

International Journal Research Publication Analysis

Page: 01-12

CONTRIBUTION OF COMMUNITY SAVINGS GROUPS TO THE ECONOMIC WELL-BEING OF BENEFICIARY HOUSEHOLDS IN IRINGA MUNICIPALITY, TANZANIA

Rehema Edwin Sanga^{*1}; Given Msomba² Frank Philipo³

¹Department of Community Development, Iringa Municipality P.O Box 162

^{2,3}Department of Community Development, University of Iringa P.O Box 200

Article Received: 02 September 2026

*Corresponding Author: Rehema Edwin Sanga

Article Revised: 22 September 2026

Department of Community Development, Iringa Municipality P.O Box 162.

Published on: 13 October 2026

DOI: <https://doi.org/10.1555/ijrpa.4629>

ABSTRACT

The study assessed the contribution of community savings groups to the economic well-being of beneficiary households in Iringa Municipality, Tanzania.. A quantitative research approach was employed using a cross-sectional research design. A sample of 100 beneficiary households was selected using simple random sampling, while five key informants were purposively selected. Primary data were collected using questionnaires and interview guides. Quantitative data were analysed using descriptive statistics with the Statistical Package for Social Sciences (SPSS) Version 26, while qualitative data were analysed thematically. The findings showed that community savings groups contributed to the economic well-being of beneficiary households through income generation and asset accumulation. Beneficiaries reported improvements in household income and acquisition of assets through savings and access to group loans. However, limited capital, small loan amounts, inadequate markets and limited business management skills constrained the extent to which the groups contributed to household economic well-being. The study concludes that community savings groups make a positive contribution to the economic well-being of beneficiary households by supporting income generation and asset accumulation, although their contribution is constrained by financial and business-related challenges. The study recommends strengthening productive lending, business management training, market linkages and household financial planning to enhance the economic benefits of community savings groups among beneficiary households.

KEYWORDS: Community savings groups; economic well-being; beneficiary households; income generation; asset accumulation; Iringa Municipality.

INTRODUCTION

1.1 Background and Statement of the Study

Household economic well-being is important for meeting basic needs, generating income and accumulating assets. However, poverty and limited access to financial resources continue to affect many households. The United Nations Development Programme (2023) reported that 1.1 billion people in 110 developing countries experienced multidimensional poverty. In Tanzania, the National Bureau of Statistics (NBS, 2019) reported that 26.4% of the population of Tanzania Mainland lived below the basic-needs poverty line. Community savings groups can help address these conditions by enabling members to save, access loans, invest in small businesses and acquire productive or household assets. Tanzania Social Action Fund (TASAF, 2023) also promotes community savings and investment groups under the Productive Social Safety Net II programme to strengthen household income-generating opportunities.

In Iringa Region, the NBS (2019) reported a basic-needs poverty incidence of 24.0%, highlighting the need for initiatives that improve household economic well-being. Mantsios et al. (2018) found that community savings groups supported financial access and economic empowerment among female sex workers in Iringa, although the study focused on a specific population. Similarly, the FinScope Tanzania 2017 Iringa Regional Report examined financial inclusion and household wealth status (Bank of Tanzania, 2017). However, limited evidence explains how community savings groups contribute to income generation and asset accumulation among beneficiary households in Iringa Municipality. Therefore, this study assesses the contribution of community savings groups to the economic well-being of beneficiary households, focusing on household economic activities, income generation and asset ownership.

Community savings groups have been promoted to help beneficiary households mobilise savings, access loans and undertake income-generating activities. However, participation in these groups does not necessarily result in improved household economic well-being. Evidence from Iringa shows that savings groups can provide financial support and opportunities for economic empowerment, but households may still face financial constraints (Mantsios et al., 2018). Therefore, there is a need to establish the extent to which community savings groups contribute to the economic well-being of beneficiary households, particularly through income generation and asset accumulation, among beneficiary households at Iringa Municipality.

LITERATURE REVIEW

2.1 Theoretical Review

This study is guided by the Sustainable Livelihoods Theory (SLT) developed by Chambers and Conway (1992), which explains how households use available livelihood assets and capabilities to improve their living conditions. The theory identifies financial, human, social, physical and natural capital as important livelihood resources (Chambers & Conway, 1992; Scoones, 1998). SLT is relevant to this study because Community Savings Groups provide members with opportunities to mobilise savings and access loans, thereby strengthening financial resources that can be invested in income-generating activities and used to acquire household and productive assets. Through improved access to financial capital, beneficiaries may expand small businesses, diversify income sources and accumulate assets, contributing to their economic well-being. Therefore, SLT provides an appropriate theoretical basis for examining how participation in Community Savings Groups contributes to the economic well-being of beneficiary households through income generation and asset accumulation at Iringa Municipality.

