might only be occasioned through affirmative action. Such a slot is filled by a strong sales leader able to correspond between the tribes.

The administrative tribe is very small in number and occupies staff positions within the plant. It is transitory between the extremes of the other tribes. Uniquely it can access all tribal members' information. Therefore, the other tribes try to endear themselves to this tribe. Moreover it is a critical link between bottler management and the CMC for SACCO continual operations. For instance, it can enforce sanctions that the SACCO wishes to impose on any errant member. As a result, it is gaining a critical voice in AGMs, member education and investment decisions given her expertise.

By a majority vote the CMC chair comes from the production tribe while the supervisory chair from the sales tribe. The administration tribe tends to get a slot within CMC's mandate (such as credit committee etc.). Loan guarantees tend to be highly tribal. Intertribal correspondences tend to be loaded with skepticism. This way tribes pursue their agenda, ensure checks and balances and effectively manage the SACCO operations.

### **Implications for SACCO Management**

From the foregoing, SACCOs should identify their natural tribes depicting collective behaviors and assumptions and utilize them for managerial effectiveness. SACCO leaders should exploit tribal strengths in assigning responsibility in a complementary manner. These tribes should productively engage their members on SACCO agenda with a clear aim of improving the mutual benefits accruing to every member. The tribes should serve as gatekeepers that inject strong leadership and enforce tribal norms. Dominant tribes should engage minorities affirmatively for mutual good. Minority tribes should check the behavior of the dominant group and use external governance recourse structures.

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