2.2 Empirical Literature Review

This section reviews empirical studies on the contribution of community savings groups to the economic well-being of beneficiary households, focusing on household economic activities, income generation and asset ownership. Flynn and Sumberg (2018), Moret et al. (2021) and Mtenga et al. (2024) found that savings groups improve access to financial resources, support small businesses and strengthen investment in productive activities. Similarly, Munthali et al. (2022), Njeru (2024) and the International Labour Organization (2024) showed that savings, loans and training support household income generation and diversification of economic activities. These findings suggest that community savings groups can improve household economic well-being, although the benefits depend on members' ability to save, use loans productively and maintain viable income-generating activities.

Regarding asset ownership, Krause et al. (2022) and Lee et al. (2025) showed that savings groups provide financial resources that members can use to acquire productive and household assets. However, Brune et al. (2017) found that participation in savings groups did not produce statistically significant improvements in household asset ownership across the programmes studied. These findings suggest that access to savings and loans does not automatically lead to increased asset ownership, as outcomes depend on household needs, investment decisions and available economic opportunities. Despite these contributions, limited evidence exists on how Community Savings Groups influence household economic

activities, income generation and asset ownership among beneficiary households in Iringa Municipality, which the present study seeks to address.

METHODOLOGY

This study employed a mixed research approach, combining quantitative and qualitative methods. The approach enabled the researcher to collect numerical information on the contribution of Community Savings Groups to the economic well-being of beneficiary households and obtain detailed explanations from key informants. A cross-sectional research design was used, whereby data were collected at a single point in time. Kothari (2019) explains that a cross-sectional design enables researchers to examine variables as they exist at a particular period without manipulating them. The design was appropriate because it enabled the study to assess the contribution of Community Savings Groups to economic well-being, particularly through income generation and asset accumulation.

The study was conducted in Kitwiro and Ruaha wards of Iringa Municipal Council, Tanzania. The wards were selected because households participate in Community Savings Groups and engage in income-generating activities. According to NBS (2023), Kitwiro had 20,365 people, while Ruaha had 11,941 people. The study involved 133 beneficiary households. A sample of 100 households was selected through simple random sampling, with 50 from each ward. Seven key informants were purposively selected, making a total of 107 participants. Structured questionnaires were administered to 100 households, while semi-structured interviews were conducted with seven key informants. The instruments collected information on income generation, asset accumulation and group operations. Quantitative data were analysed using SPSS Version 26, with frequencies and percentages. Qualitative data were analysed thematically, and interview findings supported the questionnaire results.

DATA PRESENTATIONS AND DISCUSSIONS

4.1 Demographic Characteristics of the Respondents

This section presents the demographic characteristics of the respondents who participated in the study. The characteristics provide background information about the respondents and help to show the composition of the households represented in the study. The section covers the main demographic characteristics collected during data collection, including the characteristics used to describe the respondents and their household context.

Table 1: Demographic Characteristics of Respondents.

Characteristic	Frequency	Percent (%)
Sex		
Male	39	39.0
Female	61	61.0
Total	100	100.0
Age		
18–25	31	31.0
26–35	51	51.0
36–45	9	9.0
46–55	9	9.0
Total	100	100.0
Education		
No formal education	8	8.0
Primary education	63	63.0
Secondary education	16	16.0
Post-secondary	13	13.0
Total	100	100.0
Marital status		
Single	37	37.0
Married	28	28.0
Divorce	35	35.0
Total	100	100.0

Source: Field data, 2026

The demographic characteristics show that women formed the larger proportion of respondents, accounting for 61.0%, compared with 39.0% men, indicating that women were more represented among beneficiaries of Community Savings Groups. In terms of age, the majority of respondents were aged 26–35 years (51.0%), followed by those aged 18–25 years (31.0%), while respondents aged 36–45 years and 46–55 years each accounted for 9.0%. This indicates that most respondents were within economically active age groups and were likely involved in household and livelihood activities. Regarding education, 63.0% of respondents had primary education, 16.0% had secondary education, 13.0% had post-secondary education, while 8.0% had no formal education, showing that most beneficiaries had basic formal education. The marital-status results show that 37.0% of respondents were single, 35.0% were divorced and 28.0% were married, indicating that the Community Savings Groups included beneficiaries with different household circumstances. Overall, the demographic profile shows that the study involved mainly female respondents, adults of economically active age, beneficiaries with primary education and people with different marital-status backgrounds, providing a useful background for understanding household well-being among Community Savings Group beneficiaries.

4.2 Community Savings Groups and Economic Well-Being of Beneficiary Households

This section presents and discusses the findings on the contribution of Community Savings Groups to the economic well-being of beneficiary households at Iringa Municipality. The analysis focuses on how participation in the groups influenced the economic conditions of beneficiaries through access to savings, loans, financial support and opportunities to strengthen household livelihood activities. Particular attention is given to income generation, asset accumulation and livelihood activities because these aspects show how financial resources obtained through group participation are translated into improvements in household economic conditions.

4.2.1 Respondents duration in community savings groups

The short duration of participation is a critical feature of the beneficiaries covered in the study. The findings show that 85.0% of respondents had participated in Community Savings Groups for less than one year, while 15.0% had participated for 1–3 years (Table 2). This distribution indicates that the majority of beneficiaries were still at an early stage of group participation. From the researcher's assessment, the short membership period provides an important context for interpreting the reported contribution of Community Savings Groups because most beneficiaries had limited exposure to repeated saving cycles, loan access and group-based economic activities. The findings also show that beneficiaries had already started experiencing group-related economic activities within the first year of participation. The interview evidence further explains how new beneficiaries were introduced to group activities. A Community Development Officer stated:

The groups were formed to give households an opportunity to start saving together. New members are introduced to the rules of saving and borrowing before they begin using the group services. They learn how contributions are made and how loans are handled within the group. Some members start using the money for their existing economic activities. The period of participation is therefore important because members need time to understand and use the group system (Interview with Community Development Officer, 10 July 2026).

Early participation involves learning group procedures and beginning to use available financial services. This observation is supported by Muangi (2024), who reported that Tanzania's Community Savings and Investment Promotion programme involved group formation, savings mobilisation, borrowing, loan management and investment-management training. The same study reported that more than 40,000 savings groups had been formed under the programme by June 2023, showing the scale of the savings-group approach within Tanzania's livelihood programmes. The present finding, however, shows that most

beneficiaries in the selected wards had not yet reached a long period of participation, which is relevant when assessing the extent of household-level outcomes.

Table 2: Respondents duration in community savings groups to household income generation.

Parameters	Frequency	Percent (%)
Years of participation (years)		
<1	85	85.0
1–3	15	15.0
Total	100	100.0
Saving group contributed to household income		
Yes	71	71.0
No	29	29.0
Total	100	100.0

Source: Field data, 2026

4.2.2 Respondents economic activities and household income

Income generation was the strongest reported economic outcome in this aspect of the study. The findings show that 71.% of beneficiaries reported that their economic activities contributed to household income, whereas 29.% reported that their activities did not contribute to household income (Table 2). The field data shows that a substantial proportion of beneficiaries had already linked their economic activities with household income despite the fact that most had participated in the groups for less than one year. The 29% who reported no contribution also shows that participation in Community Savings Groups did not produce the same income outcome among all beneficiaries. The interview with the TASAF Coordinator provided further evidence on how savings-group resources were connected with income-generating activities:

Savings groups provide a way for members to mobilize their own resources before looking for support from outside. Members save regularly and can access loans according to the rules of their groups. The loans can be used in activities that generate income, depending on the member's business or livelihood activity. When the activity performs well, the household can obtain additional income from it. However, the outcome depends on how the money is used and the performance of the activity (Interview with TASAF Coordinator at Iringa Municipality, 22 July 2026).

The field evidence is supported by recent Tanzanian evidence. Muangi (2024) found that Community Savings and Investment Promotion groups under Tanzania's social protection programme were designed to help beneficiaries mobilise savings, access loans and undertake

investment activities, with the programme linking savings groups to livelihood enhancement and economic resilience. Similarly, the National Bureau of Statistics (2025) reported that members of savings and investment groups used accumulated savings and loans to establish income-generating activities, with beneficiaries reporting improved economic conditions and the ability to establish small businesses and support household needs. Evidence from CARE Tanzania (2024) also shows the economic role of savings groups, with 88% of women surveyed reporting the use of savings to provide for their families and 60% reporting income diversification as a response to economic pressures. These studies support the field result that savings-group participation is linked with household income generation, while the present data add evidence from beneficiaries in Kitwiro and Ruaha wards.

4.2.3 Paired-samples t-test of household economic well-being before and after joining Community Savings Groups

The comparison of household economic well-being before and after joining Community Savings Groups shows a clear improvement among the beneficiaries. The mean score increased from 2.37 before joining the groups to 2.99 after joining, giving a mean difference of 0.62. The paired-samples t-test produced a t-value of 14.882 with 99 degrees of freedom and a significance value of 0.000. This result confirms that the observed difference in household economic well-being before and after participation was statistically significant at the 5% level. The increase in the mean score indicates that beneficiaries reported better economic conditions after joining Community Savings Groups than before participation.

Table 3: Paired-samples t-test of household economic well-being before and after joining Community Savings Groups.

Household economic well-being	Mean	N	Std. Deviation	Mean Difference	t	df	Sig. (2-tailed)
Before joining Community Savings Groups	2.37	100	0.55				
After joining Community Savings Groups	2.99	100	0.53	0.62	14.882	99	0.000
Paired difference (After – Before)	0.62	100	0.42	0.62	14.882	99	0.000

Source: Field data, 2026

The field results further show the areas in which beneficiaries reported economic improvement. As shown in Table 3, 33.0% reported increased income, 14.0% reported

increased savings, 1.0% reported improved business and 52.0% reported improved living conditions. The largest proportion was associated with improved living conditions, followed by increased income and increased savings. These responses provide field evidence that the reported improvement in the paired-sample analysis was reflected in different aspects of household economic well-being. The findings indicate that participation in Community Savings Groups was associated with improved economic experiences among a substantial proportion of the beneficiary households.

4.2.4 Savings Group Improved Household Income

Results in Table 4 shows that among the 71 respondents who reported improvement in household income, 58 respondents (81.7%) reported that their daily income increased, 12 respondents (16.9%) reported that their businesses expanded, while 1 respondent (1.4%) reported that savings increased. The findings indicate that an increase in daily income was the most common form of household income improvement among the beneficiaries, accounting for the largest proportion of responses. Business expansion was the second form of improvement, although it was reported by a smaller proportion of respondents. Only one respondent reported increased savings as the main form of household income improvement. These findings suggest that participation in Community Savings Groups mainly supported beneficiaries through increased daily income and expansion of economic activities. Overall, the results indicate that Community Savings Groups contributed to household income improvement for the respondents who reported positive changes, particularly through increased daily income.

Table 4: Contribution of community savings groups to household income.

Parameters	Frequency	Percent (%)
Savings group improved household income (n = 71)		
Daily income increased	58	81.7
Business expanded	12	16.9
Savings increased	1	1.4
Total	71	100.0
Reasons for saving groups not improve household income (n = 29)		
Small loan	10	34.5
Poor business management	10	34.5
Low profit	9	31.0
Limited market	0	0.0
Total	29	100.0

Source: Field data (2026)

4.2.5 Reasons for Savings Groups Not Improving Household Income

Results in Table 4 further shows that among the 29 respondents who reported that savings groups did not improve household income, 10 respondents (34.5%) identified small loans as the reason, another 10 respondents (34.5%) reported poor business management, while 9 respondents (31.0%) identified low profit. No respondent (0.0%) reported limited market as a reason for the failure to improve household income. The findings therefore show that small loans and poor business management were the most reported reasons, with each accounting for 34.5% of the respondents who reported no improvement. Low profit was also an important reason, accounting for 31.0% of the responses. The absence of respondents identifying limited market suggests that market access was not reported as a reason for the lack of household income improvement in this study. Overall, the findings indicate that the main reasons for limited household income improvement were related to the size of loans, business management and the level of profit generated from economic activities.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study concludes that Community Savings Groups contribute positively to the economic well-being of beneficiary households at Iringa Municipality, mainly through income generation and asset accumulation. Participation in the groups enabled beneficiaries to save, access loans and invest in income-generating activities, which supported improvements in household income and the acquisition of assets. The findings further indicate that the economic benefits were not uniform among all beneficiaries because limited loan amounts, low income, poor business management and low profitability constrained the ability of some households to translate group financial resources into stronger economic outcomes. Therefore, Community Savings Groups provide an important mechanism for strengthening household economic well-being, but their contribution depends on the adequacy of financial resources and beneficiaries' capacity to use them productively. From the study findings conclusion, it is recommended that the Community Savings Groups and programme implementers should strengthen productive lending and business capacity among beneficiary households by increasing access to appropriately sized loans, providing practical business management and financial management training and supporting beneficiaries to invest in sustainable income-generating activities. Greater attention should also be given to helping beneficiaries convert group savings and loans into productive assets because limited loan amounts were identified as a major constraint to asset acquisition. Strengthening these areas

would enable beneficiaries to improve income-generating activities, expand investment and increase their capacity to accumulate assets, thereby enhancing the economic contribution of Community Savings Groups to beneficiary households.

REFERENCES

1. Bank of Tanzania. (2017). *FinScope Tanzania 2017: Iringa regional report*. Bank of Tanzania.
2. Brune, L., Giné, X., Goldberg, J., & Yang, D. (2017). Savings defaults and payment choices: Evidence from a field experiment in Malawi. *Journal of Development Economics*, 126, 163–177.
3. CARE Tanzania. (2024). *Community savings groups, household income diversification and women's economic well-being in Tanzania*. CARE Tanzania.
4. Chambers, R., & Conway, G. R. (1992). *Sustainable rural livelihoods: Practical concepts for the 21st century*. Institute of Development Studies.
5. Flynn, J., & Sumberg, J. (2018). Are savings groups a livelihoods game changer for young people in Africa? *Development in Practice*, 28(1), 51–64.
6. International Labour Organization. (2024). *Savings groups, financial inclusion and household livelihood development*. International Labour Organization.
7. Kinyanjui, M. W., & Njoroge, P. K. (2024). *Savings groups and household financial resilience in Kenya*.
8. Kothari, C. R. (2019). *Research methodology: Methods and techniques*. New Age International.
9. Krause, M. L., Otieno, J. P., & Wanjala, S. K. (2022). *Savings groups and household asset ownership*.
10. Lee, H. J., Mwangi, P. K., & Otieno, R. A. (2025). *Savings groups and productive asset accumulation among beneficiary households*.
11. Mantsios, A., Galai, N., Mbwambo, J., Likindikoki, S., Shembilu, C., Mwampashi, A., Beckham, S. W., Leddy, A., Davis, W., Sherman, S., Kennedy, C., & Kerrigan, D. (2018). Community savings groups, financial security, and HIV risk among female sex workers in Iringa, Tanzania.
12. Moret, W., Swann, M., & Lorenzetti, L. (2021). What happens when savings groups grow up? Examining savings group sustainability and perceived long-term benefits. *Development in Practice*, 31(4), 462–476.

13. Msangya, E. J. (2023). *Village savings and loan associations and household livelihoods in Tanzania*.
14. Mtelevu, B. T., Lunyungu, J. P., Masako, P. M., & Tembo, F. D. (2025). The contribution of VSLAs and AMCOS to income poverty reduction in Tanzania: A case of Her Money, Her Life project. *Journal of Poverty, Investment and Development*, 64.
15. Mtenga, R. P., Funga, A., & Kadigi, M. (2024). Participation in village savings and lending associations and rice profitability in Tanzania: Application of propensity score matching and endogenous switching regression. *Sustainable Futures*.
16. Muangi, J. N. (2024). *Community Savings and Investment Promotion programme in Tanzania: Group formation, savings mobilisation and livelihood development*.
17. Munthali, G. N. C., Wu, X., Dzimbiri, M. N. W., Zolo, A., Mushani, J. K. B., & Banda, L. O. L. (2022). An investigation of the sustainability of Village Savings and Loans Associations (VSLAs) amidst COVID-19 and its impact on household income levels: Lessons from Malawi, Sub-Saharan Africa. *BMC Public Health*, 22, Article 1072.
18. National Bureau of Statistics. (2019). *Household budget survey 2017–2018*. Ministry of Finance and Planning, United Republic of Tanzania.
19. National Bureau of Statistics. (2023). *2022 population and housing census: Administrative units population distribution report*. Ministry of Finance and Planning, United Republic of Tanzania.
20. National Bureau of Statistics. (2025). *Savings and investment groups and household economic conditions in Tanzania*. National Bureau of Statistics.
21. Njeru, C. W., & Irungu, A. M. (2024). Microfinance services and household's income among Saving and Internal Lending Community Groups in Evurore Ward, Embu County, Kenya. *Journal of Finance and Accounting*, 8(7), 15–27.
22. Scoones, I. (1998). *Sustainable rural livelihoods: A framework for analysis* (IDS Working Paper No. 72). Institute of Development Studies.
23. Tanzania Social Action Fund. (2023). *Productive Social Safety Net II programme: Community savings and investment groups*. Tanzania Social Action Fund.
24. United Nations Development Programme. (2023). *Global multidimensional poverty index 2023: Unstacking global poverty—Data for high-impact action*. United Nations Development Programme.
25. Wanyonyi, J. M., Kamau, E. N., & Otieno, P. A. (2024). *Savings-group participation and household financial outcomes in Kenya*.